Blue Star Capital plc
("Blue Star" or the "Company")

Final Results for the year ended 30 September 2018

Blue Star Capital plc (AIM: BLU) is pleased to announce its final results for the year ended 30 September 2018.

Highlights:

- Net assets increased from £3,513,262 to £5,459,581, which equates to a net asset value per share of approximately 0.29p compared with 0.21p.
- Profit for the period of £1,471,319 compared to a loss for the previous year of £188,713.
- The percentage shareholding in SatoshiPay ltd stood at 30.1% at the year end.
- Cash position at 30 September 2018 of £31,416 (2017: £37,970).

The Annual Report and 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.

Attention is drawn by the independent auditor to note 1 of the financial statements (included below), which indicates that the Company is reliant on future fund raisings to continue its activities as budgeted. Since the financial year-end, the Company has raised £200,000 before expenses through a further issue of equity for working capital purposes.

The AGM will be held at the offices of Cairn Financial Advisers LLP, Cheyne House, Crown Court, 62-63 Cheapside, London, EC2V 6AX on 29 March 2019 at 12.00 p.m.

Tony Fabrizi Chief Executive Officer of Blue Star Capital plc, commented:

"The last year has been one of significant activity for your Company and while we were ultimately unsuccessful in our attempt to acquire the entire issued share capital of SatoshiPay, the process proved valuable and was critical in SatoshiPay raising almost £1.7m in private funding in 2019. The valuation achieved by SatoshiPay on these recent private raises is significantly above your Company's acquisition cost and this has resulted in a strong uplift in both net assets and profits over the year. The Board remains confident that SatoshiPay has the potential to deliver significant value for Blue Star shareholders and it looks forward to continuing to work with SatoshiPay's management in unlocking that value."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

For further information, please contact:

Blue Star Capital plc Tony Fabrizi	+44 (0) 777 178 2434
Cairn Financial Advisers LLP (Nominated Adviser) Jo Turner / Liam Murray / Richard Nash	+44 (0) 20 7213 0880
Smaller Company Capital Limited (Broker) Rupert Williams/Jeremy Woodgate	+44 (0) 203 651 2911

Chairman's Statement

2018 has been a year of significant activity for the Company. On 26 July 2018 it was announced that the Company had entered into an exclusivity agreement with its investee company SatoshiPay. The nature of the agreement resulted in the suspension of the Company's shares from trading on AIM while it pursued a potential reverse takeover ("RTO") of SatoshiPay. Unfortunately, market conditions became difficult towards the end of 2018 and the decision was then taken by the Company and SatoshiPay to terminate the exclusivity agreement. The Company's shares therefore recommenced trading on AIM on 24 January

2019. Despite this setback, the Company remains highly supportive of SatoshiPay and its management and is pleased to have seen the recent validation of this confidence through the raising of approximately £1.68m by SatoshiPay in 2019 at a pre money valuation of £15.0m, which has resulted in a significant uplift in the value of the Company's holding, which now represents circa 27.9% of SatoshiPay's issued share capital. The recent fund raises, together with the £500,000 raised in July 2018 have come from a number of blockchain foundations and other specialist investment groups that recognise the potential of SatoshiPay's offering.

Apart from the significant uplift in value of SatoshiPay, the Company's £50,000 investment in Sthaler has also shown a further uplift and now stands at a valuation at around £300,000 (based on the valuation of its most recently completed fundraising round).

Finally, the historic investment in Disruptive Tech Limited which was acquired in 2007, well before the current Board were in place, has been written down to its original cost of £300,000. This has resulted in a write down in the year of approximately £1.3m. The net effect of these changes on the Company's net asset value per share has been an increase from 0.21p to 0.29p.

Financials

The Company reported a profit for the period of £1,471,319 compared to a loss of £188,713 in the corresponding period. This reflects the net revaluation of the portfolio with the significant gain on SatoshiPay being partially offset by the write down in carrying value of DTL. The operating expenses of the Company also increased during the year as a result of advisory fees incurred on the attempted RTO.

Net assets have increased to £5,459,581 at 30 September 2018, changing from £3,513,262 at 30 September 2017. Blue Star's cash position at 30 September 2018 was £31,416 compared to a balance of £37,970 at 30 September 2017. The Company raised£200,000 before expenses through a further issue of equity in January 2019.

Portfolio Review

<u>SatoshiPay</u>

<u>Company Description</u>

SatoshiPay is a fintech company supplying micropayment infrastructure based on blockchain technology to digital industries. SatoshiPay's infrastructure provides a frictionless online payment service, allowing digital content and service providers to monetise their products both efficiently and at a low cost across vendor platforms. The technology is offered both through in-house built products and as an application programming interface ("API") upon which third party developers may build their own solutions.

The vision for the future of SatoshiPay is a fast, secure, cross-platform and login free global peer-to-peer micropayment system for the commercial internet which transforms the mainstream payment market and facilitates transparent value exchange between any internet-connected device.

<u>SatoshiPay Technology</u>

The SatoshiPay technology is designed to overcome existing issues with online micropayments that have prevented them from achieving mainstream adoption, primarily the high level of transaction costs driven by existing bank infrastructures that make such levels of payments commercially unfeasible.

The foundation of SatoshiPay's platform is dependent upon blockchain technology. A blockchain is a decentralized database of transactions that exists on multiple computers at the same time. It is a record keeping technology that, in simple terms, is conceptually similar to a spreadsheet that is duplicated thousands of times across a network of computers and that is constantly updated.

The advantages of blockchain are that it is, by its inherent set up, independent, transparent and secure. Its security comes from the fact that its data cannot be altered, it cannot be controlled by any single entity and has no single point of failure that can be exploited by hackers. Encryption technology allows individuals' digital assets to be kept anonymous and protected. Further, removing intermediaries from the process allows transactions on a blockchain to be carried out faster and cheaper than traditional methods.

SatoshiPay's micropayment system is based on the Stellar blockchain protocol, a distributed ledger technology, and uses Stellar lumens (XLM) as the underlying settlement token.

Micropayments and the SatoshiPay Solution Existing issues relating to micropayments include financial costs (transaction costs being high in relation to the level of payment) and usability costs (cumbersome, multi-step online payment mechanisms for the end user).

SatoshiPay's solution is able to overcome these issues by offering a P2P payment method which does not require download, installation or log in for the end user, and that is transferable across vendor platforms and facilitates instant transactions of very small amounts. This flexible, low cost solution allows for pricing strategies at a more granular level, and the board of Blue Star believe that it has many potential applications.

<u>Potential Applications of SatoshiPay</u>

The directors of SatoshiPay believe that its technology can be employed in a range of sectors. Wherever instant, login-free, granular payments open up the potential to improve existing revenue streams or generate new ones for online publishers and content providers, micropayments and the SatoshiPay technology have a potential application. Examples include purchase of digital goods, direct streaming of content, as a settlement mechanism for machine to machine transactions (i.e. toll payments) and in-app/game closed-loop systems.

<u>Blue Star's holding in SatoshiPay</u>

As at 30 September 2018, Blue Star had invested £1.7m in SatoshiPay representing, at the time, approximately 30.1 per cent. of SatoshiPay's share capital. As at the year end, Blue Star also held €200,000 of convertible loan notes ("CLNs") issued by SatoshiPay, which were subsequently converted into equity on 6 February 2019 at a 15 per cent. discount to the valuation applied by SatoshiPay on its most recent fund raises. Following this conversion and the recent fund raises undertaken by SatoshiPay, the Company's shareholding equated to 27.9 per cent and has a carrying value of £4.7m.

<u>Sthaler Limited ("Sthaler")</u>

<u>Company Description</u>

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.

Sthaler jointly developed Fingopay in conjunction with Hitachi, using VeinID technology. Infrared light maps the unique vein pattern in a customer's finger. This biometric signature is matched to a template held in the cloud and verifies the payment in seconds. It is considered more secure than other biometrics such as fingerprint.

Over the last 18 months, Sthaler have been piloting Fingopay in different retail environments including convenience stores, restaurants, coffee shops and bars. Now thousands of students at Copenhagen Business School can use Fingopay in canteens and coffee shops across the campus. This world first biometric self-service restaurant is an excellent example of how the technology can be used. Sthaler worked with Denmark's national debit card operators Nets to deliver the technology on behalf of the nineteen banks behind the Dankort scheme.

Nets / Dankort are working with Sthaler to look beyond mobile to biometrics as the future of payment to engage younger consumers across Denmark. The technology is being showcased to Scandinavian banks and businesses, with a view to wider adoption across the region.

Sthaler's Copenhagen launch follows a successful retail first at Brunel University, London. Students used Fingopay to buy groceries at the Costcutter convenience store, on campus. Sthaler installed Fingopay readers at points of sale and helped Brunel move towards the goal of a cashless campus. Worldpay processed the transactions enabling students to travel around campus without wallet or phone and pay securely using only their finger. The Brunel launch gained worldwide attention. Sthaler featured prominently on Fox Business, CNBC and ITN, with scores of articles in leading national newspapers.

Sthaler's pioneering work with a major high street retailer proved the value of Fingopay in a new sector and lays the groundwork for a nationwide rollout. It significantly broadened the appeal of Fingopay by moving it from hospitality into the retail space.

The hospitality sector remains a strong vertical for Sthaler's development of Fingopay. Sthaler has already proved its value, by showing it in action in a live bar environment. The London bar and music venue Proud Camden introduced Fingopay to its customers. It allowed Sthaler to introduce fast lanes for Fingopay users, instant e-receipts and an in-built loyalty scheme to reward repeat customers.

Sthaler has new launches in the pipeline scheduled for later in 2019.

Blue Star's Shareholding in Sthaler

The Company's shareholding in Sthaler is 0.9 per cent at 30 September 2018 and is valued on the basis of the last fund raise at around £300,000.

Disruptive Tech Limited ("DTL")

Company Description

DTL is a Gibraltar-based investing company that has three active investments, which are:

- 8% shareholding in Nektan plc, which is an international B2B mobile gaming company;
- 10% shareholding in Freeformers, which helps companies fulfil the employee aspects of their digital strategies; and
- 1.8% shareholding in Bookingbug, which has developed a market-leading software platform to manage online bookings and appointments.

DTL's board intends to exit all the existing positions as and when opportunities arise, with the disbursement of proceeds being made either through a distribution of shares (if a company is listed on a public market), or cash from the sale of DTL's position. The DTL board cannot put a timeframe estimate on when all its positions will have been exited.

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 as a result its carrying value had risen to £1.6m at 30 September 2017. Given the ongoing delays in realising the investments and having consulted in depth with DTL and the Company's advisors, the Directors have decided it now prudent to write down in the carrying value of its investment in DTL to cost.

Outlook

The Board believes the Company's portfolio has the potential to create significant value for shareholders. Our investments in SatoshiPay and Sthaler are showing strong gains and while the RTO process was ultimately disappointing, it has strengthened SatoshiPay and the recent progress in the business has been impressive. Although the costs of the attempted RTO have led to an increase in operating costs this year, our overall running costs have remained low and are kept under strict control. The appointment of Sean King to the Board in January brings valuable knowledge of the media and tech sectors and we are delighted by his contribution to date. Overall, the Directors believe the Company remains in a strong position to examine opportunities to enhance shareholder value and the Board views the future outlook with confidence.

William Henbrey

Chairman

5 March 2019#

Strategic Report

Review of Business and Analysis Using Key Performance Indicators

The full year's pre-tax profit was £1,471,319 compared to a pre-tax loss of £188,713 for the year ended 30 September 2017.

The significant profit is due to the fair value gain adjustment in the Company's investment in Satoshipay Limited and Sthaler Limited, offset by the write down in DTL as disclosed in the Chairman's Statement.

Net assets have increased to £5,459,581 at 30 September 2018, changing from £3,513,262 at 30 September 2017, primarily due to the increase in value of the Company's investment in SatoshiPay Limited.

The cash position at the end of the year decreased to £31,416 from £37,970 as at 30 September 2017.

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 2018. The main KPIs for the Company are listed as follows:

	2018	**2017**
Valuation of investments	£5,288,943	£3,496,864
Cash and cash equivalents	£31,416	£37,970
Net current assets	£170,638	£16,398
Profit/(loss) before tax	£1,471,319	(£188,713)

Investing Policy

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

- Technology;
- Gaming; and
- Media.

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.

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.

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

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). The Company has accumulated a 29.4% stake in SatoshiPay, which the Board believes represents a rare opportunity to generate significant shareholder value.

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.

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.

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.

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 Company's primary 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.

William Henbrey

Chairman

Directors' Report

Results and dividends

The Directors present their report together with the audited financial statements for the year ended 30 September 2018.

The trading results for the year ended 30 September 2018 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 (2017: £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

William Henbrey

On 29 January 2019, Sean King was appointed as a director of the Company.

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	Warrants
Anthony Fabrizi	30,000,000	25,000,000
William Henbrey	6,136,364	-
Sean King	6,250,000	-

Significant shareholders

As at 22 February 2019, 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**
Nicolas Slater	211,512,398	10.61%
Smaller Company Capital Limited	84,567,657	4.24%
Highland Fund Management Limited	64,000,000	3.21%

Related party transactions

The Company has entered into certain related party transactions and these are disclosed in note 16.

Events after the reporting date

On 20 December 2018 the redemption date for the €200,000 convertible loan notes issued by SatoshiPay Limited to the Company in the year was extended to become redeemable on or after 31 January 2019.

On 24 January 2019, the Company's shares resumed trading on AIM following the Company's decision not to proceed with the proposed acquisition of the entire issued share capital of SatoshiPay Limited by the Company.

On 24 January 2019 the Company placed 111,111,111 new Ordinary shares at a price of 0.18 pence per share.

On 6 February 2019, the Company announced that it has elected to convert the convertible loan notes into a further 249 shares in SatoshiPay Limited.

Political Donations

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

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:

William Henbrey

Chairman

5 March 2019

Statement of Comprehensive Income

	Notes	2018 £	2017 £
Revenue		—	—
Fair valuation movements in financial instruments designated at fair value through profit or loss	10	1,817,983	118,300
		1,817,983	118,300
Administrative expenses		(352,408)	(307,021)
Operating profit/(loss)	3	1,465,575	(188,721)
Finance income	4	5,744	8
Profit/(loss) before and after taxation and total comprehensive loss for the year		1,471,319	(188,713)
Profit/(loss) per ordinary share:			
Basic earnings/(loss) per share on profit/(loss) for the year	9	0.08p	(0.02p)
Diluted earnings/(loss) per share on profit/(loss) for the year	9	0.07p	(0.02p)

Statement of Financial Position

	Notes	2018 £	2017 £
Non-current assets			
Financial assets at fair value through profit or loss	10	5,288,943	3,496,864
Current assets			
Trade and other receivables	11	276,146	11,766
Cash and cash equivalents	12	31,416	37,970
Total current assets		307,562	49,736
Total assets		5,596,505	3,546,600
Current liabilities			
Trade and other payables	13	136,924	33,338
Total liabilities		136,924	33,338

Net assets		5,459,581	3,513,262
Shareholders' equity			
Share capital	14	1,881,473	1,702,901
Share premium account		8,679,075	8,382,647
Other reserves		64,190	64,190
Retained earnings		(5,165,157)	(6,636,476)
Total shareholders' equity		5,459,581	3,513,262

Statement of Changes in Equity

	Share capital £	Share premium £	Other reserves £	Retained earnings £	Total £
Year ended 30 September 2017					
At 1 October 2016	500,163	7,704,766	36,327	(6,484,090)	1,757,166
Loss for the year and total comprehensive income	—	—	—	(188,713)	(188,713)
Shares issued in year	1,202,738	772,381	—	—	1,975,119
Share issue costs	—	(94,500)	—	—	(94,500)
Lapsed warrants	—	—	(36,327)	36,327	—
Share based payments	—	—	64,190	—	64,190
At 30 September 2017	1,702,901	8,382,647	64,190	(6,636,476)	3,513,262
Year ended 30 September 2018					
At 1 October 2017	1,702,901	8,382,647	64,190	(6,636,476)	3,513,262
Profit for the year and total comprehensive income	—	—	—	1,471,319	1,471,319
Shares issued in year	178,572	321,428	—	—	500,000
Share issue costs	—	(25,000)	—	—	(25,000)
At 30 September 2018	1,881,473	8,679,075	64,190	(5,165,157)	5,459,581

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.

Cashflow Statement

	Notes	2018 £	2017 £
Operating activities			
Profit/(loss) for the year		1,471,319	(188,713)
Adjustments:			
Finance income		(5,744)	(8)
Fair value gains		(1,817,983)	(118,300)
Share based payments		—	22,887
Working capital adjustments			
(Increase)/decrease in trade and other receivables		(54,314)	19,159
Increase in trade and other payables		103,586	2,158
Net cash used in operating activities		(303,136)	(262,817)
Investing activities			
Purchase of investments		—	(1,205,905)
Loan issued		(178,508)	—
Interest received		90	8
Net cash used by investing activities		(178,418)	(1,205,897)
Financing activities			
Proceeds from issue of equity		500,000	1,550,000
Share issue costs		(25,000)	(94,500)
Net cash generated from financing activities		475,000	1,455,500
Net decrease in cash and cash equivalents		(6,554)	(13,214)
Cash and cash equivalents at start of the year	12	37,970	51,184
Cash and cash equivalents at end of the year	12	31,416	37,970

Notes to the Financial Statements

1. Accounting Policies
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 company has reported a loss for the year excluding fair value gains on the valuation of investments of £346,664.

The company carries out regular fund raising exercises in order that it can provide the necessary working capital to continue its activities.

The board expects to continue to raise additional funding as and when required to cover the company's activities, primarily from the issue of further shares. Since the year end, the company has raised £200,000, before expenses.

Although the Directors have a reasonable expectation that the company has adequate resources to continue its operational existence for the foreseeable future the successful completion of future fund raisings constitutes a material uncertainty that may cast doubt over the company's ability to continue as a going concern. The financial statements do not contain the adjustments that would result if the company was unable to continue as a going concern.

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 financial assets designated upon initial recognition as at fair value through profit or loss.

Financial assets designated at fair value through the profit or loss are those that have been designated by management upon initial recognition. Management designated the financial assets, comprising equity shares and warrants, at fair value through profit or loss upon initial recognition due to these assets being part of the Company's financial assets, which are managed and their performance evaluated on a fair value basis.

Financial assets at fair value through the profit or loss are recorded in the statement of financial position at fair value. Changes in fair value are recorded in "Fair valuation movements in financial assets designated at fair value through profit or loss".

Financial assets, comprising equity shares and warrants, are valued in accordance with the International Private Equity and Venture Capital ("IPEVC") guidelines on the following basis:

(a) Early stage investments: these are investments in immature companies, including seed, start-up and early stage investments. Such investments are valued at cost less an provision considered necessary, until no longer viewed as an early stage or unless significant transactions involving an independent third party arm's length, values the investment at a materially different value:

(b) Development stage investments: such investments are in mature companies having a maintainable trend of sustainable revenue and from which an exit, by way of floatation or trade sale, can be reasonably foreseen. An investment of this stage is periodically re-valued by reference to open market value. Valuation will usually be by one of five methods as indicated below:

- At cost for at least one period unless such basis is unsustainable;
- On a third party basis based on the price at which a subsequent significant investment is made involving a new investor;
- On an earnings basis, but not until at least a period since the investment was made, by applying a discounted price/earnings ratio to the profit after tax, either before or after interest; or
- On a net asset basis, again applying a discount to reflect the illiquidity of the investment.
- In a comparable valuation by reference to similar businesses that have objective data representing their equity value.

(c) Quoted investments: such investments are valued using the quoted market price, discounted if the shares are subject to any particular restrictions or are significant in relation to the issued share capital of a small quoted company.

At each balance sheet date, a review of impairment in value is undertaken by reference to funding, investment or offers in progress after the balance sheet date and provisions is made accordingly where the impairment in value is recognised.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

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 2	Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 3, IFRS 11	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2019
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	1 January 2018
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 15	Clarification of IFRS 15	1 January 2018
IFRS 16	Leases	1 January 2019
IAS 12	Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends)	1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	1 January 2019
IAS 23	Amendments resulting from Annual Improvements 2015–2017 Cycle (intended use or sale)	1 January 2019
IAS 28	Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	1 January 2018
IAS 28	Amendments regarding long-term interests in associates and joint ventures	1 January 2019
IAS 40	Amendments to clarify transfers or property to, or from, investment property	1 January 2018

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 10.

3. Operating profit/loss	2018 £	2017 £
This is stated after charging:		
Auditor's remuneration – statutory audit fees	15,050	11,679
Fair valuation movements in financial instruments	(1,817,983)	(118,300)

4. Finance income	2018 £	2017 £
Interest received on short term deposits	90	8
Interest receivable on convertible loan note	5,654	—
	5,744	8

5. Share based payments

Warrants

	2018		2017	
	Weighted average exercise price (p)	**Number**	**Weighted average exercise price (p)**	**Number**
Outstanding at the beginning of the year	0.6	110,000,000	1.24	33,000,000

Lapsed during year	-	-	(1.24)	(33,000,000)
Issued during year	-	-	0.6	110,000,000
Outstanding at the end of the year	0.6	110,000,000	0.6	110,000,000

The contracted average remaining life of warrants at the year-end was 1.8 years (2017: 2.92 years).

At 30 September 2018, the Company had the following warrants in issue.

Date of grant	**4 July 2017**	**4 July 2017**	**4 July 2017**
Number granted	25,000,000	42,500,000	42,500,000
Contractual life	3 years	3 years	3 years
Exercise price (in pence)	0.25p	0.6p	0.8p
Estimated fair value per warrant	0.09p	0.05p	0.04p

The fair value of warrants is determined using the Black-Scholes valuation model. The charge to the profit and loss account was £nil (2017: £22,887). The charge to the cost of investment in Satoshipay was £nil (2017: £41,303).

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

	2018 £	**2017 £**
Wages and salaries	50,000	61,111
Social security costs	4,494	6,453
	54,494	67,564

During the year the Company had an average of 2 employees who were management (2017: 2). The employees were both Directors and key management personnel of the Company.

7. Directors' and key management personnel

		2018 Total	**2017 Total**
Director			
Anthony Fabrizi	Emoluments	30,000	35,000
	Warrants	—	22,887
Graham Parr	Fees	—	9,862
William Henbrey	Emoluments	20,000	16,250
		50,000	83,999

Emoluments above are paid in full at the end of both financial years.

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 19% (2017: 19.5%). The differences are explained below:

	2018 £	**2017 £**
Profit/(loss) before tax	1,471,319	(188,713)
Profit/(loss) before tax multiplied by effective rate of corporation tax of 19% (2017 – standard rate of 19.5%)	279,551	(36,799)
Effect of:		

(Profit)/loss on disposal of investments	—	(79)
Capital losses / (unrealised gains) carried forward	(345,417)	(23,068)
Capital gains	—	—
Capital allowances	(370)	(463)
Expenses not deductible for tax purposes	29,412	9,271
Losses carried forward	36,824	51,138
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 2018 is £609,392 (2017: £574,857).

9. Earnings/(loss) per ordinary share

	2018	2017
Basic:		
Profit/(loss) for the financial period	£1,471,319	£(188,713)
Weighted average number of shares	1,870,219,296	1,082,876,693
Earnings/(loss) per share (pence)	0.08	(0.02)
Fully Diluted:		
Profit/(loss) for the financial period	£1,471,319	£(188,713)
Weighted average number of shares	1,978,016,511	1,082,876,693
Earnings/(loss) per share (pence)	0.07	(0.02)

As at the end of the financial period ended 30 September 2017 there were 110,000,000 share warrants in issue, which had an anti-dilutive effect on the weighted average number of shares.

10. Financial assets held at fair value through profit of loss

	Note	2018 £	2017 £
FV movements in investments	10	1,792,079	118,300
FV movements in convertible loan notes	11	25,904	0
Fair valuation movements in financial assets designated at fair value through profit or loss		1,817,983	118,300

Investments	2018 £	2017 £
At start of year	3,496,864	1,706,237
Additions	—	1,672,327
Disposals	—	—
Net fair value gain for the year	1,792,079	118,300
At end of year	5,288,943	3,496,864

The fair value gain during the year relates to the change in value of £3,089,616 in respect of the Company’s two investments Satoshipay Limited and Sthaler Limited (2017: £118,300 fair value gain in respect of Sthaler Limited). During the year, the directors wrote down the investment in Disruptive Tech. Limited by £1,297,537 (2017: £nil) to £300,000.

Unquoted investments	Class of shares/investment	Book value and fair value £

Satoshipay Limited	Ordinary 1¢	4,693,351
Disruptive Tech. Limited	Ordinary 1p	300,000
Sthaler Limited	Ordinary 0.1p	295,592
		5,288,943

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.

11. Trade and other receivables

	2018 £	2017 £
Convertible loan notes	210,067	-
Prepayments	4,276	783
Social security other taxes	6,259	10,983
Other debtors	55,544	-
	276,146	11,766

On 1 December 2017, the Company subscribed for €200,000 of convertible loan notes issued by SatoshiPay Limited. Interest of 4% per annum is payable on the loan and the redemption date has been extended to 31 January 2019. The convertible loan note was converted into shares after the year end as disclosed in note 19.

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

12. Cash and cash equivalents

	2018 £	2017 £
Cash at bank and in hand	31,416	37,970
	31,416	37,970

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.

13. Trade and other payables

	2018 £	2017 £
Trade payables	4,301	12,233

Accruals	132,618	21,100
Other payables	5	5
	136,924	33,338

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.

14. Share capital

Issued and fully paid

	2018 Number	2018 £	2017 Number	2017 £
At 1 October	1,702,900,313	1,702,901	500,162,623	500,163
Shares issued in the year	178,571,429	178,572	1,202,737,690	1,202,738
At 30 September	1,881,471,742	1,881,473	1,702,900,313	1,702,901

During the year ended 30 September 2018 the following shares were issued:

	Number	£	Issue price per shares
24 October 2017	178,571,429	500,000	0.28p

During the year ended 30 September 2017 the following shares were issued:

	Number	£	Issue price per shares
19 January 2017	466,666,667	466,667	0.15p
4 April 2017	268,213,880	268,214	0.1585p
31 May 2017	142,857,143	142,857	0.14p
21 July 2017	325,000,000	325,000	0.2p
	1,202,737,690	1,202,738	

15. Financial instruments

The following tables set out the categories of financial instruments held by the Company:

Financial instruments

		Loans and receivables	
	Notes	2018 £	2017 £
Trade and other receivables	11	271,870	10,983
Cash and cash equivalents	12	31,416	37,970
		303,286	48,953

		Designated upon initial recognition		
	Notes	Held for trading £	Fair value through profit or loss £	Total £
At 30 September 2018				
Investments	10	–	5,288,943	5,288,943
Convertible loan notes	11		210,067	210,067
Total financial assets			5,499,010	5,499,010

At 30 September 2017			
Investments		3,496,864	3,496,864
Total financial assets		3,496,864	3,496,864

		Fair value measurement		
		Level 1	Level 2	Level 3
	Notes	£	£	£
At 30 September 2018				
Investments	10	–	5,288,943	5,288,943
Convertible loan notes	11		210,067	210,067
Total financial assets			5,499,010	5,499,010
At 30 September 2017				
Investments			3,496,864	3,496,864
Total financial assets			3,496,864	3,496,864

Financial liabilities measured at amortised cost			
		2018	2017
Financial liabilities	Notes	£	£
Trade payables	13	4,301	12,233
Other payables	13	5	5
		4,306	12,238

The Company’s financial instruments comprise investments held for trading, cash and cash equivalents, convertible loan note, other receivables 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 £528,894 profit or (loss) (2017: £349,686 profit or (loss))

20% movement either way will result in £1,057,789 profit or (loss) (2017: £699,373 profit or (loss))

30% movement either way will result in £1,586,683 profit or (loss) (2017: £1,049,059 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 £307,562 (2017: £49,736).

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.

16. Related party transactions

On 24 October 2017 the CEO Anthony Fabrizi subscribed to 5,000,000 Placing shares at a price of 0.28 pence per share.

17. Operating lease commitments

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

18. Ultimate Controlling Party

The Company considers that there is no ultimate controlling party.

19. Post Balance Sheet Events

On 24 January 2019 the Company placed 111,111,111 new Ordinary shares at a price of 0.18 pence per share raising gross proceeds of £200,000.
During the year the Company subscribed for €200,000 convertible loan note issued by Satoshipay Limited. The loan notes are redeemable in cash on 31 December 2018 together with interest accrued at 4% per annum. On 20 December 2018 the redemption date was extended to become redeemable on or after 31 January 2019. All other terms of the loan notes remain the same.

On 6 February 2019, the Company announced that it has elected to convert the convertible loan notes into a further 249 shares in SatoshiPay Limited. Following the conversion of the convertible loan notes, and following the completion of the Fundraise, the Company now holds a total of 5,739 shares in SatoshiPay Limited.