

# **Vela Technologies PLC**

Half-yearly Report for the six months  
ended 30 September 2017

# chairman's statement

## Half-Yearly Report for the six months ended 30 September 2017

I am pleased to report interim results for the Company for the period ended 30 September 2017.

Vela is pleased to report a profit after tax of £184,000 compared with a loss of £50,000 for the six months ended 30 September 2017 and a loss of £72,000 for the year ended 31 March 2017. The company was profitable in the period under review as a result of the profit generated on the sale of shares held in BTL Group Ltd ("BTL").

Net assets increased to £3,152,000 at 30 September 2017 when compared with net assets of £1,926,000 at 31 September 2016 and £2,969,000 as at 31 March 2017, an increase of 63% against the comparative period reflecting new investments made in the period and revaluation of certain existing investments, in particular the Company's minority holding in BTL.

Vela's cash balance at 30 September 2017 was £526,000 (30 September 2016 - £350,000).

During the period we invested a further £50,000 into Rosslyn Data bringing the total holding to 1,411,111 shares representing 0.75% of the issued capital.

In the period under review, Vela both added to its investment in BTL and sold 76,700 shares during April and 50,000 shares during May. Our total holding at 30 September 2017 was 610,900 shares representing circa 3.3% of BTL's fully diluted equity and 66,666 warrants. Post period end we have exercised part of our warrant holding and undertaken further sales of shares in BTL which has reduced our holding in BTL to 580,000 shares and 25,000 warrants, as previously announced. A number of sale of shares in BTL have taken place at prices considerably in excess of our average purchase price.

Our investment in Portr continues to make progress with an after period investment of £2,000,000 from Stobart Group and an announcement of an alliance with American Airlines.

Following the end of the half year, Vela participated in a follow-on round of investment in Vibe Tickets. In addition, Vela entered into a conditional agreement to invest approximately £200,000 to acquire a minority stake in African Hydrocarbons (to be renamed BlockchainK2). This investment remains subject to certain regulatory approvals in Canada- the entity that Vela is investing in is listed on the TSX Venture Exchange. This investment is expected to complete in early 2018 and, once completed, would become Vela's 11<sup>th</sup> portfolio company.

Since the period end, on 13 December 2017, the Company has also announced a placing to raise £750,000 which has enhanced the Company's working capital position and provides the Company with further funds to take advantage of further investment opportunities as they arise.

Our other investments continue to develop in line with the Board's expectations and we remain optimistic for the coming months as we continue to review potential investments as and when they are presented to us.

N Brent Fitzpatrick MBE  
Chairman  
Vela Technologies PLC

# unaudited statement of comprehensive income

for the six months ended 30 September 2017

	<b>6 months ended 30 September 2017</b>	6 months ended 30 September 2016	year ended 31 March 2017
<b>Notes</b>	<b>£'000</b>	£'000	£'000
<b>Revenue</b>	-	12	7
Gross profit	-	12	7
<b>Administrative expenses</b>			
share based payments	-	-	-
other administrative expenses	(120)	(62)	(240)
profit on disposal of available-for-sale assets	304	-	186
impairment of available-for-sale assets	-	-	(25)
<b>Total administrative expenses and profit/(loss) from operations</b>	<b>184</b>	(62)	(72)
<b>Profit/(Loss) before tax</b>	<b>184</b>	(62)	(72)
Income tax	-	-	-
<b>Profit/(Loss)</b>	<b>184</b>	(50)	(72)
<b>Other comprehensive income:</b>			
<i>Items that will or may be reclassified to profit/loss:</i>			
Fair value movement on available for sale investments	-	-	1,127
Reclassification of changes in fair value of available-for-sale investments to profit or loss	-	-	(62)
<b>Other comprehensive income for the year</b>	<b>-</b>	-	1,065
<b>Total comprehensive income</b>	<b>184</b>	(50)	993
<b>Attributable to:</b>			
Equity holders of the company	<b>184</b>	(50)	993
<b>Earnings per share</b>			
<b>Basic and diluted earnings/(loss) per share (pence)</b>	<b>5</b>	<b>0.03</b>	(0.01)
		(0.01)	(0.01)

# unaudited balance sheet

as at 30 September 2017

		30 September 2017 £'000	30 September 2016 £'000	31 March 2017 £'000
<b>Assets</b>				
Investments	6	3,469	1,900	3,455
<b>Current assets</b>				
Trade and other receivables	7	23	62	13
Cash and cash equivalents		526	350	383
<b>Total current assets</b>		<b>549</b>	<b>369</b>	<b>396</b>
Non-current assets held for sale		-	-	-
<b>Total assets</b>		<b>4,018</b>	<b>2,312</b>	<b>3,851</b>
<b>Equity and liabilities</b>				
<b>Equity</b>				
Called up share capital	8	722	722	722
Share premium reserve		1,117	1,117	1,117
Available for sale reserve		1,873	808	1,873
Share-based payment reserve		130	130	130
Retained earnings		(689)	(841)	(873)
<b>Total equity</b>		<b>3,152</b>	<b>1,926</b>	<b>2,969</b>
<b>Current liabilities</b>				
Trade and other payables	9	5	386	22
<b>Total current liabilities</b>		<b>5</b>	<b>386</b>	<b>22</b>
<b>Non-current liabilities</b>				
Loans and borrowings		860	-	860
<b>Total equity and liabilities</b>		<b>4,017</b>	<b>2,312</b>	<b>3,851</b>

# unaudited cashflow statement

for the six months ended 30 September 2017

	Notes	6 months ended 30 September 2017 £'000	6 months ended 30 September 2016 £'000	year ended 31 March 2017 £'000
<b>Operating activities</b>				
(Loss)/profit before tax		184	(50)	(72)
(Profit)/Loss on disposal of available-for-sale assets		(304)		(186)
Impairment of available-for-sale assets				25
Finance expenses		-		28
Issue of shares in lieu of services		-	-	-
(Increase)/Decrease in receivables		(10)	(26)	-
Increase/(Decrease) in payables		(17)	208	(5)
<b>Total cash flow from operating activities</b>		<b>(27)</b>	132	(210)
<b>Investing activities</b>				
Consideration for disposal of investment		351	53	247
Consideration for purchase of investment		(61)	(35)	(726)
<b>Total cash flow from investing activities</b>		<b>290</b>	18	(479)
<b>Financing activities</b>				
Issue of ordinary share capital		-	-	872
Share premium on the issue of ordinary share				
<b>Total cash flow from financing activities</b>		<b>-</b>	-	872
Net (decrease)/increase in cash and cash equivalents		143	150	183
Cash and cash equivalents at start of year/period		383	200	200
<b>Cash and cash equivalents at the end of the year/period</b>		<b>526</b>	350	383
<b>Cash and cash equivalents comprise:</b>				
Cash and cash in bank		526	350	383
<b>Cash and cash equivalents at end of year/period</b>		<b>526</b>	350	383

# unaudited statement of changes in equity

for the six months ended 30 September 2017

	Share capital	Share Premium	Share Option Reserve	Available for sale reserve	Retained Earnings	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000
<b>Balance at 1 April 2017</b>	<b>722</b>	<b>1,117</b>	<b>130</b>	<b>1,873</b>	<b>(873)</b>	<b>2,969</b>
<b>Loss for the period and total comprehensive income for the period</b>					<b>184</b>	<b>184</b>
<b>Issue of shares</b>	-	-				-
<b>Balance at 30 September 2017</b>	<b>722</b>	<b>1,117</b>	<b>130</b>	<b>1,873</b>	<b>(689)</b>	<b>3,152</b>
Balance at 1 April 2016	722	1,117	130	808	(801)	1,976
Issue of share capital	-	-	-	-	-	-
Loss for the year	-	-	-	-	(50)	(50)
Balance at 30 September 2016	722	1,117	130	808	(851)	1,926
Balance at 1 April 2016	722	1,117	130	808	(851)	926
Transactions with owners	-	-	-	-	-	-
Loss for the year	-	-	-	-	(72)	(72)
Other comprehensive income	-	-	-	1,065	-	1,065
Total comprehensive income	-	-	-	1,065	(72)	993
Balance at 31 March 2017	722	1,117	130	1,873	(873)	2,969

# notes to the interim accounts

for the six months ended 30 September 2017

## 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 2017 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 2017 and are presented in pounds sterling.

The comparative figures for the financial year ended 31 March 2017 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 fair value.

## 5. Earnings per share

Earnings per share has been calculated on a profit after tax of £184,000 (period to 30 September 2016: £50,000 loss; year to 31 March 2017: £72,000 loss) and the weighted number of average shares in issue for the period of 721,588,500 weighted (30 September 2016: 721,588,020; 31 March 2017: 721,588,020).

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

	6 months ended 30 September 2017	6 months ended 30 September 2016	Year ended 31 March 2017
Profit/(loss) (£'000)	184	(50)	(72)
Earnings per share (pence)	0.03	(0.01)	(0.01)

## 6. Investments

	Other investments
Fair value at 1 April 2017	3,455
Purchased in the period	61
Disposed of in the year	(47)
<b>Fair value at 30 September 2017</b>	<b>3,469</b>

### Disposal of BTL shares

On 6 April 2017, the Company disposed of 56,700 common shares held in BTL generating net proceeds of CAN\$232,564, approximately £139,670.

On 19 April 2017, the Company disposed of 20,000 common shares held in BTL for a consideration of CAN\$92,850, approximately £55,574.

On 30 May 2017, the Company disposed of a further 50,000 common shares held in BTL for a consideration of CAN\$263,106, approximately £152,531.

Following the disposals, at 30 September 2017, the Company held 610,900 shares in BTL, approximately 3.3% of the issued share capital.

*Investment in BTL Group Ltd*

On 18 April 2017 the Company announced the completion of a follow-on investment of C\$135,000, approximately £82,700 in BTL Group Ltd, whereby the Company subscribed for 50,000 BTL units.

*Investment in Rosslyn Data Technologies plc*

On 26 April 2017, the Company announced that it had conditionally subscribed for 1,111,111 ordinary shares for a consideration of £50,000. Vela is interested in 1,411,111 ordinary shares in Rosslyn Data Technologies representing 0.75% of the company's issued share capital.

**7. Trade and other receivables**

	<b>30 September 2017 £'000</b>	30 September 2016 £'000	31 March 2017 £'000
Trade and other receivables	23	62	13
Prepayments and accrued income	-	-	23
	<b>23</b>	62	36

**8. Share capital**

	<b>30 September 2017 £'000</b>	30 September 2016 £'000	31 March 2017 £'000
<b>Authorised capital</b>			
9,999,520,000 ordinary shares of 0.1 pence each	<b>10,000</b>	10,000	10,000
	<b>10,000</b>	10,000	10,000
<b>Allotted, called up and fully paid capital</b>			
721,588,500 (30 September 2016: 721,588,500 31 March 2017: 721,588,500) ordinary shares of 0.1 pence each	<b>722</b>	722	722
	<b>722</b>	721	722

**Allotments during the period**

The Company allotted the following ordinary shares during the period:

	<b>6 months ended 30 September 2017</b>
<b>Shares in issue at 1 April 2017</b>	<b>721,588,500</b>
<b>Shares issued during the year</b>	-
<b>Shares in issue at 30 September 2017</b>	<b>721,588,500</b>
	<b>6 months ended 30 September 2016</b>
Shares in issue at 1 April 2016	721,588,020
Shares issued during the period	480
Shares in issue at 30 September 2016	721,588,500
	<b>Year ended 31 March 2017</b>
Shares in issue at 1 April 2016	721,588,020
Shares issued during the period	480
Shares in issue at 31 March 2017	721,588,500

**9. Loans and borrowings**



<b>Loans due after 1 year</b>	<b>30 Sept 2017 £'000</b>	30 Sept 2016 £'000	31 March 2017 £'000
Convertible loan notes	<b>408</b>	-	408
Bonds	<b>452</b>	-	452
	<b>860</b>	-	860

On 9 September 2016, the Company issued £400,000 of convertible unsecured loan notes to certain Shareholders, including Antony Laiker (a director of the Company). The loan notes are repayable on 30 September 2018 and carry an annual interest rate of 8 per cent. The Loan Notes will be convertible into Ordinary Shares at 0.15p per share, a discount of 6.25 per cent. to the closing bid price of 0.16p per share on 8 September 2016. The Directors consider the convertible loan notes to represent a compound financial instrument. The Directors consider the equity element of the instrument to be immaterial. Accordingly, the full balance is classified as a financial liability.

On 1 February 2017, the Company launched the issue of secured bonds, through UK Bond Network, to raise £550,000 for the Company. The Bonds have a coupon of 10% and a term of 3 years with full repayment in cash of the principal amount of the Bonds due at maturity. The Bonds may be repaid at the option of Vela: (i) after the first anniversary of the issue of the Bond, together with all accrued (but unpaid) interest on the amount prepaid; or (ii) prior to the first anniversary of issue, together with the interest that would have accrued up to the first anniversary had the Bond not been prepaid. The Bonds will not be convertible into ordinary shares in the capital of the Company.

The Bonds are secured by way of fixed and floating charges over all assets of the Company present and future.

Further protection for bondholders has been provided through a personal guarantee being given by Scott Fletcher, an existing shareholder in the Company and the Chairman of UK Bond Network. As consideration for the provision of the personal guarantee, Scott Fletcher received a fee of £40,000 from the Company which was satisfied by the Company transferring 3,780 shares that it previously held in Portr Limited to Scott Fletcher.

The loan balances above are stated net of debt issue costs and rolled up interest amounting to £90k.

#### **10. 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 £23,000 (30 September 2016: £12,000; 31 March 2017: £40,000) in respect of his director's fees to the Company. The balance due to Ocean Park Developments at the period end was £nil (30 September 2016 £nil; 31 March 2017: £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 £5,700 (Six months ended 30 September 2016: £5,510; Year ended 31 March 2017: £5,510) 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 2016 £nil; 31 March 2017: £nil)

##### ***Widdington Limited***

Antony Laiker, director, is also a director of Widdington Limited. During the period the Company paid £32,000 (Six months ended 30 September 2016: £18,000; Year ended 31 March 2017: £55,000) in respect of his director's fees to the Company. The balance due to Widdington Limited at the period end was £nil (30 September 2016 £nil; 31 March 2017: £nil).

#### **11. 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 2017 Annual Report and Accounts.

## **12. Board Approval**

These interim results were approved by the Board of Vela Technologies Plc on 20 December 2017.

### **DIRECTORS RESPONSIBILITY STATEMENT AND REPORT ON PRINCIPAL RISKS AND UNCERTAINTIES**

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.

N Brent Fitzpatrick MBE  
Chairman