

# Evocutis plc

Annual Report and Accounts 2015

Company Number: 05656604

## CONTENTS

<b>COMPANY INFORMATION</b> .....	<b>1</b>
<b>CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW)</b> .....	<b>2</b>
<b>DIRECTORS' REPORT</b> .....	<b>6</b>
<b>INFORMATION ON THE BOARD OF DIRECTORS</b> .....	<b>10</b>
<b>INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVOCUTIS PLC</b> .....	<b>11</b>
<b>FINANCIAL STATEMENTS</b> .....	
<b>COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2015</b> .....	<b>12</b>
<b>COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2015</b> .....	<b>13</b>
<b>COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2015</b> .....	<b>14</b>
<b>COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2015</b> .....	<b>15</b>
<b>NOTES TO THE FINANCIAL STATEMENTS</b> .....	<b>16</b>

## COMPANY INFORMATION

### DIRECTORS

David Lenigas (Executive Chairman)  
Donald Strang (Executive Director)  
Hamish Harris (Non-Executive Director)

### REGISTERED OFFICE

Suite 3B  
38 Jermyn Street  
London  
SW1Y 6DN

### COMPANY WEBSITE

[www.evocutis.com](http://www.evocutis.com)

### COMPANY REGISTRATION NUMBER

05656604 (England and Wales)

### NOMINATED ADVISER AND BROKER

Cairn Financial Advisers LLP  
61 Cheapside  
London  
EC2V 6AX

### AUDITOR

Chapman Davis LLP  
Chartered Accountants and Registered Auditor  
2 Chapel Court  
London  
SE1 1HH

### SOLICITOR

Kerman and Co. LLP  
200 Strand  
London  
WC2R 1DJ

### BANKERS

Barclays Bank plc  
1 Churchill Place  
London  
E14 5HP

### REGISTRAR

Capita Asset Services  
The Registry  
34 Beckenham Road  
Beckenham  
Kent  
BR3 4TU

## **CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW)**

I am pleased to present the annual report and financial statements for the year ended 31 July 2015.

### **Background**

This has been a period of considerable change for the Company. It has successfully transitioned from an investing company under the AIM Rules to a fully invested company in accordance with Rule 15 of the AIM Rules for Companies and is now well placed to move forward with its stated investment policy with sufficient funding for further investments and operational costs for the foreseeable future.

Following the general meeting on 12 September 2014, the directors who previously managed the trading operations of the Company stepped down from the board and Donald Strang, Hamish Harris and I were appointed to take responsibility for the future direction of the Company.

On 12 September 2014, shareholders approved a capital reorganisation, resulting in each of the Company's existing ordinary shares being subdivided into one new Ordinary Share of 0.01p and one Deferred Share of 0.99p.

Additionally, on 15 September 2014, the Company issued 175,000,000 new Ordinary Shares for 0.12p each for cash consideration of £210,000 (before expenses).

On the same date, the Company adopted a new Investing Policy under AIM Rule 15 and there were a number of board changes.

On 8 December 2014, the Company issued 375,000,000 new Ordinary Shares for 0.4p each for cash consideration of £1,500,000 (before expenses). Each new Ordinary Share carried a warrant which entitled the holder to subscribe for a further one new Ordinary Share in the Company at 0.4 pence per share up to 31 December 2015.

On 18 December 2014, the Company announced that it had signed a Binding Term Sheet ("BTS") to acquire an initial 10% interest in Brazil Tungsten Holdings Limited ("BTHL") which owns a 25 year lease over (with the option to extend) the producing Bodó Tungsten Mine ("Bodó") in Rio Grande do Norte, Brazil, by investing US\$1 million in new capital in BTHL for the specific purposes of mine expansion.

On 12 February 2015, the Company announced that final contracts had been signed completing the acquisition of the initial 10% interest of BTHL. The Company also had an exclusive option to increase its holding in BTHL to 20% within 60 days by investing a further US\$1 million towards mine expansion, subject to certain conditions to be advised. The Company did not exercise this option and elected to stay with its initial 10% shareholding of BTHL due to a weakening in the global tungsten prices.

On 19 March 2015, the Company announced that it had made the following further investments and had implemented its Investing Policy in accordance with Rule 15 of the AIM Rules for Companies:

- A 2% interest (being 20 shares) in Horse Hill Developments Ltd ("HHDL"), the 65% owners and operators of onshore exploration licences PEDL 137 and PEDL 246 (known as "Horse Hill"). The interest was acquired for a consideration of £425,000;
- A 3.01% interest (being 29.2 million shares) in Noricum Gold Limited which is a UK AIM listed company whose main interest is their 100% owned Schonberg Gold and Precious Metals project in Austria. This investment was acquired on market for a cost of £61,205;
- A 3.13% interest (being 55 million shares) in Alba Mineral Resources Plc, a UK AIM listed company who holds interests in Ireland (base metals); England (oil and gas) and other countries. This investment was acquired via a recent share placement for a cost of £55,000.

After the end of the reporting period, on 6 October 2015, the Company announced that it had applied to ISDX for admission of its issued share capital to trading on the ISDX Growth Market, and on 19 October 2015 it announced that its ordinary shares had commenced trading on the ISDX Growth Market and that its ordinary shares also continued to be traded on AIM

## CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) - CONTINUED

### Review of Investments

#### **Investment in Brazil Tungsten Holdings Limited ("BTHL"): (10% interest in BTHL)**

The Company maintains its 10% interest in BTHL.

Despite a difficult tungsten price environment, BTHL continued to focus on the development of its flagship Bodó mine in the Currais Novos region of Rio Grande do Norte state, Brazil and continues with its required capital programme for mine development and mill construction with the aim of significantly increasing tungsten production during 2016.

Falling prices have been somewhat offset by weakness in the Brazilian Real and also significant cost reductions which have been implemented during the year. As a result the breakeven level for concentrate production has largely remained constant. BTHL secured additional funding during the year and this will be applied to accelerating development of the Central decline. A new loading station and winch is expected to be installed underground and the commissioning of the rod mill is expected to be completed. It is expected that these developments will take approximately a further 5 months and during this period production will be from tailings and additional surface ore.

Once the development has been completed in Q2 2016, BTHL expects to significantly increase monthly concentrate production from the current 6 tonnes per month to its targeted 20 tonnes per month under the Phase I expansion. Plans are underway to increase this further with the development of the Phase II expansion in late 2016-17.

#### **Investment in Horse Hill Developments Limited ("HHDL"): (2% interest in HHDL)**

The Company currently owns a 2% interest in a special purpose company, Horse Hill Developments Limited, which is the operator and 65% interest holder in two Petroleum Exploration and Development Licences ("PEDL") PEDL 137 and 246 in the northern Weald Basin between Gatwick Airport and London.

The PEDL137 licence covers 99.29 square kilometres (24,525 acres) to the north of Gatwick Airport in Surrey and contains the Horse Hill-1 ("HH-1") discovery and several other exploration leads. PEDL246 covers an area of 43.58 square kilometres (10,769 acres) and lies immediately adjacent and to the east of PEDL137.

The HH-1 well is located approximately 7.5 kilometres southeast of the producing Brockham oil field and approximately 15 kilometres southwest of the Palmers Wood oil field. The pre-drill primary target reservoir horizons were the Portland Sandstone, which is productive in the Brockham oil field, and the Corallian Formation, which is the producing horizon in the Palmers Wood oil field. Secondary targets for the well included the Triassic, which is productive in the nearby Wessex Basin and has previously tested gas in the Weald Basin, and the Greater Oolite Formation.

In May 2015, an independent oil in place ("OIP") review of the Upper Portland Sandstone discovery by the Xodus Group was released, which saw initial OIP estimates substantially increased to 21.0 million barrels, ("mmbbl", Best Estimate, P50).

The estimated gross oil in place in the Portland Sandstone at the various stages of evaluation is tabulated in Table 1 below.

**Table 1: Gross estimated discovered oil initially in place in Portland Sandstone at Horse Hill (mmbbl)**

Source	Date	Low (P90)	Best (P50)	High (P10)	Mean
Company Internal estimate	24 October 2014	1.5	3.1	4.8	n/a
Company Internal estimate	17 December 2014	5.7	8.2	12.1	n/a
Xodus Group	11 May 2015	14.3	21.0	30.4	21.8

n/a = not available

HHDL is planning to perform a HH-1 flow test to test the Portland Sandstone and the Kimmeridge limestones, in order to establish the feasibility of a commercial development of the oil estimated to be in place in the reservoir. HHDL is progressing the required regulatory application with the Environment Agency ("EA"). On 30 November 2015, the Company advised it had been informed by HHDL that the EA had formally granted the necessary permit to flow test the HH-1 oil discovery well.

## **CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) – CONTINUED**

Operational planning for the test is in the final stages of completion and the necessary work-over rig and test equipment have been contracted. The Company expects these flow tests to be conducted in the coming months following the last remaining regulatory sign-offs from the Health and Safety Executive ("HSE") and Oil and Gas Authority ("OGA").

The flow test is designed to test both the oil bearing Upper Portland sandstone reservoir and the Kimmeridge limestone reservoirs beneath the Portland. The test will provide the necessary reservoir engineering data to enable the Company to assess the commercial viability of the Portland sandstone oil discovery, which encountered significant oil shows whilst drilling, and to further the "proof of concept" process for the Kimmeridge tight oil play, which has previously been shown to flow oil elsewhere in the same formations of the Weald Basin at Balcombe, some 10 miles to the south.

During drilling of HH-1 it was also noted that the Kimmeridge limestones and surrounding shale contained oil. Following the completion of the drilling of the well, extensive geochemical analysis was conducted which showed the Kimmeridge formation was mature for oil generation.

Nutech Inc. ("Nutech"), an industry specialist in tight reservoir analysis, was contracted to conduct further detailed petrophysical evaluation of the electric logs. This work resulted in the announcement in April 2015 of a potentially significant play with estimated gross OIP of over 150 mmbbl per square mile (gross).

The results of the work by Nutech have subsequently been independently verified in May 2015 by Schlumberger, one of the world's leading oil and gas service companies, using their proprietary modelling developed in tight reservoirs in the USA and applied extensively in the USA and elsewhere. Schlumberger's estimate of OIP in the Kimmeridge, Oxford and Lias mudstones and limestones is approximately 255 mmbbl per square mile (gross). If confirmed, this largely unconventional play in the Kimmeridge opens up large areas of the Weald Basin that may have potential for oil production, not limited to the PEDL137 and PEDL246 licences where Horse Hill is located.

In June 2015, Nutech calculated that the total Jurassic shale plus tight conventional reservoir section contained in the 55 square miles of PEDL137 and PEDL246 is a Best Estimate, or P50, OIP of 9,245 mmbbl. The most significant oil in place within the Jurassic section is contained within the shales and tight conventional reservoir limestone sequences of the Kimmeridge, with a calculated Best Estimate, or P50, total Kimmeridge OIP of 5,230 mmbbl.

Again, in August 2015, Schlumberger independently verified Nutech's Horse Hill OIP estimates contained in PEDL137 and PEDL246. Schlumberger estimated a Mean OIP of 10,993 mmbbl, with Kimmeridge OIP of 8,262 mmbbl. Schlumberger's OIP estimates are therefore 19% higher than Nutech's in total over the two Horse Hill licences and 58% higher in the Kimmeridge.

**All of the reviews and reports mentioned above state that the hydrocarbon volumes estimated should not be construed as recoverable resources or reserves.**

### **Finance Review - Results for the period**

The Company's net loss after taxation for the year was £376,000 (2014 - £703,000 loss).

Current assets including cash at 31 July 2015 amounted to £503,000 (31 July 2014: £139,000).

### **Outlook**

The Board considers that the current Investing Policy is in the best interests of the Company and its Shareholders.

The Company has acquired four investments during the period, which we believe will enhance future shareholder value.

The Directors regularly assess investment opportunities for the Company in accordance with its Investing Policy and we are committed to our investments made to date. Capital raised as noted above by the Company puts it in a good position to pursue further investment opportunities from time to time.

The Board acknowledges this exciting period for the Company as it continues to evaluate and seek additional investments as opportunities arise.

## **CHAIRMAN'S REPORT (INCORPORATING THE STRATEGIC REVIEW) – CONTINUED**

The Board would like to take this opportunity to thank our shareholders for their continued support and I look forward to reporting further progress over the next period and beyond.

**David Lenigas**  
**Executive Chairman**

9 December 2015

### **Glossary:**

discovery	= a petroleum accumulation for which one or several exploratory wells have established through testing, sampling and/or logging the existence of a significant quantity of potentially moveable hydrocarbons
electric logs	= tools used within the wellbore to measure the rock & fluid properties of the surrounding formations
play	= a set of known or postulated oil or gas accumulations sharing similar geologic properties
reserves	= those quantities of petroleum anticipated to be commercially recoverable by application of development projects to known accumulations from a given date forward under defined conditions
reservoir	= a subsurface rock formation containing an individual natural accumulation of moveable petroleum

## DIRECTORS' REPORT

The directors present their annual report on the Company and its audited financial statements for the year ended 31 July 2015.

### Principal activity

As at 31 July 2015 the principal activity of the Company is that of investing by seeking to acquire companies and/or projects within the natural resources sector which the Board considers, in its opinion, has potential for growth. The Company will consider opportunities in all sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographical focus will primarily be Europe, however, investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist and potential value can be achieved.

After recent investments, the Company has now substantially implemented its investing policy in accordance with Rule 15 of the AIM Rules for Companies.

### Results and dividends

The income statement is set out on page 10 and has been prepared in Sterling, the functional and reporting currency of the Company.

The Company's net loss after taxation attributable to equity holders of Evocutis plc for the year was £376,000 (2014 - £703,000 loss).

No dividends have been paid or proposed.

### Review of the business and future developments

A full review of the Company's performance, financial position and future prospects is given in the Chairman's Report (Incorporating the Strategic Review).

### Directors and their interests

The Directors who served during the year were:

D Lenigas – appointed 15 September 2014  
D Strang – appointed 15 September 2014  
H Harris – appointed 1 October 2014  
T Bannatyne – resigned 1 October 2014  
Dr GO Humphreys – resigned 15 September 2014  
JD Bamforth – resigned 15 September 2014  
MCN Townend – resigned 15 September 2014

The interests of the serving Directors at 31 July 2015 in the ordinary share capital of the Company (all beneficially held) were as follows

	31 July 2015 No.	31 July 2014 No.
David Lenigas	67,500,000	-
Donald Strang	10,000,000	-
Hamish Harris	1,666,667	-

In addition to the issued shares shown above, each director holds options over 10,000,000 ordinary shares, exercisable at 0.22p at any time up to 1 April 2020.

### Directors' remuneration

The remuneration of the Executive Directors paid during the year was fixed on the recommendation of the Remuneration Committee. The remuneration of the Non-executive Director paid during the year was fixed on the recommendation of the Executive Directors. This has been achieved acknowledging the need to maximise the effectiveness of the Company's limited resources during the year.

Fees paid to each Director for the year ended 31 July 2015 are set out in note 6 to the financial statements.



## DIRECTORS' REPORT - CONTINUED

### Substantial shareholdings

Other than as summarised below, the Directors have not been advised of any individual interest, or group or interests held by persons acting together, which at 9 December 2015 exceeded 3% of the Company's issued share capital.

	Number of ordinary shares held	% of issued share capital
HSBC Global Custody Nominees (UK) Limited	67,500,000	9.31%
Academy Minerals Limited	60,000,000	8.28%
Green Hair Services Limited	56,000,000	7.73%
Jim Nominees Limited	51,599,839	7.12%
Fitel Nominees Limited - Placings	50,000,000	6.90%
Fitel Nominees Limited - DMOD	41,850,000	5.77%
Hargreave Hale Nominees Limited	37,500,000	5.17%
Ferlim Nominees Limited	27,500,000	3.79%
Beaufort Nominees Limited	27,143,635	3.75%
The Bank of New York (Nominees)	25,200,000	3.48%
Nomura PB Nominees Limited	25,000,000	3.45%

### Employees

The Company has no directly employed personnel.

### Creditor payment policy

The policy of the Company is to:

- (a) Agree the terms of payment with suppliers when settling the terms of each transaction;
- (b) Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- (c) Pay in accordance with its contractual and other legal obligations provided suppliers comply with the terms and conditions of supply.

### Directors' liability

As permitted by the Companies Act 2006, the Company has purchased insurance cover for the Directors against liabilities in relation to the Company.

### Charitable donations

During the period, the Company made no charitable donations (2014 - £Nil).

### Financial reporting

The Board has ultimate responsibility for the preparation of the annual audited accounts. A detailed review of the performance of the Company is contained in the Chairman's report. Presenting the Chairman's report and Director's Report, the Board seeks to present a balanced and understandable assessment of the Company's position, performance and prospects.

### Internal control

A key objective of the Directors is to safeguard the value of the business and assets of the Company. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Company's resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

## **DIRECTORS' REPORT - CONTINUED**

### **Events after the reporting period**

Events after the reporting period are set out in note 23 to the financial statements.

### **Auditor**

The Directors will place a resolution before the Annual General Meeting to re-appoint Chapman Davis LLP as auditor for the coming year.

### **Risk management**

The directors have in place a process of regularly reviewing risks to the business and monitoring associated controls, actions and contingency plans.

The Company's financial risk management policies are set out in Note 21.

### **Website publication**

The directors are responsible for the maintenance and integrity of the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Corporate Governance**

Audit and Remuneration Committees have been established and comprise Hamish Harris (Chairman) and Donald Strang.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Company's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Company and its accounting policies.

### **Going concern**

The Directors note the losses that the Company has made for the Year Ended 31 July 2015. The Directors have prepared cash flow forecasts for the period ending 31 December 2016 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

## **DIRECTORS' REPORT - CONTINUED**

### **Statement of directors' responsibilities**

Company law requires the directors to keep reliable accounting records which correctly explain the transactions of the Company, enable the financial position of the Company to be determined with reasonable accuracy at any time and allow financial statements to be prepared. The shareholders have resolved, in accordance with the Companies Act 2006 and the Articles of Association, that the directors prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of its profit or loss for that period.

On this basis the directors have elected to prepare the financial statements for the Company in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union.

International Accounting Standard 1 requires that accounts present fairly for each financial period the company's financial position, financial performance and cash flows. This requires the faithful representation of the effects of transactions, other events and conditions in accordance with the definitions and recognition criteria for assets, liabilities, income and expenses set out in the International Accounting Standards Board's 'Framework for the preparation and presentation of accounts'. In virtually all circumstances, a fair presentation will be achieved by compliance with all applicable IFRSs. However, directors are also required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 2006. They have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

### **Website publication**

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website.

### **Statement of disclosure to auditors**

So far as the directors are aware, there is no relevant audit information of which the Company's auditors are unaware.

Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the Company's auditors are aware of that information.

By order of the Board of Directors

**David Lenigas**

Director

9 December 2015

## **INFORMATION ON THE BOARD OF DIRECTORS**

### **David Lenigas, Chairman and Chief Executive Officer**

David has extensive experience operating in global public markets having served in a senior executive capacity on many public company boards. He is currently the Executive Chairman of Rare Earth Minerals plc, AfriAg Plc, and Leni Gas Cuba Limited. He has a Bachelor of Applied Science (Mining Engineering) from Curtin University's Kalgoorlie School of Mines. Mr Lenigas has extensive operational and corporate experience in managing companies within the oil and gas, gold, coal and other natural resources sectors.

### **Donald Strang – Executive Director**

Donald is a member of the Australian Institute of Chartered Accountants and has been in business over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. He has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently the Finance Director of Leni Gas Cuba Limited, Rare Earth Minerals plc and AfriAg plc and is the Executive chairman of Doriemus plc, Stellar Resources plc and Polemos plc. Donald is a member of both the Audit and Remuneration committees.

### **Hamish Harris - Non-Executive Director**

Hamish holds a Bachelor of Commerce from the University of Tasmania. He has held positions within market risk management at a number of financial institutions including Nomura Group, Dresdner Kleinwort Wasserstein, Deutsche Bank AG and Lloyds Banking Group plc in Singapore, Hong Kong and London. Hamish currently holds a position with Nivalis Capital a private equity vehicle which looks for opportunities in mining and agriculture in Eastern Europe. Hamish is currently a director of Polemos Plc, AfriAg Plc and Doriemus plc. Hamish is the chairman of both the Audit and Remuneration Committees.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EVOCUTIS PLC**

We have audited the Financial Statements of Evocutis plc for the year ended 31 July 2015 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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

### **Respective Responsibilities of Directors and Auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the Audit of the Financial Statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on Financial Statements**

In our opinion the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 July 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matter prescribed by the Companies Act 2006**

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

### **Matters on which we are required to Report by Exception**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

### **Keith Fulton**

Senior Statutory Auditor

for and on behalf of Chapman Davis LLP

Statutory Auditor, Chartered Accountants

LONDON

9 December 2015

## FINANCIAL STATEMENTS

### COMPANY STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 JULY 2015

	Notes	2015 £000	2014 £000
<b>Continuing operations</b>			
<b>Administrative expenses</b>			
Salaries and other staff costs	6	(128)	(36)
Other costs	7	(185)	(86)
Share based payment charge	22	(60)	(5)
Total administrative expenses		<b>(373)</b>	<b>(127)</b>
Reversal of/(Impairment) of available-for-sale asset	13	72	(72)
Loss on disposal of available for sale asset		(66)	-
Finance income		-	2
<b>Loss before tax</b>		<b>(367)</b>	<b>(197)</b>
Taxation	8	-	-
<b>Loss for the period from continuing operations</b>		<b>(367)</b>	<b>(197)</b>
<b>Discontinued operations:</b>			
<b>Loss for the period from discontinued operations</b>	9	<b>(9)</b>	<b>(506)</b>
<b>Loss for the period attributable to equity shareholders of the parent Company</b>		<b>(376)</b>	<b>(703)</b>
<b>Other comprehensive income</b>			
Increase in value of available for sale asset		21	-
<b>Other comprehensive income/(expenditure) for the period net of tax</b>		<b>21</b>	<b>-</b>
<b>Total comprehensive income/(expenditure) for the period</b>		<b>(355)</b>	<b>(703)</b>
<b>Loss per ordinary share</b>			
Basic and diluted – continuing operations (pence)	10	<b>(0.07p)</b>	<b>(0.11p)</b>

COMPANY STATEMENT OF FINANCIAL POSITION AS AT 31 JULY 2015

	Note	2015 £000	2014 £000
<b>ASSETS</b>			
<b>Non-current assets</b>			
Available-for-sale investments	13	1,219	138
<b>Total non-current assets</b>		<b>1,219</b>	<b>138</b>
<b>Current assets</b>			
Trade and other receivables	15	51	15
Cash and cash equivalents	20	452	124
<b>Total current assets</b>		<b>503</b>	<b>139</b>
<b>Total assets</b>		<b>1,722</b>	<b>277</b>
<b>Current liabilities</b>			
Trade and other payables	16	(154)	(21)
<b>Total current liabilities</b>		<b>(154)</b>	<b>(21)</b>
<b>Total liabilities</b>		<b>(154)</b>	<b>(21)</b>
<b>Net assets</b>		<b>1,568</b>	<b>256</b>
<b>Equity attributable to equity holders of the company</b>			
Ordinary share capital	17	73	1,747
Deferred share capital	17	1,729	-
Share premium reserve	17	9,186	7,634
Share based payments reserve	22	174	114
Available for sale asset reserve	13	21	-
Retained earnings		(9,615)	(9,239)
<b>Total equity</b>		<b>1,568</b>	<b>256</b>

The financial statements were approved and authorised for issue by the Board of Directors on 9 December 2015 and were signed on its behalf by:

**David Lenigas**  
Chairman

**Donald Strang**  
Director

Company number: 05656604

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 JULY 2015

	Share capital £000	Deferred Share capital £ 000	Share premium reserve £000	Share-based payments reserve £000	Revaluation reserve £000	Merger reserve £000	Retained earnings £000	Total £000
<b>At 1 August 2013</b>	<b>1,747</b>	-	<b>7,634</b>	<b>138</b>	-	<b>641</b>	<b>(9,206)</b>	<b>954</b>
Loss for the year	-	-	-	-	-	-	(703)	<b>(703)</b>
Transfers	-	-	-	-	-	(641)	641	-
<b>Total comprehensive loss for the period</b>	-	-	-	-	-	<b>(642)</b>	<b>(62)</b>	<b>(703)</b>
<i>Transactions with owners:</i>								
Share-based payment charge	-	-	-	5	-	-	-	<b>5</b>
Share options lapsed	-	-	-	(29)	-	-	29	-
<b>At 31 July 2014</b>	<b>1,747</b>	-	<b>7,634</b>	<b>114</b>	-	-	<b>(9,239)</b>	<b>256</b>
<b>At 1 August 2014</b>	<b>1,747</b>	-	<b>7,634</b>	<b>114</b>	-	-	<b>(9,239)</b>	<b>256</b>
Increase in value of available for sale assets	-	-	-	-	21	-	-	<b>21</b>
Loss for the year	-	-	-	-	-	-	(376)	<b>(376)</b>
<b>Total comprehensive loss for the period</b>	-	-	-	-	<b>21</b>	-	<b>(376)</b>	<b>(355)</b>
<i>Transactions with owners:</i>								
Reorganisation of share capital	(1,729)	1,729	-	-	-	-	-	-
Issue of share capital	55	-	1,655	-	-	-	-	<b>1,710</b>
Share issue costs	-	-	(103)	-	-	-	-	<b>(103)</b>
Share-based payment charge	-	-	-	60	-	-	-	<b>60</b>
<b>At 31 July 2015</b>	<b>73</b>	<b>1,729</b>	<b>9,186</b>	<b>174</b>	<b>21</b>	-	<b>(9,615)</b>	<b>1,568</b>

Details of the nature of each component of equity are set out in Notes 17 and 18



**COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 JULY 2015**

	Note	2015 £000	2014 £000
<b>Cash flow from operating activities</b>			
Loss after tax		(376)	(703)
Tax on losses		-	(4)
Finance income net of finance costs		-	(2)
Loss on sale of AFS Asset		66	-
Profit on sale of property, plant and equipment		-	(5)
Depreciation		-	16
Amortisation of intangible assets		-	14
Share-based remuneration		-	-
Impairment of available-for-sale asset	13	(72)	72
Share-based payment charges	22	60	5
Changes in working capital:			
Decrease in trade receivables		-	77
(Increase)/decrease in other receivables		(36)	50
Increase/(decrease) in trade payables		4	(54)
Increase/(decrease) in other payables		129	(131)
Cash outflow from operations		<b>(225)</b>	<b>(665)</b>
Taxation received		-	<b>94</b>
<b>Net cash outflow from operating activities</b>		<b>(225)</b>	<b>(571)</b>
<b>Cash flow from investing activities</b>			
Payments for investments in AFS assets	13	(1,198)	-
Disposal proceeds from sale of AFS Asset	13	144	-
Purchase of property, plant and equipment	11	-	(1)
Proceeds from sale of property, plant and equipment	9	-	30
Finance income		-	2
<b>Net cash (outflow)/inflow from investing activities</b>		<b>(1,054)</b>	<b>31</b>
<b>Cash flows from financing activities</b>			
Proceeds on issuing of ordinary shares	17	1,710	-
Cost of issue of ordinary shares		(103)	-
<b>Net cash inflow from financing activities</b>		<b>1,607</b>	<b>-</b>
Net increase/(decrease) in cash and cash equivalents	20	328	(540)
Cash and cash equivalents at the beginning of the year		124	664
<b>Cash and cash equivalents at the end of the year</b>	20	<b>452</b>	<b>124</b>

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1 Presentation of the financial statements**

#### **Description of business**

Evocutis plc is public limited company domiciled in the United Kingdom. On 19 March 2014, the Company became an investing company. The financial results from the previous trade are presented within discontinued operations. The comparative figures for the year ended 31 July 2014 have been restated to enable comparison between the two years.

The Company's registered office is Suite 3B, 38 Jermyn Street, London, SW1Y 6DN.

The Company's Investing Policy is to invest in and/or acquire companies and/or projects within the natural resources sector which the Board considers, in its opinion, has potential for growth. The Company will consider opportunities in all sectors as they arise if the Board considers there is an opportunity to generate potential value for Shareholders. The geographical focus will primarily be Europe, however, investments may also be considered in other regions to the extent that the Board considers that valuable opportunities exist and potential value can be achieved.

This investment may be in either quoted or unquoted companies; be made by direct acquisition or through farm-ins; may be in companies, partnerships, joint ventures; or direct interests in particular assets or projects. The Company's equity interest in a proposed investment may range from a minority position to 100 percent ownership and may comprise one investment or multiple investments.

#### **Compliance with applicable law and IFRS**

The financial statements have been prepared in accordance with the Companies Act 2006 and International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS) and related interpretations, as adopted by the European Union.

#### **Composition of the financial statements**

The Company financial statements are drawn up in Sterling, the functional currency of Evocutis plc and in accordance with IFRS accounting presentation. The level of rounding for financial information is the nearest thousand pounds.

#### **Accounting convention**

The financial statements have been prepared using the historical cost convention, as modified by the revaluation of certain items, as stated in the accounting policies.

#### **Basis of preparation – Going concern**

The financial statements have been prepared on a going concern basis, notwithstanding the loss for the year ended 31 July 2015. This basis assumes that the company will have sufficient funding to enable it to continue to operate for the foreseeable future and the Directors have taken steps to ensure that they believe that the going concern basis of preparation remains appropriate.

The Company made a loss for the year of £376,000 after taxation. The Company had net assets of £1,568,000 and cash balances of £452,000 at 31 July 2015. The Directors have prepared financial forecasts which cover a period of at least 12 months from date that these financial statements are approved. These forecasts show that the Company expects to have sufficient financial resources to continue to operate as a going concern.

Following the disposal of the Company's intellectual property assets, along with associated property, plant and equipment, in March 2014, the Company is now classified as an investing company and holds cash balances and available-for-sale investments. As part of the disposal of assets agreement, the Company retains a right to receive contingent consideration in the form of royalties arising on any revenues generated by those assets during the 3 year period ending 18 March 2017 or from the sale or licence of the SYN1113 asset at any time.

The Directors anticipate that the Company will have a very low level of operating costs for the next 12 months, principally the costs of maintaining the cash shell and of pursuing investment opportunities for the Company. Therefore they are confident that existing cash balances, along with the new funding, are adequate to ensure that costs can be covered.

Consequently, the Directors have a reasonable expectation that the Company has adequate resources to continue to operate for the foreseeable future and that it remains appropriate for the financial statements to be prepared on a going concern basis.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 1 Presentation of the financial statements continued

#### Financial period

These financial statements cover the financial year from 1 August 2014 to 31 July 2015, with comparative figures for the financial year from 1 August 2013 to 31 July 2014.

#### Accounting principles and policies

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

The financial statements have been prepared in accordance with the Company's accounting policies approved by the Board and signed on their behalf by David Lenigas and Donald Strang, and described in Note 2, 'Accounting principles and policies'. Information on the application of these accounting policies, including areas of estimation and judgement is given in Note 3, 'Key accounting judgements and estimates'. Where appropriate, comparative figures are reclassified to ensure a consistent presentation with current year information.

### 2 Accounting principles and policies

#### Discontinued operations

The results of the research services operation have been classified as a discontinued operation and the comparative statement of comprehensive income has been presented in the current and prior year to show the discontinued operation separately from continuing operations. Further details are set out in note 9.

#### Revenue

Revenue is recognised when persuasive evidence of an arrangement exists, delivery of products has occurred or services have been rendered, prices are fixed or determinable and there is a probability that economic benefits will flow to the Company. Certain revenues are generated from licensing and exclusivity agreements under which the Company grants third parties rights to certain products or technologies.

Upfront payments and other similar non-refundable payments received under these agreements are recorded as deferred revenue and are recognised in the statement of comprehensive income over the performance period stipulated in the agreement.

Royalty income is recognised on an accruals basis in accordance with the economic substance of the agreement and is reported as part of revenue. Other revenues are recorded as earned or as the services are performed.

#### Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker has been identified as the Board of Directors. Further details are set out in Note 5.

#### Property, plant and equipment

Items of property, plant and equipment are initially recognised at cost. As well as the purchase price, cost includes directly attributable costs. Items of property, plant and equipment are carried at depreciated cost.

Depreciation is provided on all items of property, plant and equipment so as to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

Plant & machinery	– 3 to 5 years
Fixtures & fittings	– 5 years

On disposal of property, plant and equipment, the cost and related accumulated depreciation and impairments are removed from the financial statements and the net amount, less any proceeds, is accounted for in the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2 Accounting principles and policies continued

#### **Intangible assets**

Intangible assets are stated at cost or deemed cost less provisions for amortisation and impairments.

Customer-related intangibles separately acquired or acquired as part of a business combination are amortised over their estimated useful lives, generally not exceeding 20 years, using the straight line basis. The estimated useful lives for determining the amortisation charge take into account the nature of the relationships and are reviewed and, where appropriate, adjusted annually.

Technology-based intangibles comprise unpatented technology, in-process research and development, know-how and trade secrets. Where these are separately acquired or acquired as part of a business combination, they are amortised over their estimated useful lives, generally not exceeding 20 years, using the straight-line basis. The estimated useful lives for determining the amortisation charge take into account the nature of the relationships and are reviewed and, where appropriate, adjusted annually. Research costs which do not meet the criteria for recognition of an internally generated intangible asset are written off to the statement of comprehensive income when incurred.

#### **Leases**

Any leases the Company is engaged into, are operating leases and the rental costs are charged to the statement of comprehensive income on a straight line basis over the term of the lease.

#### **Share capital**

Financial instruments issued by the Company are treated as equity only to the extent that they do not meet the definition of a financial liability. The Company's ordinary shares are classified as equity instruments.

#### **Share-based payments**

Where equity settled share options are awarded to employees, the fair value of the options at the date of grant is charged to the statement of comprehensive income over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest.

Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

#### **Financial instruments**

##### ***Available-for-sale investments***

Non-derivative financial assets comprising the Company's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised directly in a separate component of equity (available-for-sale reserve). Where there is a significant or prolonged decline in the fair value of an available-for-sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously charged to equity, is recognised in the statement of comprehensive income. On sale, the amount held in the available-for-sale reserve associated with that asset is removed from equity and recognised in the statement of comprehensive income.

##### ***Trade and other receivables***

Trade and other receivables are accounted for at original invoice amount less any provisions for doubtful debts. Provisions are made where there is evidence of a risk of non-payment, taking into account the age of the debt, historical experience and general economic conditions. If a trade debt is determined to be uncollectable, it is written off, firstly against any provisions already held and then to the statement of comprehensive income. Subsequent recoveries of amounts previously provided for are credited to the statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 2 Accounting principles and policies continued

#### **Trade and other payables**

Trade and other payables are held at amortised cost which equates to nominal value.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash in hand, current balances with banks and similar institutions and liquid investments generally with maturities of 3 months or less. They are readily convertible into known amounts of cash and have an insignificant risk of changes in values.

#### **Financial investments**

Listed investments are valued at closing bid price on 31 July. For measurement purposes, financial investments are designated at fair value through statement of comprehensive income. Gains and losses on the realisation of financial investments are recognised in the statement of comprehensive income for the period and taken to retained earnings. The difference between the market value of financial instruments and book value to the Company is shown as a gain or loss in the income for the period and taken to the revenue reserve.

#### **Taxation**

Current tax is provided at the amounts expected to be paid applying tax rates that have been enacted or substantively enacted by the reporting date.

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, except for differences arising from:

- the initial recognition of goodwill;
- the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profits; and
- investments in subsidiaries and jointly controlled entities where the Company is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.

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).

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- the same taxable group company; or
- different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

#### **Impairment of non-current assets**

The carrying values of all non-currents assets are reviewed for impairment when there is an indication that the assets might be impaired. Additionally, goodwill, intangible assets with indefinite useful lives and intangible assets which are not yet available for use are tested for impairment annually. Any provision for impairment is charged to the statement of comprehensive income in the year concerned.

Impairments of goodwill are not reversed. Impairment losses on other non-current assets are only reversed if there has been a change in estimates used to determine recoverable amounts and only to the extent that the revised recoverable amounts do not exceed the carrying values that would have existed, net of depreciation or amortisation, had no impairments been recognised.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 3 Key accounting judgements and estimates

The preparation of financial statements in conformity with IFRSs requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources.

Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision only affects that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Significant estimates and assumptions that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities at 31 July 2015 are set out below:

#### *Fair value of contingent consideration*

The consideration for the sale of intellectual property assets to Venn Life Science Holdings plc in March 2014 included an element of contingent consideration that is based on a future royalty stream from commercialisation of those assets by Venn. An estimate of the fair value of the contingent consideration has been made in these financial statements. However the actual amounts of royalties receivable in future years is dependent upon a number of factors, all of which are outside the Company's control. These include Venn's ability to be able to generate commercial revenues from the intellectual property assets, the demand for those products and other economic factors.

#### *Share Based Payments*

The Company made awards of 30 million options over its unissued share capital to the directors during the year to 31 July 2015. (2014: nil share options issued)

The fair value of share based payments is calculated by reference to Black Scholes model. Inputs into the model are based on management's best estimates of appropriate volatility, dividend yields, discount rate and share price. During the year, the Company incurred £60,000 share based payment charge (2014: £5,000 charge).

### 4 New accounting requirements

At the date of authorisation of these financial statements, the following IFRSs, IASs and Interpretations were in issue but not yet effective. Their adoption is not expected to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments (effective date not yet confirmed and standard not yet endorsed by the EU);
- IFRS 15 Revenue from Contracts with Customers (effective date 1 January 2017, not yet endorsed by the EU);
- Clarification of Acceptable Methods of Depreciation and Amortisation (Amendments to IAS 16 and IAS 38) (effective date 1 January 2016);
- Accounting for Acquisitions of Interests in Joint Operations (Amendments to IFRS 11) (effective date 1 January 2016); and
- IFRS 14 Regulatory Deferral Accounts (effective date 1 January 2016).

### 5 Segmental analysis

Segmental analysis is not applicable as there is only one operating segment of the continuing business – investment activities. The performance measure of investment activities is considered by the Board to be profitability and is disclosed on the face of the consolidated statement of profit or loss and other comprehensive Income. An analysis of the Company's previous trading activities, which were discontinued during the year, is set out in note 9.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 6 Information regarding Directors and employees

	2015 £000	2014 £000
<b>Included within continuing operations</b>		
Wages and salaries	128	33
Social security costs	-	3
Share based payment expense	60	-
	<b>188</b>	<b>36</b>
<b>Included within discontinued operations</b>		
Wages and salaries	15	244
Social security costs	-	22
Pension contributions	-	11
Share based payment expense	-	5
	<b>15</b>	<b>282</b>

During the previous year to 31 July 2014, the Company provided benefits to employees including healthcare insurance and personal life assurance. Currently no such benefits are provided.

	2015 Number	2014 Number
Average number of persons employed by the Company (including Directors) during the year		
Continuing operations - Directors	3	4
Discontinued operations – Research and administrative staff	-	10
Total	<b>3</b>	<b>14</b>

The compensation of the Directors, in aggregate, was as follows:	2015 £000	2014 £000
Wages and salaries	128	53
Social security costs	-	6
Fees payable to third parties	-	4
Share based payment expense	60	-
	<b>188</b>	<b>63</b>

Full details of the remuneration of individual directors, including the highest paid director, are set out below:

Continuing Activities	Fees & salary	Share Based Payments	Total	Total
	£000	£000	2015 £000	2014 £000
<b>Directors</b>				
D Lenigas (appointed 15 September 2014)	44	20	<b>64</b>	-
D Strang (appointed 15 September 2014)	44	20	<b>64</b>	-
Mr T Bannatyne (resigned 1 October 2014)	-	-	-	6
Mr MCN Townend (resigned 15 September 2014)	-	-	-	4
H Harris (appointed 1 October 2014)	40	20	<b>60</b>	-
Dr GO Humphreys (resigned 15 September 2014)	-	-	-	50
Mr JD Bamforth (resigned 15 September 2014)	-	-	-	3
	<b>128</b>	<b>60</b>	<b>188</b>	<b>63</b>

Note: Dr G Humphreys was paid £15,000 in redundancy fees in the year to 31 July 2015, this cost is included in the expenses of discontinued activities, Note 9.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 7 Loss for the year – continuing operations

The following items have been included in operating loss:

	2015	2014
	£000	£000
Fees payable to the company's auditors in relation to the Company:		
<i>Audit and assurance services:</i>		
- Audit of parent Company financial statements	10	13
- Audit of subsidiary companies	-	2
<b>Total auditor's fees</b>	<b>10</b>	<b>15</b>
Analysis of other costs:		
Legal and professional fees	94	82
Other general overheads	91	4
	<b>185</b>	<b>86</b>

At 31 July 2015, the amount due to Chapman Davis LLP for fees yet to be invoiced was £10,000, comprising statutory audit of £10,000.

### 8 Taxation

	2015	2014
	£000	£000
<b>Taxation charge based on losses for the year</b>		
UK Corporation tax	-	-
Deferred taxation	-	-
Tax expense from continuing operations	-	-
Tax credit from discontinued operations	-	-
Total tax expense	-	-

#### Factors affecting the tax charge for the year:

Loss on ordinary activities before taxation	<b>(376)</b>	<b>(703)</b>
Loss on ordinary activities at the average UK standard rate of 20.67% (2014: 22.33%)	<b>(78)</b>	<b>(157)</b>
Effect of non-deductible expenses	<b>12</b>	<b>16</b>
Future income tax benefit not brought to account	<b>66</b>	<b>141</b>
Other deductions for tax purposes		
Current tax charge	-	-

As set out in Note 2, the Company has not recognised a deferred tax asset in the financial statements as there is no certainty that taxable profits will be available against which these assets could be utilised.

#### Factors affecting the tax charge in future years

Changes to tax legislation could impact on the Company's effective tax rate. The UK Government has proposed some significant changes to the UK taxation system. The UK Government announced a phased reduction in the main rate of corporation tax to 20% and the deferred tax balances reflect that reduction in the UK tax rate, as is appropriate to the Company's circumstances.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 9 Discontinued operations

In December 2013, the Company and disposed of Group ceased its research services operation and all intellectual property assets and residual property, plant and equipment were disposed to Venn Life Science Holding plc on 19 March 2014. The results of the research services operation have been classified as a discontinued operation and the comparative statement of profit or loss and other comprehensive income has been presented in the current and prior year to show the discontinued operation separately from continuing operations. The results of operations discontinued during the years ended 31 July 2014 and 31 July 2015 are as follows:

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Revenues	10	48
Expenses	(19)	(554)
<b>Results from operating activities</b>	<b>(9)</b>	<b>(506)</b>
Income tax	-	-
<b>Results from operating activities, net of tax</b>	<b>(9)</b>	<b>(506)</b>
Gain on sale of discontinued operation – see below	-	-
Tax on gain on sale of discontinued operation	-	-
<b>Loss from discontinued operations for the year</b>	<b>(9)</b>	<b>(506)</b>
Basic and diluted loss per shares (pence)	(0.001p)	(0.29p)

The loss from discontinued operation of £9,000 (2014: loss of £506,000) is attributable entirely to the owners of the Company.

#### Cash flows used in discontinued operations

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Net cash used in operating activities	(9)	(447)
Net cash from investing activities	-	(1)
<b>Net cash flows for the year</b>	<b>(9)</b>	<b>(448)</b>

#### Effect of the disposal on the financial position of the company

	<b>2015</b>	<b>2014</b>
	<b>£000</b>	<b>£000</b>
Property, plant and equipment	-	(8)
Other intangible assets	-	(202)
<b>Net assets and liabilities disposed of</b>	<b>-</b>	<b>(210)</b>

Consideration:

- Shares in Venn Life Science Holdings plc	-	210
- Fair value of contingent consideration	-	-
<b>Total consideration received</b>	<b>-</b>	<b>210</b>
<b>Gain on sale of discontinued operation</b>	<b>-</b>	<b>-</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 10 Loss per share

<b>Loss attributable to ordinary shareholders</b>	<b>2015</b>	<b>2014</b>
The calculation of loss per share is based on the loss after taxation divided by the weighted average number of shares in issue during the period:		
Continuing operations (£000)	(367)	(197)
Discontinued operations (£000)	(9)	(506)
<b>Total (£000)</b>	<b>(376)</b>	<b>(703)</b>
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share (millions)	569.1	174.7
Basic and diluted loss per share (expressed in pence) - Continuing operations	(0.069)	(0.11)
Basic and diluted loss per share (expressed in pence) - Discontinued operations	(0.001)	(0.29)
<b>Basic and diluted loss per share (expressed in pence)</b>	<b>(0.07)</b>	<b>(0.40)</b>

As inclusion of the potential ordinary shares would result in a decrease in the earnings per share they are considered to be anti-dilutive, as such, a diluted earnings per share is not included.

### 11 Property, plant and equipment

	Plant and equipment £000	Fixtures and fittings £000	<b>Total £000</b>
Cost at 31 July 2013	234	15	<b>249</b>
Additions	1	-	<b>1</b>
Disposals	(235)	(15)	<b>(250)</b>
Cost at 31 July 2014 & at 31 July 2015	-	-	-
Depreciation at 31 July 2013	189	11	<b>200</b>
Charge for the year	15	1	<b>16</b>
Disposals	(204)	(12)	<b>(216)</b>
Depreciation at 31 July 2014 & at 31 July 2015	-	-	-
Net book value at 31 July 2014 & at 31 July 2015	-	-	-

Following cessation of the Company's research services operation during the year, all property, plant and equipment were disposed of during the year ended 31 July 2015.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12 Intangible assets

Company	Customer relationships £000	Unpatented technology & In-process R & D £000	Total £000
Cost at 31 July 2013	174	270	444
Disposals/eliminated in the year	(174)	(270)	(444)
<b>Cost at 31 July 2014</b>	-	-	-
Disposals/eliminated in the year	-	-	-
<b>Cost at 31 July 2015</b>	-	-	-
Amortisation at 31 July 2013	174	55	229
Charge for the year	-	14	14
Disposals/eliminated in the year	(174)	(69)	(243)
<b>Amortisation at 31 July 2014</b>	-	-	-
Charge for the year	-	-	-
Disposals/eliminated in the year	-	-	-
<b>Amortisation at 31 July 2015</b>	-	-	-
<b>Net book value at 31 July 2014</b>	-	-	-
<b>Net book value at 31 July 2015</b>	-	-	-

Following the cessation of the disposed of group's research services operation and the sale of its intellectual property assets in March 2014, all remaining balances on intangible assets had been eliminated in the year ended 31 July 2014.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 13 Available-for-sale investments

Investee company name	Country of incorporation	% of equity held at 31 July 2015	Value at 31 July 2014 £000	Additions £000	Disposal £000	Reversal of Impairment loss £000	Market value Revaluation £000	Loss on disposal (Recognised on P&L) £000	Value at 31 July 2015 £000
Venn Life Science Holdings plc	Ireland	3.06%	138	-	(144)	72	-	(66)	-
Horse Hill developments Ltd	United Kingdom	2.00%	-	425	-	-	-	-	425
Alba Mineral Resources plc	United Kingdom	2.78%	-	55	-	-	32	-	87
Noricum Gold Ltd	British Virgin Islands	2.10%	-	62	-	-	(11)	-	51
Brazil Tungsten Holdings Ltd	British Virgin Islands	10.00%	-	656	-	-	-	-	656
			<b>138</b>	<b>1,198</b>	<b>(144)</b>	<b>72</b>	<b>21</b>	<b>(66)</b>	<b>1,219</b>

The listed investments have been valued at bid price, as quoted on the London Stock Exchange, at 31 July 2015.

Company	£000
<b>Cost at 31 July 2013</b>	-
Addition	210
Impairment	(72)
Revaluation	-
<b>Cost at 31 July 2014</b>	<b>138</b>
Addition	1,198
Reversal of Impairment on disposal	72
Revaluation	21
Disposals	(210)
<b>Cost at 31 July 2015</b>	<b>1,219</b>

#### The available for sale investments splits are as below:

Non-current assets - listed	138
Non-current assets - unlisted	1,081
	<b>1,219</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 14 Investments in subsidiary undertakings

<b>Company</b>	<b>Investments in subsidiary undertakings £000</b>
Cost at 31 July 2013	339
Eliminated in the year	(339)
<b>Cost at 31 July 2014</b>	<b>-</b>
Acquisitions	-
<b>Cost at 31 July 2015</b>	<b>-</b>
Impairment 31 July 2013	<b>339</b>
Eliminated in the year	<b>(339)</b>
<b>Impairment at 31 July 2014</b>	<b>-</b>
Impairment	-
<b>Impairment at 31 July 2015</b>	<b>-</b>
<b>Net book value at 31 July 2014</b>	<b>-</b>
<b>Net book value at 31 July 2015</b>	<b>-</b>

During the year, one dormant subsidiary company, Leeds Skin Centre for Applied Research Limited was voluntarily struck off at the Register of Companies, with a dissolution date of 6 January 2015. Consequently the investment in this company, which was already fully provided against, has been eliminated during the year ended 31 July 2015

### 15 Trade and other receivables

	<b>2015 £000</b>	<b>2014 £000</b>
Trade receivables	-	-
Other receivables	38	6
Prepayments	13	9
	<b>51</b>	<b>15</b>

At 31 July 2014, the Company's financial statements contained a receivable with a gross amount of £1,167 against which full provision of £1,167 had been made. This balance was due from the Company's dormant subsidiary, Leeds Skin Centre for Applied Research Limited. The process of striking of this subsidiary at the Register of Companies has been completed as detailed in Note 14; therefore this balance was irrecoverable and fully written-off.

### 16 Trade and other payables

	<b>2015 £000</b>	<b>2014 £000</b>
<b>Amounts due within one year</b>		
Trade payables	4	-
Accruals and deferred income	150	21
	<b>154</b>	<b>21</b>

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 17 Share capital and share premium account

	Number of shares	Ordinary share capital £000	Deferred share capital £000	Share premium £000
<b>Share capital issued and fully paid</b>				
<b>At 31 July 2013</b>	<b>174,675,828</b>	<b>1,747</b>	-	<b>7,634</b>
Issue of new ordinary shares	-	-	-	-
<b>At 31 July 2014</b>	<b>174,675,828</b>	<b>1,747</b>	-	<b>7,634</b>
Subdivision of ordinary share capital on 2 September 2014	-	(1,729)	1,729	-
Issue of new ordinary shares on 15 September 2014	175,000,000	17	-	193
Issue of new ordinary shares on 8 December 2014	375,000,000	38	-	1,359
<b>At 31 July 2015</b>	<b>724,675,828</b>	<b>73</b>	<b>1,729</b>	<b>9,186</b>

Share capital represents the nominal value of the amount subscribed for shares. Share premium represents the amount subscribed for shares in excess of their nominal value less costs of subscription. Ordinary shares carry the rights to one vote per share at general meetings of the Company and the rights to share in any distributions of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up.

On the 12 September 2014, at the Annual General Meeting the shareholders approved the sub-division of the existing ordinary shares of 1p each into new ordinary shares of 0.01p each and deferred shares of 0.99p each. The rights attached to the new ordinary shares are in all material aspects the same as the rights attaching to the existing ordinary shares.

The Deferred Shares will have no voting rights and will not carry any entitlement to attend general meetings of the Company; nor will they be admitted to AIM or any other market. They will carry only a priority right to participate in any return of capital to the extent of £1 in aggregate over the class. In addition, they will carry only a priority right to participate in any dividend or other distribution to the extent of £1 in aggregate over the class. In each case a payment to any one holder of Deferred Shares shall satisfy the payment required. The Company will be authorised at any time to effect a transfer of the Deferred Shares without reference to the holders thereof and for no consideration pursuant to and in accordance with the Act. Accordingly, the Deferred Shares will, for all practical purposes, be valueless and it is the Board's intention, at an appropriate time, to have the Deferred Shares cancelled, whether through an application to the Companies Court or otherwise in accordance with the Act.

On 15 September 2014, 175,000,000 ordinary shares of 0.01p each were issued fully paid for gross cash consideration at 0.12 pence per share to raise £210,000.

On 8 December 2014, 375,000,000 ordinary shares of 0.01p each were issued fully paid for gross cash consideration at 0.40 pence per share to raise £1,500,000.

### 18 Movements in equity

The merger reserve was a reserve created on the combination of companies within the now disposed of Group prior to 1 August 2006 and as a consequence of applying merger relief criteria to the premium arising from the issue of ordinary shares as part of the cost of acquisition of Leeds Skin Centre for Applied Research Limited in the year ended 31 July 2011. This reserve is no longer in use following the disposal of the group in the prior year.

The share-based payment reserve represents amounts arising from the requirement to expense the fair value of share-based remuneration in accordance with IFRS 2 'Share-based Payments'.

Retained earnings are the cumulative net losses recognised in the income statement and other comprehensive income.

Movements on these reserves are set out in the statement of changes in equity.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 19 Related party transactions

The Company had the following transactions with related parties:

Name of related party	Relationship	Nature of transaction	Purchases from related party		Amounts owed to related party	
			At 31 July 2015 £000	At 31 July 2014 £000	At 31 July 2015 £000	At 31 July 2014 £000
Atraxa Consulting Limited	Common directorship of Mr J D Bamforth	Provision of accountancy services to the company	6	57	-	-

Note: Mr J D Bamforth resigned as a director of Evocutis on 15 September 2014.

### Terms and conditions of transactions with related parties

Outstanding balances that relate to trading balances are unsecured, interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. The Company has no outstanding amounts due to related parties at 31 July 2015.

### Compensation of key management personnel of the Company

The Company considers the directors to be its key management personnel. Full details of the remuneration of the directors are shown in Note 6.

### 20 Reconciliation of net cash flow to movement in net funds

	2015 £000	2014 £000
Net funds at beginning of the year	124	664
Increase/(decrease) in cash	328	(540)
Net funds at end of the year	452	124

### Analysis of changes in net funds

	At 31 July 2014 £000	Cash Flow £000	At 31 July 2015 £000
Cash and cash equivalents	124	328	452
Net funds	124	328	452

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 21 Financial instruments and related disclosures

#### General objectives, policies and processes

The Board has overall responsibility for the determination of the Company's risk management objectives and policies and, whilst retaining ultimate responsibility for them, it has delegated authority for designing and operating processes that ensure the effective implementation of the objectives and policies to the Company's finance function. The Board receives monthly reports through which it reviews the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility.

The Company reports in Sterling. Internal and external funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors. The Company does not use derivative financial instruments such as forward currency contracts, interest rate and currency swaps or similar instruments. The Company does not issue or use financial instruments of a speculative nature.

#### Capital management

The Company's objectives when maintaining capital are:

- to safeguard the entity's ability to continue as a going concern, so that it can continue to provide returns for shareholders and benefits for other stakeholders; and
- to provide an adequate return to shareholders.

The capital structure of the Company consists of total shareholders' equity as set out in the 'Statement of changes in equity'. All working capital requirements are financed from existing cash resources.

Capital is managed on a day to day basis to ensure that all entities in the Company are able to operate as a going concern. Operating cash flow is primarily used to cover the overhead costs associated with operating as an AIM-listed company.

#### Liquidity risk

Liquidity risk arises from the Company's management of working capital. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The directors consider that there is no significant liquidity risk faced by the Company. The Company maintains sufficient balances in cash to pay accounts payable and accrued expenses.

The Board receives forward looking cash flow projections at periodic intervals during the year as well as information regarding cash balances. At the balance sheet date the Company had cash balances of £452,000 and the financial forecasts indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to establish overdraft or other borrowing facilities.

#### Interest rate risk

As the Company has no borrowings, it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Cash resources are held in current, floating rate accounts.



## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 21 Financial instruments and related disclosures continued

#### Market risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Company's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate. This risk represents the potential loss that the Company might suffer through holding its available-for-sale investment portfolio in the face of market movements, which was a maximum of £1,219,000 (2014: £138,000).

The investments in equity in AIM-quoted companies that the Company holds are less frequently traded than shares in more widely traded securities. Consequently, the valuations of these investments can be more volatile.

#### Market price risk sensitivity

The table below shows the impact on the return and net assets of the Company if there were to be a 20% movement in overall share prices of the available-for-sale investments held at 31 July 2015.

	2015	2014
	Other comprehensive income and Net assets	Other comprehensive income and Net assets
	£000	£000
Decrease if overall share price falls by 20%, with all other variables held constant	(243.8)	(28)
Decrease in other comprehensive earnings and net asset value per Ordinary share (in pence)	(0.04p)	(0.02p)
Increase if overall share price rises by 20%, with all other variables held constant	243.8	28
Increase in other comprehensive earnings and net asset value per Ordinary share (in pence)	0.04p	0.02p

The impact of a change of 20% has been selected as this is considered reasonable given the current level of volatility observed.

#### Currency risk

The directors consider that there is no significant currency risk faced by the Company. The only current foreign currency transactions the Company enters into in are denominated in US\$ in relation to transactions with or relating to its investment in Brazil Tungsten Holdings Ltd, and no balances at 31 July 2015 are denominated in foreign currencies.

#### Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation or commitment that it has entered into with the Company. The Company's maximum exposure to credit risk is:

	2015	2014
	£000	£000
Cash at bank	452	124
Other receivables	51	15
	503	139

The Company's cash balances are held in accounts with Barclays Bank plc.

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 21 Financial instruments and related disclosures continued

#### Fair value of financial assets and liabilities

Financial assets and liabilities are carried in the Statement of Financial Position at either their fair value (available-for-sale investments) or at a reasonable approximation of the fair value (trade and other receivables, trade and other payables and cash at bank).

The fair values are included at the amount at which the instrument could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

#### Trade and other receivables in scope of IAS 39

The following table sets out financial assets within Trade and other receivables which fall within the scope of IAS39. These assets are non-interest earning.

	2015 £000	2014 £000
<b>Financial assets in scope of IAS39</b>		
Trade and other receivables (Note 15)	51	15

There are no financial assets which are past due and for which no provision for bad or doubtful debts has been made.

#### Trade and other payables in scope of IAS39

The following table sets out financial liabilities within Trade and other payables which fall within the scope of IAS39. These financial liabilities are predominantly non-interest bearing. Other liabilities include tax and social security payables and provisions which do not constitute contractual obligations to deliver cash or other financial assets, which are outside the scope of IAS39.

	2015 £000	2014 £000
<b>Financial liabilities in scope of IAS39</b>		
Total trade and other payables (Note 16)	154	21

### 22 Share schemes

During the year, the Company had a share option scheme for all employees (including Directors). Options are exercisable at a price agreed at the date of grant. The vesting period is usually between zero and five years. The exercise of options is dependent upon eligible employees meeting performance criteria. The options are settled in equity once exercised.

If the options remain unexercised after their expiry date, the options expire. Options lapse if the employee leaves the Company before the options vest.

#### Options outstanding

	Number	Weighted average exercise price
At 31 July 2013	7,790,940	3.60p
Options lapsed	(5,140,100)	(2.06p)
At 31 July 2014	2,650,840	6.57p
Options granted	30,000,000	0.22p
At 31 July 2015	32,650,840	0.60p
Range of exercise prices		0.22p – 8.65p
Weighted average remaining contractual life		4.60 years

## NOTES TO THE FINANCIAL STATEMENTS CONTINUED

### 22 Share schemes continued

#### Options outstanding at 31 July 2015

Date of grant	Number	Exercise price (p)	Expiry date
6 August 2008	1,031,990	8.65p	06/08/2018
1 October 2010	1,618,850	5.25p	30/11/2020
1 April 2015	30,000,000	0.22p	01/04/2020
<b>Total</b>	<b>32,650,840</b>		

#### Options exercisable

	Number	Weighted exercise price (p)
At 31 July 2014	2,650,840	6.57p
At 31 July 2015	32,650,840	0.60p

#### Charges to the statement of comprehensive income

	2015	2014
	£000	£000
Share based payment charges	60	5

#### Warrants in issue

On 8 December 2014 subscribers to the share issue were awarded one warrant per share at an exercise price of 0.40 pence, resulting in the issue of 375,000,000 warrants. All of these warrants expire on 31 December 2015.

As at 31 July 2015, 375,000,000 warrants remained outstanding. (2014: nil)

### 23 Events after the end of the reporting period

On 6 October 2015 the Company announced that it had applied for admission of its issued share capital to trading on the ISDX Growth Market. Admission was completed on 19 October 2015,