Blue Star Capital plc

(“Blue Star” of the “Company”)

Final Results for the year ended 30 September 2016

Blue Star Capital plc (AIM: BLU), an investing company in technology and gaming, is pleased to announce its final results for the year ended 30 September 2016.

Highlights:

- Loss for the period of £165,005 (2015: loss of £106,370)
- Net assets of £1,757,165 (2015: £1,877,170) following sale of Vigilant Applications Limited for £220,000
- Net asset value per share at 30 September 2016 of 0.35p (2014: 0.40p)
- Cash Position at 30 September 2016 of £51,184 (2014: £27,473)

The Annual Report containing the Notice of Annual General Meeting ("AGM") will be posted to shareholders shortly and will be available to view on the Company's website http://www.bluestarcapital.co.uk.

The AGM will be held at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside, London, EC2V 6AX on 21st December 2016 at 12 p.m.

For further information, please contact:

Blue Star Capital Plc	
Tony Fabrizi	0777 178 2434
Graham Parr	0778 891 6111
Cairn Financial Advisers LLP	020 7213 0880
(Nominated Adviser and Broker)	
Emma Earl	
Jo Turner	

Chairman’s Statement

The last financial year has overall been one of modest progress although the Company’s limited resources have continued to constrain activity. Accordingly, the Board has continued to focus on managing its existing portfolio while trying to identify new opportunities which would have a meaningful impact on the Company’s prospects.

Financials

The Company reported a loss for the period of £165,005 compared to a loss of £106,370 in the corresponding period. The increased loss is due principally to the investment in Oak which was written off resulting in a £50,000 loss.

Net assets have moved to £1,757,165 at 30 September 2016, changing from £1,877,170 at 30 September 2015. Blue Star's cash position at 30 September 2016 was £51,184 compared to a balance of £27,473 at 30 September 2015.

Portfolio Review
Disruptive Tech Limited ('DTL')

Company description

DTL is a Gibraltar based investing company. DTL has five current investments, the most important of which are its 15% stake in Nektan plc, a leading international B2B mobile gaming company, a 38% stake in VNU Group LLC, a speciality online direct retailer of premium goods paid for through an instant credit facility, 100% shareholding in Interest Labs, which builds consumer and commercial applications around user behaviour and 12% of Freeformers which helps companies fulfil the employee aspects of their digital strategies.

During the last 6 months VNU has commenced trading and its initial performance has been highly encouraging. The Board believes the potential for VNU to be significant and looks forward to hearing further developments in the coming months.

As announced earlier in 2016, DTL informed investors that it would seek to exit all the shareholdings in the five portfolio companies during the course of the next 3 years and would disperse the proceeds back to DTL's shareholders. Disbursement of proceeds is expected to be either through the distribution of shares if a company is listed on a public market (post any lock in period and stability in the share price) or cash from the sale of DTL's positions.

Blue Star's holding in DTL

Blue Star's £300,000 investment in DTL was made in 2007. Since its original investment, DTL has raised money at significantly higher valuations and while the Company's percentage shareholding has fallen to 2.1% the value of its investment has risen significantly and now stands at £1.6 million, which is unchanged from the prior year. The Company's carrying value of its investment in DTL is based on the valuation at which DTL last raised capital for investment.

OAK Media Limited ('OAK')

Company description

As highlighted in the Company's most recent results announcements and the Company's announcement of 16 September 2016, Oak had not performed as expected. Unfortunately, the directors of Oak took the decision in September 2016 to wind up the company resulting in a write off of Blue Star's interest in Oak of £50,000.

Sthaler Limited ("Sthaler")

Company description

In June 2015 the Company invested £50,000 in Sthaler Limited, an early stage identity and payments technology business which enables a consumer to identify themselves and pay using just their finger at retail points of sale. In June 2016, Sthaler announced that it had raised £1m of new equity on a pre money valuation of £7,500,000 valuing the Company's stake at £108,700.

Sthaler jointly developed Fingopay in conjunction with Hitachi. Fingopay uses a unique finger vein ID process which is considered to be more secure than finger print readers and faster than chip and pin operations. The technology is widely adopted in Japan and it is Sthaler's aim to commercialise the technology in the area of payments globally.

It is the Directors' understanding that Sthaler is having ongoing discussions with large organisations which may be instrumental in commercialising the technology. Whilst there is no guarantee that these discussions will result in commercial sales in the short term or at all, the Directors remain optimistic of an exciting future for Sthaler.

Blue Star's shareholding in Sthaler

The Company's shareholding in Sthaler is currently 1.24%.

Disposals

Vigilant Applications Limited ('VAL')

The Company announced on 25th May 2016 that it had sold its shareholding in VAL for a gross consideration of £220,000 which compared to a carrying value for VAL in the Company' interim accounts to 31st March 2016 of £220,445.

Outlook

The Company's day to day running costs have remained low and are kept under strict control. To help preserve cash the Directors have agreed to accrue 3 months' salaries until such a time as a more significant fundraise is deemed appropriate and there is a meaningful development in relation to the Company's current portfolio or new investment opportunities.

The Directors are continuing to seek investments which have the potential to deliver significant shareholder value and which may or may not constitute a reverse takeover if completed.

Strategic Report

Review of Business and Analysis Using Key Performance Indicators

The full year's pre-tax loss was £165,005 compared to a pre-tax loss of £106,370 for the year ended 30 September 2015.

The increased loss was primarily due to the write off of the investment in Oak.

Net assets have moved to £1,757,165 at 30 September 2016, changing from £1,877,170 at 30 September 2015, primarily due to the realisation of Blue Star's investment in Vigilant Applications Limited and the write off of the investment in Oak.

The cash position at the end of the year increased to £51,184 from £27,473 as at 30 September 2015.

Key Performance Indicators

The Board monitors the activities and performance of the Company on a regular basis. The indicators set out below have been used by the Board to assess performance over the year to 30 September 2016. The main KPIs for the Company are listed as follows:

	2016	**2015**
Valuation of investments	£1,706,237	£1,917,982
Cash and cash equivalents	£51,184	£27,473
Net current assets / (liabilities)	£50,928	(£40,812)
Loss before tax	£165,005	£106,370

Investing Policy

Assets or Companies in which the Company can invest

The Company can invest in assets or companies in the following sectors:

- Gaming;
- Media;
- Technology.

The Company's geographical range is mainly UK companies but considers opportunities in the mainland EU and will actively co-invest in larger deals.

The Company can take positions in investee companies by way of equity, debt or convertible or hybrid securities.

Whether investments will be active or passive investments

The Company's investments are passive in nature, but may be actively managed. The Company may be represented on, or observe, the boards of its investee companies.

Holding period for investments

The Company's investments are likely to be illiquid and consequently are to be held for the medium to long term.

Spread of investments and maximum exposure limits, Policy in relation to cross-holdings and Investing Restrictions

The Company does not have any maximum exposure limits, limits on cross-holdings or other investing restrictions. Under normal circumstances, it is the Directors intention not to invest more than 10% of the Company's gross assets in any individual company (calculated at the time of investment).

Policy in relation to gearing

The Directors may exercise the powers of the Company to borrow money and to give security over its assets. The Company may also be indirectly exposed to the effects of gearing to the extent that investee companies have outstanding borrowings.

Returns and Distribution Policy

It is anticipated that returns from the Company's investment portfolio will arise upon realisation or sale of its investee companies, rather than from dividends received. Whilst it is not possible to determine the timing of exits, the Board will seek to return capital to shareholders when appropriate.

Life of the Company

The Company has an indefinite life dependent on obtaining sufficient funding.

Future Developments

The Company is continuing to develop an investment portfolio with the capacity for substantial growth and increases in value. During the year, the Company has raised £45,000 to provide for working capital and support the current portfolio of the investments. Additional details of future development are explained in the Chairman's Statement.

Principal risks and uncertainties

The Company seeks investments in late stage venture capital and early stage private equity opportunities, which by their very nature allow a diverse portfolio of investments within different sectors and geographic locations. The risk is loss or impairment of investments.

This is mitigated by careful management of the investment and in particular, only continuing to support those investments which demonstrate potential to achieve a positive exit and decisively determining those which do not. Portfolio and capital management techniques are fully applied according to industry standard practice.

It will be necessary to raise additional funds in the future by a further issue of new Ordinary Shares or by other means. However, the ability to fund future investments and overheads in Blue Star Capital Plc as well as the ability of investments to return suitable profit cannot be guaranteed, particularly in the current economic climate.

The Company may not be able to identify suitable investment opportunities and there is no guarantee that investment opportunities will be available and the Company may incur costs in conducting due diligence into potential investment opportunities that may not result in an investment being made.

The value of companies similar to those in Blue Star Capital's portfolio and in particular those at an early stage of development, can be highly volatile. The price at which investments are made, and the price which the Company may realise for its investment, will be influenced by a large number of factors, some specific to the Company and its operations and some which may affect the sector.

Independent Auditor's Report

The Independent Auditor's report, prepared by Adler Shine LLP, Statutory Auditor, includes an emphasis of matter in relation to Going Concern:

Emphasis of Matter – Going Concern

"In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the Company's ability to continue as a going concern. The going concern assumption is predicated on one of two scenarios, either the receipt of funds from the sale of certain investments in order to fund working capital or an equity fundraising to provide working capital. The receipt of these funds is not yet certain. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern."

Statement of Comprehensive Income
For the year ended 30 September 2016

	Notes	**2016 £**	2015 £
Revenue		**-**	-
Gain arising from investments held at fair value through profit or loss	11	**8,700**	67,633
Loss on disposal of investments		**(20,445)**	(8,529)
		(11,745)	59,104
Administrative expenses		**(154,760)**	(165,499)
Operating loss	3	**(166,505)**	(106,395)

	Notes	2016	2015
Finance income	4	**1,500**	25
Loss before and after taxation and total comprehensive loss for the year		**(165,005)**	(106,370)

Loss per ordinary share:			
Basic and diluted loss per share on loss for the year	9	(0.03p)	(0.02p)

Statement of Financial Position
For the year ended 30 September 2016

	Notes	2016 £	2015 £
Non-current assets			
Investments	11	**1,706,237**	1,917,982
Current assets			
Trade and other receivables	12	**30,925**	6,501
Cash and cash equivalents	13	**51,184**	27,473
Total current assets		**82,109**	33,974
Total assets		**1,788,346**	1,951,956
Current liabilities			
Trade and other payables	14	**31,181**	74,786
Total liabilities		**31,181**	74,786
Net assets		**1,757,165**	1,877,170
Shareholders' equity			
Share capital	15	**500,163**	471,663
Share premium account		**7,704,765**	7,688,265
Other reserves		**36,327**	36,327
Retained earnings		**(6,484,090)**	(6,319,085)
Total shareholders' equity		**1,757,165**	1,877,170

Statement of Changes in Equity
For the year ended 30 September 2016

	Share capital	Share premium	Other reserves	Retained earnings	Total
	£	£	£	£	£
Year ended 30 September 2015					
At 1 October 2014	430,754	7,516,774	36,327	(6,212,715)	1,771,140
Loss for the year and total comprehensive income	-	-	-	(106,370)	(106,370)
Shares issued in year	40,909	184,091	-	-	225,000
Share issue costs	-	(12,600)	-	-	(12,600)
At 30 September 2015	471,663	7,688,265	36,327	(6,319,085)	1,877,170
Year ended 30 September 2016					
At 1 October 2015	471,663	7,688,265	36,327	(6,319,085)	1,877,170
Loss for the year and total comprehensive income	-	-	-	(165,005)	(165,005)
Shares issued in year	28,500	16,500	-	-	45,000
At 30 September 2016	500,163	7,704,765	36,327	(6,484,090)	1,757,165

Cash Flow Statement
For the year ended 30 September 2016

	Note	2016	2015
		£	£
Operating activities			
Loss for the year		**(165,005)**	(106,370)
Adjustments:			
Finance income		**(1,500)**	(25)
Fair value gains		**(8,700)**	(67,633)
Loss on disposal		**20,445**	8,529
Working capital adjustments			
Decrease in trade and other receivables		**576**	20,187
Increase/(decrease) in trade and other payables		**(43,605)**	14,021
Net cash used in operating activities		**(197,789)**	(131,291)
Investing activities			
Purchase of investments		**-**	(84,121)
Loan issued		**(25,000)**	-
Interest received		**1,500**	25
Proceeds from sale of investments		**200,000**	25,592
Net cash generated from investing activities		**176,500**	(58,504)

Financing activities			
Proceeds from issue of equity		**45,000**	225,000
Share issue costs		**-**	(12,600)
Net cash generated from financing activities		**45,000**	212,400
Net increase in cash and cash equivalents		**23,711**	22,605
Cash and cash equivalents at start of the year	13	**27,473**	4,868
Cash and cash equivalents at end of the year	13	**51,184**	27,473

Notes to the Financial Statements
For the year ended 30 September 2016

1. Accounting policies

General information

Blue Star Capital Plc (the Company) invests principally in the media, technology and gaming sectors.

The Company is a public limited company incorporated and domiciled in the United Kingdom. The address of its registered office is Griffin House, 135 High Street, Crawley RH10 1DQ.

The Company is listed on the AIM market of the London Stock Exchange plc.

Basis of preparation

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

These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRS) issued by the International Accounting Standards Board (IASB) as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The historical cost convention has been applied as modified by the revaluation of assets and liabilities held at fair value.

Associates are those entities in which the Company has significant influence, but no control, over the financial and operating policies. Investments that are held as part of the Company's investment portfolio are carried in the statement of financial position at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 Investment in Associates, which requires investments held by venture capital organisations to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Company has no interests in associates through which it carries on its business.

Going concern

The financial statements have been prepared on the going concern basis, which assumes that the Company will be able to meet its liabilities as they fall due.

At 30 September 2016, the Company had cash balances of £51,184 and net current assets of £50,928. During the year the Company has raised £45,000 before expenses.

The Company is seeking to progress the sale of certain investments or raise further funds to provide the Company with additional working capital. However, this is not certain and the amount realised may or may not provide sufficient funds to cover the on-going working capital needs of the Company. Should these expected transactions not take place, the Company would need to obtain alternative finance. There can be no certainty that further financing will be available.

These conditions constitute a material uncertainty that may cast doubt about the Company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the Company were unable to continue as a going concern.

Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

Depreciation is calculated to write off the cost of property, plant and equipment less estimated residual values over their expected useful lives as follows:

Office equipment	25% per annum, straight line

Impairment provisions are made if the carrying value of an asset exceeds the recoverable amount.

Revenue recognition

Revenue is recognised to the extent that it is possible that the economic benefits will flow to the Company and the revenue can be reliably measured. The Company provides consulting services and recognises revenue in the period in which the services are provided. Revenue is measured at the fair value of the consideration received, excluding value added taxes.

Financial assets

The Company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity or available for sale.

The Company's accounting policy for each category is as follows:

Fair value through profit or loss:

Financial assets at fair value through profit or loss are either financial assets held for trading or other investments that have been designated at fair value through profit or loss on initial recognition.

Financial assets at fair value through profit or loss are initially recognised at fair value and any gains or losses arising from subsequent changes in fair value are presented in the statement of comprehensive income in the period in which they arise.

The fair value of unlisted securities is established using International Private Equity and Venture Capital ("IPEVC") guidelines. The valuation methodology used most commonly by the Company is the ‘price of recent investment’ contained in the IPEVC valuation guidelines. The following considerations are used when calculating the fair value using the ‘price of recent investment’ guidelines:

- Where the investment being valued was itself made recently, its cost will generally provide a good indication of fair value;
- Where there has been any recent investment by third parties, the price of that investment will provide a basis of the valuation;
- If there is no readily ascertainable value from following the ‘price of recent investment’ methodology, the Company considers alternative methodologies in the IPEVC guidelines, being principally discounted cash flows and price earnings multiples requiring management to make assumptions over the timing and nature of future earnings and cash flows when calculating fair value;
- Where a fair value cannot be readily estimated the investment is reported at the carrying value at the previous reporting date unless there is evidence that the investment has been impaired.

Cash and cash equivalents
Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less.

For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

Financial liabilities
The Company classifies its financial liabilities in the category of financial liabilities measured at amortised cost. The Company does not have any financial liabilities at fair value through profit or loss.

Financial liabilities measured at amortised cost

Financial liabilities measured at amortised cost include:

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method

Finance income
Finance income relates to interest income arising on cash and cash equivalents held on deposit and interest accrued on loans receivable. Finance income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Operating loss
Operating loss is stated after crediting all items of operating income and charging all items of operating expense.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the balance sheet differs from its tax base.

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the deferred tax liabilities/ (assets) are settled/ (recovered).

Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of the cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Present obligations under onerous leases are recognised and measured as provisions. An onerous contract is considered to exist where the Company has a contract under which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received from the contract.

Standards, Amendments and Interpretations in issue not yet effective
The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

		Effective date for accounting period beginning on or after
IFRS 5	Amendments resulting from September 2014 Annual improvements to IFRSs	1 January 2016
IFRS 7	Amendments resulting from September 2014 Annual improvements to IFRSs	1 January 2016
IFRS 10, IFRS 12, IAS 28	Amendments regarding applying the consolidation exemption by investment entities	1 January 2016
IAS 1	Amendments resulting from the disclosure initiative	1 January 2016
IAS 16	Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016
IAS 27	Amendments regarding using equity method in separate financial statements	1 January 2016
IAS 38	Amendments regarding the clarification of acceptable methods of depreciation and amortisation	1 January 2016

The Directors anticipate that the adoption of these standards and interpretations in future periods will have no material impact on the financial statements other than in terms of presentation and additional disclosure requirements for “investment entities”.

Share-based payments
All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share

options/warrants awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to other reserves in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options/warrants that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

2. Critical accounting estimates and judgements

The Company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are those in relation to:

Fair value of financial instruments
The Company holds investments that have been designated at fair value through profit or loss on initial recognition. The Company determines the fair value of these financial instruments that are not quoted, using valuation techniques, contained in the IPEVC guidelines. These techniques are significantly affected by certain key assumptions. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

The methods and assumptions applied, and the valuation techniques used, are disclosed in note 11.

Share based payments
The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company’s share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. Details of these assumptions are set out in note 5.

3. Operating loss

	2016 £	2015 £
This is stated after charging:		
Auditor's remuneration – statutory audit fees	**11,280**	9,500

4. Finance income

	2016 £	2015 £
Interest received on short term deposits	**1,500**	25
	1,500	25

5. Share based payments

Share warrants

On 19 November 2013, the Company granted 9,000,000 warrants to the Directors in lieu of cash remuneration, with The Rt Hon the Lord Geoffrey Dear, Anthony Fabrizi and Graham Parr each receiving 3 million warrants at an exercise price of 0.6p until October 2016. The charge to the profit and loss account was £nil. (2015: £nil)

On 24 December 2013, the Company granted 6,000,000 warrants to the Directors of Oak Media Limited as consideration for the investment made in Oak Media Limited. An additional 3,000,000 warrants were granted to a third party as an introduction fee to the Oak Media Limited investment. The warrants granted are exercisable at a price of 0.6p until 6 October 2016. The charge to the profit and loss account was £nil (2015: £nil). The charge to the cost of investment in Oak Media Limited was £nil (2015: £nil)

	2016 Weighted average exercise price (p)	2016 Number	2015 Weighted average exercise price (p)	2015 Number
Outstanding at the beginning and end of the year	**1.24**	**33,000,000**	1.24	33,000,000

The weighted average exercise price of warrants outstanding at the end of the year was 1.24p (2015: 1.24p) and their weighted average contractual life was 6 days (2015:1 year).

Of the total number of warrants outstanding at the end of the year, all had vested and were exercisable before 6 October 2016. The warrants lapsed unexercised at the end of October 2016.

The following information is relevant in the determination of the fair value of warrants granted during the year under the equity share based remuneration schemes operated by the Company.

Date of grant	**19 November 2013**	**24 December 2013**
Option pricing model used	**Black-Scholes**	**Black-Scholes**
Share price at date of grant (in pence)	**0.5p**	**0.64p**
Exercise price (in pence)	**0.6p**	**0.6p**
Contractual life (years)	**3**	**3**
Expected volatility	**50%**	**50%**
Risk free interest rate	**3.00%**	**3.00%**
Fair value per warrant	**0.16p**	**0.24p**

The volatility assumption, measured at the standard deviation of expected share price returns, is based on a statistical analysis of daily share prices over a three-year period.

The Black-Scholes valuation technique was adopted because, in the opinion of the Directors, the market based vesting conditions were not materially sensitive to the valuation.

6. Staff costs, including Directors

	2016 **£**	2015 £
Wages and salaries	**65,000**	65,000
Social security costs	**4,489**	3,882
	69,489	68,882

During the year the Company had an average of 3 employees who were management (2015: 3). The employees were both Directors and key management personnel of the Company.

7. Directors' and key management personnel

		2016	2015
Director		**Total**	Total
Anthony Fabrizi	Emoluments	30,000	30,000
Graham Parr	Fees	20,000	20,000
Willian Henbrey	Emoluments	15,000	15,000

Included in the above amounts is £16,249 of accrued but unpaid emoluments at 30 September 2016 (30 September 2015 - £21,667).

8. Taxation

The tax assessed on loss before tax for the year differs to the applicable rate of corporation tax in the UK for small companies of 20% (2015: 20%). The differences are explained below:

	2016 £	2015 £
Loss before tax	**(165,005)**	(106,370)
(Loss)/profit before tax multiplied by effective rate of corporation tax of 20% (2015 – standard rate of 20%)	**(33,001)**	(21,274)
Effect of:		
Loss on disposal of investments	14,089	-
Capital losses / (unrealised gains) carried forward	(11,740)	(11,821)
Capital gains	5,430	-
Capital allowances	(579)	(706)
Losses carried forward	25,801	33,801
Tax charge in the income statement	**-**	-

The Company has incurred tax losses for the year and a corporation tax expense is not anticipated. The amount of the unutilised tax losses has not been recognised in the financial statements as the recovery of this benefit is dependent on future profitability, the timing of which cannot be reasonably foreseen. The unrecognised and revised deferred tax asset at 30 September 2016 is £930,645 (2015: £1,008,250).

9. Loss per ordinary share

The earnings and number of shares used in the calculation of loss/earnings per ordinary share are set out below:

	2016	2015
Basic:		
Loss for the financial period	**(£165,005)**	(£106,370)
Weighted average number of shares	493,181,749	468,412,312
Loss per share (pence)	(0.03)	(0.02)
Fully Diluted:		
Loss for the financial period	**(£165,005)**	(£106,370)
Weighted average number of shares	493,181,749	468,412,312
Loss per share (pence)	(0.03)	(0.02)

As at the end of the financial period there were 33,000,000 share warrants in issue, which had an anti-dilutive effect on the weighted average number of shares.

10. Property, plant and equipment

	Office
Cost	
At 1 October 2014	29,935
Additions	-
	29,935
Depreciation	
At 1 October 2014	29,935
Charge for the year	-
	29,935
Net book value	
	-
	-

11. Investments

	2016	2015
	1,917,982	1,800,349
Additions	**-**	84,121
Disposals	**(220,445)**	(34,121)
Net fair value (loss) / gain for the year	**8,700**	67,633
	1,706,237	1,917,982

Fair value gain during the year relates to the write down of a 65% stake in Oak Media Ltd, amounting to £50,000 as it has ceased trading and a gain in the value of £58,700 in respect of the Company's investment in Sthaler Limited.

Unquoted investments	**Class of shares/**	**Book value**
Disruptive Tech. Limited	Ordinary 1p	1,597,537
Sthaler	Ordinary 1p	108,700
		1,706,237

All of the above investments are incorporated in the United Kingdom with the exception of Disruptive Tech. Limited which is based in Gibraltar. The methods used to value these unquoted investments are described below.

Fair value

The fair value of unquoted investments is established using valuation techniques. These include the use of recent arm's length transactions, the Black-Scholes option pricing model and discounted cash flow analysis. Where a fair value cannot be estimated reliably the investment is reported at the carrying value at the previous reporting date in accordance with International Private Equity and Venture Capital ("IPEVC") guidelines.

The Company assesses at each balance sheet date whether there is any objective evidence that the unquoted investments are impaired. The unquoted investments are deemed to be impaired, if and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event (or events) has an impact on the estimated future fair value of the investments that can be reliably measured.

12. Trade and other receivables

	2016	2015
	25,000	-
Prepayments	**-**	2,276
Other receivables	**-**	505
Social security and other taxes	**5,925**	3,720
	30,925	6,501

A loan of £25,000 was made to Oxford Real Time Limited ("ORT"), Graham Parr became a director of ORT as a condition of the loan. Interest of 5% per annum is payable on the loan. The loan is repayable on or before 31 March 2017. If the loan is repaid in cash a premium of £25,000 is payable. The Company can choose to convert the loan into shares of ORT up to a value of £25,000.

The Directors consider that the carrying value of trade and other receivables approximates to their fair value.

13. Cash and cash equivalents

	2016	2015
Cash at bank and in hand	**51,184**	27,473
	51,184	27,473

Cash and cash equivalents comprise cash at bank and other short-term highly liquid investments with an original maturity of three months or less. The Directors consider that the carrying value of cash and cash equivalents approximates to their fair value.

14. Trade and other payables

	2016	2015
	£	£
Trade payables	**4,926**	11,424
Accruals	**26,250**	34,467
Other payables	**5**	28,895

	31,181	74,786

All trade and other payables fall due for payment within one year. The Directors consider that the carrying value of trade and other payables approximates to their fair value.

15. Share Capital

	Issued and fully paid			
	2016 Number	**2016 £**	2015 Number	2015 £
At 1 October	**471,662,623**	**471,663**	430,753,532	430,754
Shares issued in the year	**28,500,000**	**28,500**	40,909,091	40,909
	500,162,623	**500,163**	471,662,623	471,663

During the year the following shares were issued:

	Number	**£**	**Issue price**
6 October 2015	12,500,000	12,500	0.2p
3 March 2016	16,000,000	16,000	0.125p
	28,500,000	28,500	

16. Financial instruments

Categories of financial assets and liabilities
The following tables set out the categories of financial instruments held by the Company:

	Note	**Loans and receivables**	
		2016 £	2015 £
Trade and other receivables	12	**30,925**	6,501
Cash and cash equivalents	13	**51,184**	27,473
		82,109	33,974

	Note	**Fair value through profit or loss**		
		Held for trading	**Designated upon initial recognition**	**Total**
		£	£	£
Investments	11			
At 30 September 2016		-	1,706,237	1,706,237
At 30 September 2015		-	1,917,982	1,917,982

	Note	Fair value measurement Level 1	Level 2	Level 3
		£	£	£
Investments	11			
At 30 September 2016		-	1,706,237	1,706,237
At 30 September 2015		-	1,917,982	1,917,982

Financial liabilities

	Note	Financial liabilities measured at amortised cost **2016**	2015
		£	£
Trade payables	14	**4,926**	11,424
Accruals	14	**26,250**	34,467
Other payables	14	**5**	28,895
		31,181	74,786

The Company's financial instruments comprise investments held for trading, cash and cash equivalents and trade payables that arise directly from the Company's operations. The main purpose of these instruments is to invest in portfolio companies. Investments held for trading and other investments have been held at fair value through profit and loss. The main risks arising from holding these financial instruments is market risk and credit risk.

Interest rate risk
The Company's exposure to changes in interest rates relate primarily to cash and cash equivalents. Cash and cash equivalents is held either on current or on short term deposits at floating rates of interest determined by the relevant bank's prevailing base rate. The Company seeks to obtain a favourable interest rate on its cash balances through the use of bank treasury deposits. Any reasonable change in interest rate would not have a material impact on finance income that the Company could receive in the course of a year, based on the current level of cash and cash equivalents either held in current accounts or short term deposits.

Market risk
All trading instruments are subject to market risk, the potential that future changes in market conditions may make an instrument less valuable, due to fluctuations in security prices, as well as interest and foreign exchange rates. Market risk is directly impacted by the volatility and liquidity in the markets in which the related underlying assets are traded.

Sensitivity analysis
The following table looks at the impact on net result and net assets based on a given movement in the fair value of all the investments;

10% movement either way will result in £170,624 profit or (loss) (2015: £191,798 profit or (loss))

20% movement either way will result in £341,248 profit or (loss) (2015: £383,597 profit or (loss))

30% movement either way will result in £511,872 profit or (loss) (2015: £575,395 profit or (loss))

Borrowing facilities
The operations to date have been financed through the placing of shares and investor loans. It is Board policy to keep borrowing to a minimum, where possible.

Liquidity risks
The Company seeks to manage liquidity risk by ensuring sufficient liquid assets are available to meet foreseeable needs and to invest liquid funds safely and profitably. All cash balances are immediately accessible and the Company holds no trades payable that mature in greater than 3 months, hence a contractual maturity analysis of financial liabilities has not been presented. Since these financial liabilities all mature within 3 months, the Directors believe that their carrying value reasonably equates to fair value.

Credit risk
The Company's credit risk is attributable to cash held on deposit at financial institutions.

Cash is deposited with reputable financial institutions with a high credit rating. The maximum credit risk relating to cash and cash equivalents and trade and other receivables is equal to their carrying value of £82,109 (2015: £33,974).

Capital Disclosure
As in previous years, the Company defines capital as issued capital, reserves and retained earnings as disclosed in statement of changes in equity. The Company manages its capital to ensure that the Company will be able to continue to pursue strategic investments and continue as a going concern. The Company does not have any externally imposed financial requirements.

17. Related party transactions

On 6 October 2015 shares were allotted and issued to the Directors Graham Parr, Anthony Fabrizi and William Henbrey who invested £5,000 each in a share subscription.

18. Operating lease commitments

At the balance sheet date the Company had no outstanding commitments under operating leases.

19. Ultimate controlling party

The Company considers that there is no ultimate controlling party.