Blue Star Capital Plc

Annual Report and Financial Statements

for the year ended 30 September 2016

Annual report and financial statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Contents

Directors and Advisors

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Directors

Graham Parr
Non-Executive Chairman

Anthony Fabrizi
Chief Executive Officer

William Henbrey
Non-Executive Director

Company Secretary & Registered Office

Rawlinson & Butler Nominees Limited
Griffin House
135 High Street
Crawley RH10 1DQ

Company Number

05174441

Nominated Adviser & Broker

Cairn Financial Advisers LLP
Cheyne House
Crown Court
62-63 Cheapside
London EC2V 6AX

Auditor

Adler Shine LLP
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London N3 1LF

Solicitors

Gowling WLG (UK) LLP
4 More London
Riverside
London SE1 2AU

Registrars

Capita Registrars
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

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.

Chairman's Statement

CONTINUED

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 25 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 31 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.

Graham Parr
Chairman

25 November 2016

Strategic Report

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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.

Strategic Report

CONTINUED

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.

Graham Parr
Chairman

25 November 2016

Directors' Report

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Results and dividends

The Directors present their report together with the audited financial statements for the year ended 30 September 2016.

The trading results for the year ended 30 September 2016 and the Company's financial position at that date are shown in the attached financial statements.

The Directors do not recommend the payment of a dividend for the year (2015: £nil).

Principal activities and review of the business

The principal activity of the Company is to invest in the media, technology and gaming sectors. A review of the business is included within the Chairman's Statement and Strategic Report.

Directors serving during the year

Anthony Fabrizi
Graham Parr
William Henbrey

Directors' Interests

The Directors at the date of these financial statements who served and their interest in the ordinary shares of the Company are as follows:

	Number of Ordinary Shares
Anthony Fabrizi	15,591,293
Graham Parr	6,136,363
William Henbrey	6,136,364

Significant shareholders

As at 18 November 2016 so far as the Directors are aware, the parties (other than the interests held by Directors) who are directly or indirectly interested in 3% or more of the nominal value of the Company's share capital is as follows:

	Number of Ordinary Shares	Percentage of issued share capital
Highland Fund Management Ltd	64,000,000	12.80%
Blue Square Equity Investments Limited	49,700,409	9.94%
AA Management Ltd	39,409,602	7.88%
Richard Mcguire	26,639,364	5.93%
Nigel Robertson	23,350,000	4.67%

Related party transactions

The Company has entered into certain related party transactions and these are disclosed in note 17.

Events after the reporting date

There were no events subsequent to the balance sheet date.

Political Donations

There were no political donations during the current or prior year.

Directors' Report

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Provision of information to Auditor

In so far as each of the Directors are aware:

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

Auditor

Adler Shine LLP have expressed their willingness to continue as auditor and a resolution to re-appoint Adler Shine LLP will be proposed at the Annual General Meeting.

On behalf of the board of Directors

Graham Parr
Chairman

25 November 2016

Statement of Directors' Responsibilities

FOR THE YEAR ENDED 30 SEPTEMBER 2016

Directors' responsibilities

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

Company law requires the Directors to prepare financial statements for each financial year. Under that law they are required to prepare financial statements in accordance with IFRS as adopted by the European Union 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 for the year. In preparing the Company financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements have been prepared in accordance with IFRSs as adopted by the EU;
- prepare the financial statements on a going concern basis unless it is inappropriate to assume 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 requirements of 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.

Website publication

Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Independent Auditors' Report

TO THE MEMBERS OF BLUE STAR CAPITAL PLC

We have audited the financial statements of Blue Star Capital Plc for the year ended 30 September 2016, which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

Respective responsibilities of directors and auditors

As explained more fully in the statement of Directors' responsibilities set out on page 9, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 30 September 2016 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Independent Auditors' Report

TO THE MEMBERS OF BLUE STAR CAPITAL PLC

CONTINUED

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.

Opinion on other matters prescribed by the Companies Act 2006

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

Matters on which we are required to report by exception

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

1. adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
2. the Company financial statements are not in agreement with the accounting records and returns; or
3. certain disclosures of Directors' remuneration specified by law are not made; or
4. we have not received all the information and explanations we require for our audit.

Darsh Shah (Senior Statutory Auditor)
For and on behalf of
Adler Shine LLP,
Chartered Accountants and Statutory Auditor
Aston House
Cornwall Avenue
London N3 1LF

25 November 2016

Adler Shine LLP is a limited liability partnership registered in England and Wales (with registered number OC301724).

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)
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)

The notes on pages 16 to 27 form part of these financial statements.

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

The financial statements were approved by the board and authorised for issue on 25 November 2016 and were signed on its behalf by:

Graham Parr
Director

Registered number: 05174441

The notes on pages 16 to 27 form part of these financial statements.

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

Share capital
Share capital represents the nominal value on the issue of the Company's equity share capital, comprising £0.001 ordinary shares.

Share premium
Share premium represents the amount subscribed for the Company's equity share capital in excess of nominal value.

Other reserves
Other reserves represent the cumulative cost of share based payments.

Retained earnings
Retained earnings represent the cumulative net income and losses of the Company recognised through the statement of comprehensive income.

The notes on pages 16 to 27 form part of these financial statements.

Cash Flow Statement

FOR THE YEAR ENDED 30 SEPTEMBER 2016

	Notes	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

The notes on pages 16 to 27 form part of these financial statements.

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Accounting policies (continued)

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Accounting policies (continued)

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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Accounting policies (continued)

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 periods 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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

1. Accounting policies (continued)

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

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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		2015	
	Weighted average exercise price (p)	Number	Weighted average exercise price (p)	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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 Total	2015 Total
Director			
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).

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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 equipment £
Cost	
At 1 October 2014	29,935
Additions	—
At 30 September 2015 and 30 September 2016	29,935
Depreciation	
At 1 October 2014	29,935
Charge for the year	—
At 30 September 2015 and 30 September 2016	29,935
Net book value	
At 30 September 2016	—
At 30 September 2015	—

11. Investments

	2016 £	2015 £
At start of year	1,917,982	1,800,349
Additions	—	84,121
Disposals	(220,445)	(34,121)
Net fair value gain for the year	8,700	67,633
At end of year	1,706,237	1,917,982

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

11 Investments (continued)

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/investment	Book value and fair 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 £
Loan issued	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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

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.

		Issued and fully paid		
15. Share capital	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
At 30 September	500,162,623	500,163	471,662,623	471,663

During the year the following shares were issued:

	Number	£	Issue price per share
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	

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

16. Financial instruments

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

Financial assets

	Notes	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

	Notes	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

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

Financial liabilities	Notes	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.

Notes to the Financial Statements

FOR THE YEAR ENDED 30 SEPTEMBER 2016

16. Financial instruments (continued)

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.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Blue Star Capital Plc (the "Company") will be held at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside, London, EC2V 6AX on 21 December 2016 at 12.00 noon for the following purposes:

ORDINARY RESOLUTIONS

1 To receive and adopt the accounts, together with the directors' and auditors' reports for the period ended 30 September 2016.

2 To re-elect Graham Parr as a director of the Company who being eligible offers himself for re-election.

3 To re-appoint Adler Shine LLP as auditors of the Company until the conclusion of the next annual general meeting and to authorise the directors to fix their remuneration.

SPECIAL BUSINESS

To consider and, if thought fit, pass the following resolutions of which Resolution 4 will be proposed as an ordinary resolution and Resolution 5 will be proposed as a special resolution.

Ordinary Resolution

4 That, the directors be and are hereby generally and unconditionally authorised pursuant to section 551 of the Companies Act 2006 (the "**Act**") to exercise all or any part of the powers of the Company to allot shares and grant rights to subscribe for, or convert any security into, shares of the Company up to an aggregate nominal amount of £500,000 such authority (unless previously revoked or varied) to expire at the conclusion of the annual general meeting of the Company to be held in 2017 save that the Company may before such expiry make offers or agreements which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.

Special Resolution

5 That, subject to the passing of Resolution 4, the directors be and are hereby granted power pursuant to section 570(1) of the Act to allot equity securities (as defined in section 560(1) of the Act) for cash pursuant to the authority conferred on them by Resolution 4 above as if section 561 of the Act did not apply to such allotment, provided that such power be limited to:

(i) the allotment of equity securities which are offered to all the holders of equity securities of the Company (at a date specified by the directors) where the equity securities respectively attributable to the interests of such holders are as nearly practicable in proportion to the respective number of equity securities held by them, but subject to such exclusions and other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements and any legal or practical problems under any laws or requirements of any regulatory body or stock exchange in any territory or otherwise; and

(ii) the allotment (otherwise than pursuant to subparagraph (i) above) of equity securities up to an aggregate nominal amount of £500,000 and provided that this power shall expire on the conclusion of the next annual general meeting of the Company to be held in 2017, save that the Company may make an offer or enter into an agreement before the expiry of that date which would or might require equity securities to be allotted after that date and the directors may allot equity securities in pursuance of such an offer as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD

Rawlison & Butler Nominees Limited
Company Secretary

Registered Office:
Griffin House
135 High Street
Crawley
West Sussex
RH10 1DQ

Dated 25 November 2016

Notice of Annual General Meeting

CONTINUED

Notes:

1 Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, only those members registered on the Company's register of members at close of business on **19 December 2016** or, in the event that the meeting is adjourned, in the register of members 48 hours before the time of the adjourned meeting, shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at the time. Changes to entries in the register of members after close of business on **19 December 2016** or, in the event that the meeting is adjourned, after 48 hours before the time of any adjourned meeting shall be disregarded in determining the rights of any person to attend or vote at a meeting.

2 A member is entitled to appoint one or more persons as proxies to exercise all of any or all of his rights to attend, speak and vote at the meeting. A proxy need not be a member of the Company. A member may appoint more than one proxy in relation the meeting provided that each proxy is appointed to exercise rights attached to a different share or shares held by him. To appoint more than one proxy you may photocopy the proxy form. Please indicate the proxy holder's name and the number of shares in relation to which they are authorised to act as your proxy (which, in aggregate, should not exceed the number of shares held by you). Failure to specify the number of shares each proxy appointment relates to or specifying a number of shares in excess of those held by the member may result in the proxy appointment being invalid. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. Appointment of a proxy does not preclude a member from attending the meeting and voting in person.

3 A form of proxy is enclosed. To be valid, it must be completed, signed and sent to the offices of the Company's registrars being Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF so as to arrive no later than 12.00 noon on **19 December 2016** or, in the event that the meeting is adjourned, by no later than 48 hours before the time of any adjourned meeting.

4 CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual (available from https://www.euroclear.com/site/public/EUI). CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made by means of CREST to be valid, the appropriate CREST message ("**a CREST Proxy Instruction**") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's ("**EUI**") specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it relates to the appointment of a proxy or to an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by Capita Asset Services (ID **RA10**) by no later than 12.00 noon on **19 December 2016**. No such message received through the CREST network after this time will be accepted. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Applications Host) from which Capita Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change in instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors or voting service provider(s) should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

Notice of Annual General Meeting

CONTINUED

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5 To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Capita Asset Services by telephone on 0871 664 0300 calls cost 12p per minute plus your phone company's access charge. If you are outside the United Kingdom, please call +44371 664 0300. Calls outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00am – 5.30pm, Monday to Friday excluding public holidays in England and Wales.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

6 In order to revoke a proxy instruction you will need to inform the Company using one of the following methods:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Capita Asset Services, PXS1, 34 Beckenham Road, Beckenham, Kent BR3 4ZF. In the case of a member which is a company, the revocation notice must be executed under its common seal or the hand of its duly authorised agent or officer. In the case of an individual, the proxy must be signed by the appointor or his attorney, duly authorised in writing. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Capita Asset Services so as to arrive no later than 12.00 noon on **19 December 2016** or, in the event that the meeting is adjourned, by no later than 48 hours before the time of any adjourned meeting.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the meeting and voting in person. If you have appointed a proxy and attend the meeting in person, your proxy appointment will automatically be terminated.

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