INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

Report and Financial Statements

for the period ended 31 December 2014
INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

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INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

Directors' Report
for the period ended 31 December 2014

Directors
Prof Matteo Bandini (appointed on 29 September 2015)
Mr Nicholas Calamatta (appointed on 11 November 2014)
Mr Paolo Catalfamo
Mr John Christopher Kozup (appointed on 11 November 2014)
Mr William Zappaterra (appointed on 11 November 2014 and resigned on 9 November 2015)
Mr Andrea Zitelli (appointed on 6 June 2014 and resigned on 11 November 2014)

Registered address
171 Old Bakery Street
Valletta VLT 1455
Malta

The directors present their report and the audited financial statements for the period ended 31 December 2014.

Principal activities
The company is based in Malta and was incorporated to invest in financial, industrial and assurance company stocks.

Business review
The company was incorporated on 6 June 2014. The loss for the period amounted to € 62,169. During 2015, the company marketed this product, however the subscriptions received have been far below expectations. Various operational and distributional arrangements have been addressed and the company should improve performance with the new incoming shareholders that have a business plan in place to sell this product.

Dividends and reserves
The directors do not recommend the payment of an ordinary dividend and propose to transfer the loss for the period to reserves.

Events after the reporting period
There were no particular important events affecting the company which occurred since the end of the reporting period.

Directors
In accordance with the company's Articles of Association, the present directors remain in office.
Directors' responsibilities

The Maltese Companies Act, 1995 requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period, in accordance with the requirements of International Financial Reporting Standards as adopted by the EU. In preparing these the directors are required to:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis;
- value separately the components of asset and liability items; and
- report comparative figures corresponding to those of the preceding accounting period.

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 financial statements comply with the Maltese Companies Act, 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Nexia BT, have intimated their willingness to remain in office and a resolution proposing their reappointment will be put before the members at the next annual general meeting.

This report was approved and authorised for issue by the Board of Directors on 15 May 2016, and signed on its behalf by:

Prof Matteo Bandini
Director

Mr Nicholas Calamatta
Director
INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

Independent Auditors' Report
To the Members of Innovation Financial Solutions (IFS) p.l.c.

We have audited the accompanying financial statements of Innovation Financial Solutions (IFS) p.l.c., which comprise the Statement of Financial Position as at 31 December 2014, and the Statement of Profit or Loss and Other Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.
INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

Independent Auditors' Report
To the Members of Innovation Financial Solutions (IFS) p.l.c.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of Innovation Financial Solutions (IFS) p.l.c. as of 31 December 2014 and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards as adopted by the EU, and have been properly prepared in accordance with the Maltese Companies Act, 1995.

Mr Manuel Castagna
for and on behalf of
Nexia BT
Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN 3000
Malta

Date: 20 June 2016
INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

Statement of Profit or Loss and Other Comprehensive Income
for the period ended 31 December 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administrative expenses</td>
<td>(62,164)</td>
</tr>
<tr>
<td>Loss before taxation</td>
<td>(62,164)</td>
</tr>
<tr>
<td>Income tax</td>
<td>5</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>(62,164)</td>
</tr>
<tr>
<td>Total comprehensive expense</td>
<td>(62,164)</td>
</tr>
</tbody>
</table>

The notes on pages 9 to 13 form an integral part of these financial statements.
## Statement of Financial Position

at 31 December 2014

<table>
<thead>
<tr>
<th>Notes</th>
<th>2014 £</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ASSETS</strong></td>
<td></td>
</tr>
<tr>
<td>Current assets</td>
<td></td>
</tr>
<tr>
<td>Trade and other receivables 6</td>
<td>46,692</td>
</tr>
<tr>
<td>Cash at bank and in hand 7</td>
<td>34,457</td>
</tr>
<tr>
<td><strong>Total assets</strong></td>
<td><strong>81,149</strong></td>
</tr>
<tr>
<td><strong>EQUITY AND LIABILITIES</strong></td>
<td></td>
</tr>
<tr>
<td>Capital and reserves</td>
<td></td>
</tr>
<tr>
<td>Called up issued share capital 8</td>
<td>50,001</td>
</tr>
<tr>
<td>Accumulated losses</td>
<td>(62,164)</td>
</tr>
<tr>
<td><strong>Deficiency</strong></td>
<td>(12,163)</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables 9</td>
<td>93,312</td>
</tr>
<tr>
<td><strong>Total liabilities</strong></td>
<td><strong>93,312</strong></td>
</tr>
<tr>
<td><strong>Total equity and liabilities</strong></td>
<td><strong>81,149</strong></td>
</tr>
</tbody>
</table>

The notes on pages 9 to 13 form an integral part of these financial statements.
INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

Statement of Changes in Equity
for the period ended 31 December 2014

<table>
<thead>
<tr>
<th></th>
<th>Called-up share capital €</th>
<th>Accumulated losses €</th>
<th>Total €</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss for the period</td>
<td></td>
<td>(62,164)</td>
<td>(62,164)</td>
</tr>
<tr>
<td>Other comprehensive income</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total comprehensive expense</td>
<td></td>
<td>(62,164)</td>
<td>(62,164)</td>
</tr>
<tr>
<td>Issue of share capital</td>
<td>50,001</td>
<td></td>
<td>50,001</td>
</tr>
<tr>
<td>At 31 December 2014</td>
<td>50,001</td>
<td>(62,164)</td>
<td>(12,163)</td>
</tr>
</tbody>
</table>
### Statement of Cash Flows
for the period ended 31 December 2014

<table>
<thead>
<tr>
<th>2014</th>
<th>€</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
</tr>
<tr>
<td>Loss before taxation</td>
<td>(62,164)</td>
</tr>
<tr>
<td>Working capital changes:</td>
<td></td>
</tr>
<tr>
<td>Movement in trade and other receivables</td>
<td>(46,692)</td>
</tr>
<tr>
<td>Movement in trade and other payables</td>
<td>93,312</td>
</tr>
<tr>
<td>Net cash flows from operating activities</td>
<td>(15,544)</td>
</tr>
<tr>
<td><strong>Cash flows from investing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Net cash flows from investing activities</td>
<td>-</td>
</tr>
<tr>
<td><strong>Cash flows from financing activities</strong></td>
<td></td>
</tr>
<tr>
<td>Issue of share capital</td>
<td>50,001</td>
</tr>
<tr>
<td>Net cash flows from financing activities</td>
<td>50,001</td>
</tr>
<tr>
<td><strong>Movement in cash and cash equivalents</strong></td>
<td>34,457</td>
</tr>
<tr>
<td><strong>Reconciliation of net cash flow to movement in net funds</strong></td>
<td></td>
</tr>
<tr>
<td>Movement in cash and cash equivalents</td>
<td>34,457</td>
</tr>
<tr>
<td>Cash and cash equivalents at start of period</td>
<td>-</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of period</td>
<td>34,457</td>
</tr>
<tr>
<td><strong>Cash and cash equivalents</strong></td>
<td></td>
</tr>
<tr>
<td>Cash at bank and in hand</td>
<td>34,457</td>
</tr>
</tbody>
</table>
INNOVATION FINANCIAL SOLUTIONS (IFS) P.L.C.

Notes to the Financial Statements
for the period ended 31 December 2014

1. General information
Innovation Financial Solutions (IFS) p.l.c. is a limited liability company incorporated in Malta. The company is based in Malta and was incorporated to invest in financial, industrial and assurance company stocks. Its registered office is at 171, Old Bakery Street, Valletta VLT 1455 Malta.

2. Accounting policies

Accounting convention and basis of preparation
These financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Maltese Companies Act, 1995, and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies (see Note 3 - Critical accounting estimates and judgements).

Financial assets
Loans and receivables are stated at fair value, net of any impairment. A provision for impairment of loans and receivables is established where there is objective evidence that the company will not be able to collect all amounts due according to the original terms of payment. Loans and receivables are considered for impairment on a case by case basis and any provision is based on the directors' assessment of the amount recoverable on each receivable. Any change in value of loans and receivables is recognised in the Statement of Profit or Loss and Other Comprehensive Income.

Financial liabilities
The company's financial liabilities include trade and other payables, which are measured at amortised cost using the effective interest rate method. Financial liabilities are recognised when the company becomes a party to the contractual agreements of the instrument. Any changes in fair value are reported in the Statement of Profit or Loss and Other Comprehensive Income.

Interest-related charges are recognised as an expense in the period in which they are incurred.

Share capital
Ordinary shares are classified as equity.
Dividends are recognised in the period in which they are declared.
Impairment
The carrying amounts of the company's assets, other than deferred tax assets, are reviewed annually to
determine whether there is any indication of impairment. If any such indication exists, the asset's
recoverable amount is estimated.

An impairment loss is recognised whenever the carrying amount of the asset or its cash generating unit
exceeds its recoverable amount. Impairment losses are recognised in the Statement of Profit or Loss and
Other Comprehensive Income.

An impairment loss is reversed if there has been a change in the estimate used to determine the
recoverable amount.

Income tax
Income tax on the profit or loss for the year comprises current and deferred tax. The tax expense is
calculated on net income, adjusted for non-temporary differences between taxable and accounting
income. The tax effect of temporary differences, arising from items brought into account in different
periods for income tax and accounting purposes, is carried in the Statement of Financial Position as
defered tax debits or credits. Such deferred tax balances are calculated on the liability method taking
into account the estimated tax that will be paid or recovered when the temporary differences reverse.

Deferred tax debits are only carried forward if there is a reasonable expectation of realisation. Deferred
tax debits, arising from tax losses yet to be recovered, are only carried forward if there is a reasonable
assurance and to the extent that future taxable income will be sufficient to allow the benefit of the tax
loss to be realised or to the extent of the net credits in the deferred tax balance.

Foreign currencies
The financial statements are presented in Euro, being both the company's functional and presentation
currency. Transactions denominated in foreign currencies are translated into Euro at the rates of
exchange in operation on the dates of the transactions. Monetary assets and liabilities expressed in
foreign currencies are translated into Euro at the rates of exchange prevailing at the date of the
Statement of Financial Position. Translation differences are dealt with through the Statement of Profit
or Loss and Other Comprehensive Income in the period in which they arise.

Cash and cash equivalents
Cash and cash equivalents consist of cash in hand and balances with banks.

3. Critical accounting estimates and judgements
Estimates and judgements are continually evaluated and based on historical experience and other
factors including expectations of future events that are believed to be reasonable under the
circumstances.

In the opinion of the directors, the accounting estimates and judgements made in the course of
preparing these financial statements are not difficult, subjective or complex to a degree which would
warrant their description as critical in terms of the requirements of IAS1 (revised).
4. **Loss before taxation**

Loss before taxation is stated after charging:
- Director's fees: £1,381
- Auditors' remuneration: £1,062

5. **Income tax**

No income taxation has been provided in these financial statements in view of the company's losses incurred during the period.

6. **Trade and other receivables**

Deferred expenditure: £46,692

7. **Cash at bank and in hand**

As at period-end, the company did not have any restrictions on its cash at bank and in hand.

8. **Called up issued share capital**

**Authorised**
- 500,000 Ordinary A shares of £1 each: £500,000
- 1 Ordinary B share of £1: £1

**Called up issued and fully paid-up**
- 50,000 Ordinary A shares of £1 each: £50,000
- 1 Ordinary B share of £1: £1

The Ordinary 'B' share does not give the right to vote, nor to participate equally in profits distributed by the company and shall only be entitled to a return of the nominal value of the Ordinary 'B' shares on a winding up of the company.
9. **Trade and other payables**

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>66,635</td>
</tr>
<tr>
<td>Accruals</td>
<td>26,677</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>93,312</td>
</tr>
</tbody>
</table>

10. **Risk management objectives and policies**

The company is exposed to credit risk, liquidity risk and market risk through its use of financial instruments which result from its operating and investing activities. The company's risk management is coordinated by the directors and focuses on actively securing the company's short to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the company is exposed to are described below.

**Credit risk**

The company's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 6 and 7.

The company continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls. The company's policy is to deal only with creditworthy counterparties.

None of the company's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

**Liquidity risk**

The company's exposure to liquidity risk arises from its obligations to meet financial liabilities, which comprise trade and other payables. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

At 31 December 2014, there were no contractual maturities on the financial liabilities of the company. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

**Foreign currency risk**

Most of the company's transactions are carried out in Euro. Exposure to currency exchange rates arises from the company's transactions in foreign currencies.

**Interest rate risk**

The company's exposure to interest rate risk is limited as it does not have any borrowings bearing variable interest rates.
11. Related parties
   The company had the following related party transactions.

   Transactions with key management personnel:
   Director's fees

   2014 €
   Director's fees
   1,381

12. Ultimate controlling party
   The company is controlled by Prof Matteo Bandini, who owns 99.9% of its issued share capital.

13. Capital management policies and procedures
   The company's capital management objectives are to ensure its ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The company monitors the level of debt, which includes borrowings and trade and other payables less cash and cash equivalents, against total capital on an ongoing basis.