

Vela Technologies PLC

Half-yearly Report for the six months
ended 30 September 2014

chairman's statement

Half-Yearly Report for the six months Ended 30 September 2014

Dear Shareholders

Introduction

Your company has experienced a comparatively quiet six months since the financial year end, a year of activity when the Company invested over £500,000 in opportunities in the technology sector.

During this period we took the opportunity to participate in a placing for new shares in Portr together with a further purchase of shares through a private transaction. In addition in May 2014 the Company announced an investment of £100,000 in a £1m series B funding for The Social Superstore Limited, a social commerce platform which is expected to launch during H1 2015, initially in the UK. We invested a further £30,226 in Rosslyn Analytics following its flotation on AIM in April 2014. Rosslyn Analytics was the first investee company of Vela to achieve a flotation. We also invested approximately £35,000 in Imaginatik, an AIM listed full service innovation provider offering a range of technology products and consultancy.

We are encouraged by our investment in Disruptive Technology one of whose investments, Nektan, joined AIM on 3 November 2014. DTL is Vela's largest investment to date.

The company has now built up a portfolio of investments which the board believe will, in due course, create value for shareholders.

During the period under review no investment realisations were made and no income was received from investments which resulted in a loss for the six months of £90k. We will continue with our investment policy and explore ways to enhance shareholder value.

The investment portfolio of Vela consists of:

Disruptive Technology which manages investments in disruptive technology companies.

Portr provides concierge airport, home, hotel, traveller luggage transfers.

Rosslyn Analytics a cloud based analytics company listed on AIM.

Social Superstore provides a social commerce platform.

Advance Laser Imaging which uses laser scanning hardware and advanced software applications to produce 360 degree, 3D images.

Stream TV Networks is a Philadelphia-based new media company which owns proprietary software enabling consumers to view 3D media without glasses.

Imaginatik is a full service innovation provider offering a range of consultancy and technology products.

We look forward to keeping shareholders informed in due course of further developments within the group.

N Brent Fitzpatrick MBE
Chairman

Vela Technologies PLC

unaudited statement of comprehensive income

for the six months ended 30 September 2014

| | 6 months ended 30 September 2014 £'000 | 6 months ended 30 September 2013 £'000 | year ended 31 March 2014 £'000 |
|--|---|---|--|
| Notes | | | |
| Revenue | - | - | 4 |
| Cost of sales | - | - | - |
| Gross profit | - | - | 4 |
| Administrative expenses | (90) | (98) | (167) |
| Loss from operations | (90) | (98) | (163) |
| Profit/(loss) before tax | (90) | (98) | (163) |
| Income tax | - | - | 45 |
| Profit/(loss) and total comprehensive income | (90) | (98) | (118) |
| Attributable to: | | | |
| Equity holders of the company | (90) | (98) | (118) |
| Earnings per share | | | |
| Basic and diluted earnings/(loss) per share (pence) | 5 (0.07) | (0.11) | (0.10) |

unaudited balance sheet

as at 30 September 2014

| | | 30 September 2014 £'000 | 30 September 2013 £'000 | 31 March 2014 £'000 |
|-------------------------------------|-------|----------------------------------|----------------------------------|------------------------------|
| | Notes | | | |
| Assets | | | | |
| Investments | 6 | 854 | 264 | 524 |
| Current assets | | | | |
| Trade and other receivables | | 21 | 17 | 306 |
| Cash and cash equivalents | | 10 | 61 | 9 |
| Total current assets | | 31 | 78 | 315 |
| Non current assets held for sale | | - | - | - |
| Total assets | | 885 | 342 | 839 |
| Equity and liabilities | | | | |
| Equity | | | | |
| Called up share capital | 7 | 249 | 133 | 222 |
| Capital redemption reserve | | - | - | - |
| Share-based payment reserve | | - | - | - |
| Share premium account | | 831 | 257 | 723 |
| Retained earnings | | (237) | (127) | (147) |
| Total equity | | 843 | 263 | 798 |
| Current liabilities | | | | |
| Trade and other payables | | 42 | 79 | 41 |
| Total liabilities | | 42 | 79 | 41 |
| Total equity and liabilities | | 885 | 342 | 839 |

unaudited cashflow statement

for the six months ended 30 September 2014

| | 6 months ended 30 September 2014 | 6 months ended 30 September 2013 | year ended 31 March 2014 |
|--|---|--|-----------------------------------|
| | £'000 | £'000 | £'000 |
| Operating activities | | | |
| (Loss)/profit before tax | (90) | (98) | (163) |
| Share-based charge | - | | - |
| (Increase)/Decrease in receivables | 285 | (6) | (295) |
| Increase in payables | 1 | 3 | (35) |
| Gain on Company Voluntary Arrangement | - | - | - |
| (Utilisation) of provision for onerous lease | - | - | - |
| Profit on disposal of subsidiaries | - | - | - |
| Tax charge | - | - | 45 |
| Total cash flow from operating activities | 196 | (101) | (448) |
| Investing activities | | | |
| Consideration for disposal of investment in subsidiary | - | - | 323 |
| Consideration for acquisition in associates | (230) | (264) | (524) |
| Total cash flow from investing activities | (230) | (264) | (524) |
| Financing activities | | | |
| Issue of ordinary share capital | 7 | 65 | 154 |
| Share premium on the issue of ordinary share | 28 | 257 | 723 |
| Total cash flow from financing activities | 35 | 322 | 877 |
| Net (decrease)/increase in cash and cash equivalents | 1 | (43) | (95) |
| Cash and cash equivalents at start of year/period | 9 | 104 | 104 |
| Cash and cash equivalents at the end of the year/period | 10 | 61 | 9 |
| Cash and cash equivalents comprise: | | | |
| Cash and cash in bank | 61 | 44 | 104 |
| Cash and cash equivalents at end of year/period | 61 | 44 | 104 |

unaudited statement of changes in equity

for the six months ended 30 September 2014

| | Share capital £'000 | Share Premium £'000 | Capital Redemption Reserve £'000 | Share- based payment reserve £'000 | Retained Earnings £'000 | Total Equity £'000 |
|---|---------------------------|---------------------------|---|--|-------------------------------|--------------------------|
| Balance at 1 April 2014 | 222 | 723 | – | – | (147) | 798 |
| Profit for the period and total comprehensive income for the period | – | – | – | – | (90) | (90) |
| Issue of shares in lieu of services | 7 | 28 | | | | 35 |
| Issue of shares | 20 | 80 | | | | 100 |
| Balance at 30 September 2014 | 249 | 831 | – | – | (237) | 843 |
| Balance at 1 April 2013 | 4,912 | 24,032 | 13,188 | – | (42,093) | 39 |
| Capital restructure | (4,844) | (24,032) | (13,188) | – | 42,064 | – |
| Issue of share capital | 65 | 257 | – | – | – | 322 |
| Profit for the year and total comprehensive income for the year | – | – | – | – | (98) | (98) |
| Balance at 30 September 2013 | 133 | 257 | – | – | (127) | 263 |
| | | | – | | | |
| Balance at 1 April 2013 | 4,912 | 24,032 | – | – | (42,093) | 39 |
| Capital reorganisation | (4,844) | (24,032) | – | – | 42,064 | – |
| Issue of share capital | 154 | 723 | – | – | – | 877 |
| Profit for the year and total comprehensive income for the year | | | | | (118) | (118) |
| Balance at 31 March 2014 | 222 | 723 | – | – | (147) | 798 |

notes to the interim accounts

for the six months ended 30 September 2014

1. General information

Vela Technologies Plc is a company incorporated in the United Kingdom.

These unaudited condensed interim financial statements for the six months ended 30 September 2014 have been prepared in accordance with International Financial Reporting Standards (IFRS) and IAS 34 "Interim Financial Reporting" as adopted by the European Union and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. This condensed set of financial statements has been prepared applying the accounting policies that were applied in the preparation of the Company's published financial statements for the year ended 31 March 2013 and are presented in pounds sterling.

The comparative figures for the financial year ended 31 March 2014 have been extracted from the Company's statutory accounts which have been delivered to the Registrar of Companies and reported on by the company's Auditors. Their report was unqualified and contained no statement under section 298 (2) or (3) of the Companies Act 2006.

2. Changes in accounting policy

The assessment of new standards, amendments and interpretations issued but not effective, are not anticipated to have a material impact on the interim financial statements.

3. Going concern

The company's activities, together with the factors likely to affect its future development and performance, the financial position of the company, its cash flows and liquidity position have been considered by the Directors, taking account of the current market conditions which demonstrate that the company shall continue to operate within its own resources.

The Directors believe that the company is well placed to manage its business risks successfully, and that the company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they consider it appropriate to adopt the going concern basis in preparing these condensed financial statements.

4. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

5. Earnings per share

Earnings per share has been calculated on a loss after tax of £90,000 (period to 30 September 2013: £98,000 loss; year to 31 March 2014: £120,000 loss) and the weighted number of average shares in issue for the year of 120,044,010 weighted (30 September 2013: 88,679,309 weighted; 31 March 2014: 122,943,751).

Reconciliation of the profit and weighted average number of shares used in the calculations are set out below:

| | 6 months ended 30 September 2014 | 6 months ended 30 September 2013 | Year ended 31 March 2014 |
|----------------------------|---|--|--------------------------------|
| Profit/(loss) (£'000) | (90) | (98) | (120) |
| Earnings per share (pence) | (0.07) | (0.11) | 0.10 |

A capital reorganisation was approved at a General Meeting held on 28 May 2012. Each of the Company's existing Ordinary shares of 0.1p each were subdivided into 1 'New' Ordinary Share of 0.001 pence ('New shares') and 99 New Deferred shares of 0.001 pence ('New Deferred Shares'). The New Shares above were consolidated into New Ordinary Shares of 0.1 pence each on the basis of 1 New Ordinary Share for every 100 New Shares. The Admission of the New Ordinary Shares to trading on AIM took place on 29 May 2012.

The Earnings per Share comparatives have been adjusted to reflect the redenomination of the share capital.

notes to the interim accounts

for the six months ended 30 September 2014

6. Investments

| | Other investments |
|----------------------------------|-------------------|
| Cost at 1 April 2014 | 524 |
| Purchased in the period | 330 |
| Cost at 30 September 2014 | 854 |

Investment in Portr

On 12th November 2013 the Company announced an investment of £50,000 by way of a cash subscription for 32,136 new ordinary shares of 0.0001p each in Portr Limited ("Portr"), being approximately 2 per cent. This subscription was paid in 3 tranches, with the final tranche of £15,000 being paid during this period.

On 12 May 2014, the Company announced a further investment of £50,000 by way of a cash subscription for 17,235 new ordinary shares of 0.01p each in investee company, Portr. The additional investment by Vela was part of a £500,000 funding round by Portr at a price of some 290p per share and brought Vela's total investment in Portr to £100,000, with an enlarged shareholding of 49,731 shares representing approximately 2.9 per cent of Portr's enlarged issued share capital.

On 24 July 2014 the Company announced the acquisition of a further 38,314 shares in Portr for a consideration of £100,000 which has been wholly satisfied through the issue of 20,000,000 new ordinary shares in Vela (the "Consideration Shares") at 0.5 pence per share (the "Transaction"). The vendor of the 38,314 shares in Portr was John Garner. The 20,000,000 Consideration Shares were admitted to trading on AIM ("Admission") on 31 July 2014. Following completion of the Transaction Vela has an enlarged shareholding of 87,685 shares in Portr representing approximately 5% of Portr's issued share capital.

Following the issue of the Consideration Shares, John Garner became interested in 20,000,000 ordinary shares in the Company representing 8.26% of the issued share capital in the Company (as enlarged by the issue of the Consideration Shares).

Investment in The Social Superstore Limited ("Social Superstore")

On 22 May 2014 the Company announced an investment of £100,000 in the £1m series B funding of Social Superstore, a social commerce platform which is being built with a view to launch in H1 of 2015, initially in the UK. This funding will be applied to building the back end of the platform and placed a pre-money valuation on Social Superstore of £3m, giving Vela a 2.5 per cent. interest.

Roslyn Analytics

In June 2014 the Company invested a further £30,226 in Roslyn Analytics following flotation.

Investment in Imaginatik Plc

On 22 April 2014 the Company invested £35,000 in Imaginatik Plc for 42,000,000 ordinary shares. Furthermore on 22 July 2014 Imaginatik announced a share consolidation whereby for every 80 existing ordinary shares of 0.0625p each will be consolidated into one new ordinary share of 5p each. As a result the Company owns 525,000 ordinary shares of 5 pence each in Imaginatik.

notes to the financial statements

for the six months ended 30 September 2014

7. Share capital

| | 30 September 2014 £'000 | 30 September 2013 £'000 | 31 March 2014 £'000 |
|---|----------------------------------|----------------------------------|---------------------------|
| Authorised capital | | | |
| 9,999,520,000 ordinary shares of 0.1 pence each | 10,000 | 10,000 | 10,000 |
| 76,025,157,516 deferred shares of 0.001 pence | 760 | 760 | 760 |
| 4,083,918,156 deferred shares of 0.1 pence each | 4,084 | 4,084 | 4,084 |
| 54,952,000 deferred shares of 24 pence each | 13,188 | 13,188 | 13,188 |
| | 28,032 | 28,032 | 28,032 |
| Allotted, called up and fully paid capital | | | |
| 249,087,020 (30 September 2013: 133,087,020 31 March 2014: 222,088,020) ordinary shares of 0.1 pence each | 249 | 133 | 222 |
| 76,025,157,516 deferred shares of 0.001 pence | - | - | - |
| 4,083,918,156 deferred shares of 0.1 pence each | - | - | - |
| | 249 | 133 | 222 |

Allotments during the period

The Company allotted the following ordinary shares during the period:

| | 6 months ended 30 September 2014 |
|--------------------------------------|----------------------------------|
| Shares in issue at 1 April 2014 | 222,088,020 |
| Shares issued during the year | 27,000,000 |
| Shares in issue at 30 September 2014 | 249,088,020 |

| | 6 months ended 30 September 2013 |
|--------------------------------------|----------------------------------|
| Shares in issue at 1 April 2013 | 67,679,309 |
| Shares issued during the period | 65,000,000 |
| Shares in issue at 30 September 2013 | 132,679,309 |

| | Year ended 31 March 2014 |
|----------------------------------|--------------------------|
| Shares in issue at 1 April 2013 | 67,679,309 |
| Shares issued during the period | 154,408,711 |
| Shares in issue at 31 March 2014 | 222,088,020 |

A capital reorganisation was approved at a General Meeting held on 28 May 2012. Each of the Company's existing Ordinary shares of 0.1p each have been subdivided into 1 'New' Ordinary Share of 0.001 pence ('New shares') and 99 New Deferred shares of 0.001 pence ('New Deferred Shares'). The New Shares above have been consolidated into New Ordinary Shares of 0.1 pence each on the basis of 1 New Ordinary Share for every 100 New Shares. The Admission of the New Ordinary Shares to trading on AIM took place on 29 May 2012.

The Company's main source of capital is the parent Company's equity shares. The policy is to retain sufficient authorised share capital so as to be able to issue further shares to fund acquisitions, settle share-based transactions and raise new funds.

A further issue of shares took place on 9 August 2013, 60,000,000 Ordinary shares of 0.1 pence being issued at 0.5p each generating gross proceeds of £300,000.

On 24th July 2014 the Company issued 20,000,000 shares to John Garner, a shareholder in Portr, as consideration for the acquisition by Vela of a further 38,314 shares in Portr.

On 25th July 2014 the Company issued 7,000,000 shares to a consultant in lieu of fees at a price of 0.5p per share.

notes to the financial statements

for the six months ended 30 September 2014

8. Related party transactions

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

Ocean Park Developments Limited

Nigel Brent Fitzpatrick, Non-Executive director is also a director of Ocean Park Developments Limited. During the period the Company paid £6,000 (30 September 2013: £6,000; 31 March 2014 : £12,000) in respect of his directors fees to the Company. The balance due to Ocean Park Developments at the period end was £nil (30 September 2013 £nil; 31March 2014 : £nil).

Risk Alliance Insurance Brokers Limited

Nigel Brent Fitzpatrick, Non-Executive director is also a director of Risk Alliance Insurance Brokers Limited. During the period the Company paid £3,975 (30 September 2013: £nil; 31 March 2014: £3,975) in respect of insurance services for the Company. The balance due to Risk Alliance Insurance Brokers Limited at the period end was £nil (30 September 2013 £nil; 31March 2014 : £nil).

9. Principal risks and uncertainties

Principal risks and uncertainties are set out in the annual financial statements within the directors' report and also in note 13 and are reviewed on an on-going basis.

The Board will provide leadership within a framework of appropriate and effective controls. The Board will set up, operate and monitor the corporate governance values of the company, and will have overall responsibility for setting the company's strategic aims, defining the business objective, managing the financial and operational resources of the Company and reviewing the performance of the officers and management of the company's business both prior to and following an acquisition.

There have been no significant changes in the first six months of the financial year to the principle risks and uncertainties as set out in the 31 March 2014 Annual Report and Accounts.

10. Board Approval

These interim results were approved by the Board of Vela Technologies Plc on 19 December 2014.

DIRECTORS RESPONSIBILITY STATEMENT AND REPORT ON PRINCIPAL RISKS AND UNCERTANTIES

Responsibility statement

We confirm to the best of our knowledge:

- (a) The condensed set of financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU;
- (b) The interim management report includes a fair review of the information required by:
 - (1) DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (2) DTR 4.2.8R of the Disclosure and Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during the period; and any changes in the related party described in the last annual report that could do so.

Mr Nigel Brent Fitzpatrick

Chairman