

REGISTERED NUMBER: 08852503 (England and Wales)

REPORT OF THE DIRECTORS AND  
AUDITED FINANCIAL STATEMENTS  
FOR THE PERIOD  
1 OCTOBER 2015 TO 31 DECEMBER 2016  
FOR  
FUEL 3D TECHNOLOGIES LIMITED

SATURDAY



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COMPANIES HOUSE

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FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

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**FUEL 3D TECHNOLOGIES LIMITED**  
**COMPANY INFORMATION**  
**FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

**DIRECTORS:**

B Gill  
M T Jaffray  
M S Luzich  
G T Thaw  
D M Wright

**SECRETARY:**

F Young

**REGISTERED OFFICE:**

Unit 2 Douglas Court  
Seymour Business Park  
Station Road  
Chinnor  
Oxfordshire  
OX39 4HA

**REGISTERED NUMBER:**

08852503 (England and Wales)

**AUDITORS:**

Moore Stephens Northern Home Counties Limited  
Nicholas House  
River Front  
Enfield  
Middlesex  
EN1 3FG

**FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)**

**REPORT OF THE DIRECTORS  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

The directors present their report with the financial statements of the company for the period 1 October 2015 to 31 December 2016.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the period under review was the development, sale and commercial application of 3D image capturing technology.

**STRATEGIC REPORT EXEMPTION**

The company has taken advantage of the small companies' exemption under S414B of the Companies Act 2006 from the requirement to prepare a strategic report.

**DIVIDENDS**

No dividends will be distributed to ordinary shareholders for the period ended 31 December 2016 (2015: £nil).

**DIRECTORS**

B Gill has held office during the whole of the period from 1 October 2015 to the date of this report.

Other changes in directors holding office are as follows:

N S Cameron – resigned 16 November 2016

M T Jaffray – appointed 30 June 2016

M S Luzich – appointed 30 June 2016

G T Thaw and D M Wright were appointed as directors after 31 December 2016 but prior to the date of this report.

S E Mead and R D Henderson ceased to be directors after 31 December 2016 but prior to the date of this report.

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

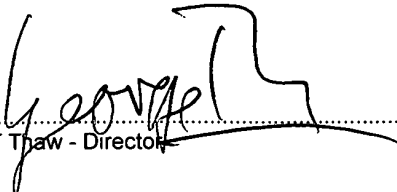
The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

This report has been prepared in accordance with the special provisions of Part 15 of the Companies Act 2006 relating to small companies.

**ON BEHALF OF THE BOARD:**

  
.....  
G T Thaw - Director

28.06.2017  
.....  
Date:

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
FUEL 3D TECHNOLOGIES LIMITED**

We have audited the financial statements of Fuel 3D Technologies Limited for the period ended 31 December 2016 on pages four to twenty four. 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 a Report of the Auditors 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 auditors**

As explained more fully in the Statement of Directors' Responsibilities set out on page two, 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 (APB's) Ethical Standards for Auditors.

**Scope of the audit of the financial statements**

A description of the scope of an audit of is provided on the FRC'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 December 2016 and of its loss for the period 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.

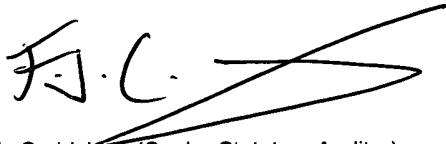
**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Report of the Directors 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 matters where the Companies Act 2006 requires us 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; or
- the directors were not entitled to take advantage of the small companies' exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Francis Corbishley (Senior Statutory Auditor)  
for and on behalf of Moore Stephens Northern Home Counties Limited  
Statutory Auditor  
Nicholas House  
River Front  
Enfield  
Middlesex  
EN1 3FG

Date: 13/1/2017

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

STATEMENT OF PROFIT OR LOSS  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

	Notes	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
<b>Continuing operations</b>			
Revenue	2	1,401,474	1,657,340
Cost of sales		<u>(451,737)</u>	<u>(701,135)</u>
<b>Gross profit</b>		949,737	956,205
Administrative expenses		<u>(3,214,056)</u>	<u>(1,622,327)</u>
<b>Operating loss before exceptional items</b>		(2,264,319)	(666,122)
Exceptional items	4	<u>(424,805)</u>	<u>-</u>
<b>Operating loss</b>		(2,689,124)	(666,122)
Finance costs	5	(205,934)	(3,792,929)
Finance income	5	<u>741</u>	<u>1,339</u>
<b>Loss before income tax</b>	6	(2,894,317)	(4,457,712)
Income tax	7	<u>86,170</u>	<u>(102,336)</u>
<b>Loss for the period</b>		<u><u>(2,808,147)</u></u>	<u><u>(4,560,048)</u></u>

The notes form part of these financial statements

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

STATEMENT OF COMPREHENSIVE INCOME  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
<b>Loss for the period</b>	(2,808,147)	(4,560,048)
<b>Other comprehensive income</b>		
Share based payments	142,332	3,694
Deferred tax on share based payments	(140,028)	(6,734)
	<hr/>	<hr/>
<b>Total comprehensive income for the period</b>	<b>(2,805,843)</b>	<b>(4,563,088)</b>

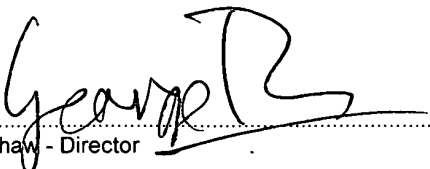
The notes form part of these financial statements

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

STATEMENT OF FINANCIAL POSITION  
31 DECEMBER 2016

	Notes	31.12.16 £	30.9.15 £
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible assets	8	3,798,988	2,783,730
Property, plant and equipment	9	227,883	293,322
Investments	10	6,389	605
Trade and other receivables	12	<u>3,369,968</u>	<u>1,480,777</u>
		<u>7,403,228</u>	<u>4,558,434</u>
<b>Current assets</b>			
Inventories	11	581,748	625,836
Trade and other receivables	12	271,651	364,102
Tax receivable		390,459	303,019
Cash and cash equivalents	13	<u>160,304</u>	<u>300,863</u>
		<u>1,404,162</u>	<u>1,593,820</u>
<b>Total assets</b>		<u><u>8,807,390</u></u>	<u><u>6,152,254</u></u>
<b>Equity</b>			
<b>Shareholders' equity</b>			
Share capital	14	4,176	2,626
Share premium	15	14,318,274	6,282,160
Retained earnings	15	<u>(6,708,836)</u>	<u>(4,252,993)</u>
<b>Total equity</b>		<u>7,613,614</u>	<u>2,031,793</u>
<b>Liabilities</b>			
<b>Non-current liabilities</b>			
Financial liabilities – preference shares	17	-	3,794,066
Deferred tax	19	<u>349,860</u>	<u>58,559</u>
		<u>349,860</u>	<u>3,852,625</u>
<b>Current liabilities</b>			
Trade and other payables	16	<u>843,916</u>	<u>267,836</u>
<b>Total liabilities</b>		<u>1,193,776</u>	<u>4,120,461</u>
<b>Total equity and liabilities</b>		<u><u>8,807,390</u></u>	<u><u>6,152,254</u></u>

The financial statements were approved by the Board of Directors on 23/6/2017 and were signed on its behalf by:

  
G T Thaw - Director

The notes form part of these financial statements



FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

STATEMENT OF CHANGES IN EQUITY  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

	Share capital £	Retained earnings £	Share premium £	Total equity £
<b>Balance at 1 January 2015</b>	2,576	310,095	5,993,837	6,306,508
<b>Changes in equity</b>				
Issue of share capital	6	-	38,367	38,373
Shares to be issued	44	-	249,956	250,000
Total comprehensive income	-	(4,563,088)	-	(4,563,088)
<b>Balance at 30 September 2015</b>	<u>2,626</u>	<u>(4,252,993)</u>	<u>6,282,160</u>	<u>2,031,793</u>
<b>Changes in equity</b>				
Issue of share capital	1,376	-	7,771,288	7,772,664
Shares to be issued	174	-	614,826	615,000
Capital reduction	-	350,000	(350,000)	-
Total comprehensive income	-	(2,805,843)	-	(2,805,843)
<b>Balance at 31 December 2016</b>	<u>4,176</u>	<u>(6,708,836)</u>	<u>14,318,274</u>	<u>7,613,614</u>

The notes form part of these financial statements

**FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)**

**STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

		Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
<b>Cash flows from operating activities</b>			
Cash generated from operations	1	(3,199,786)	(1,417,160)
Taxation received		<u>150,000</u>	<u>437,884</u>
Net cash from operating activities		<u>(3,049,786)</u>	<u>(979,276)</u>
<b>Cash flows from investing activities</b>			
Purchase of intangible fixed assets		(1,421,453)	(1,113,644)
Purchase of tangible fixed assets		(57,725)	(209,370)
Interest received		<u>741</u>	<u>1,339</u>
Net cash from investing activities		<u>(1,478,437)</u>	<u>(1,321,675)</u>
<b>Cash flows from financing activities</b>			
Issue of ordinary shares		1,550	6
Premium on issue of ordinary shares		3,771,114	38,367
Advance share subscriptions received		<u>615,000</u>	<u>250,000</u>
Net cash from financing activities		<u>4,387,664</u>	<u>288,373</u>
<b>Decrease in cash and cash equivalents</b>		<b>(140,559)</b>	<b>(2,012,578)</b>
<b>Cash and cash equivalents at start of period</b>	<b>2</b>	<u><b>300,863</b></u>	<u><b>2,313,441</b></u>
<b>Cash and cash equivalents at end of period</b>	<b>2</b>	<u><u><b>160,304</b></u></u>	<u><u><b>300,863</b></u></u>

The notes form part of these financial statements

**FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)**

**NOTES TO THE STATEMENT OF CASH FLOWS  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

<b>1. RECONCILIATION OF LOSS BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS</b>		
	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
Loss before income tax	(2,894,317)	(4,457,712)
Amortisation and depreciation charges	529,362	179,354
Share based payment non-cash charge	136,548	3,694
Finance income	(741)	(1,339)
Finance costs	<u>205,934</u>	<u>3,792,929</u>
	(2,023,214)	(483,074)
Decrease/(increase) in inventories	44,088	(466,907)
Decrease/(increase) in trade and other receivables	(1,796,740)	(204,730)
Increase/(decrease) in trade and other payables	<u>576,080</u>	<u>(262,449)</u>
<b>Cash generated from operations</b>	<u><b>(3,199,786)</b></u>	<u><b>(1,417,160)</b></u>

**2. CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Statement of Cash Flows in respect of cash and cash equivalents are in respect of these Statement of Financial Position amounts:

**Period ended 31 December 2016**

	31/12/16 £	1/10/15 £
Cash and cash equivalents	<u>160,304</u>	<u>300,863</u>

**Period ended 30 September 2015**

	30/9/15 £	1/1/15 £
Cash and cash equivalents	<u>300,863</u>	<u>2,313,441</u>

The notes form part of these financial statements

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

1. ACCOUNTING POLICIES

**General information**

The company is registered and domiciled in United Kingdom and is limited by shares. Its registered office and principal place of business is located at Unit 2 Douglas Court, Seymour Business Park, Station Road, Chinnor, Oxfordshire, OX39 4HA.

**Basis of preparation**

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention except for share based payments which are measured at fair value.

These financial statements present information about the company as a separate entity and not the group.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies selected for use by the company. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed on page 11. Use of available information and application of judgement are inherent in the formation of estimates. Actual outcomes in the future could differ from such estimates.

**Change in reporting date**

These financial statements are presented for the 15 month period ended 31 December 2016, whereas the comparative information is presented for the 9 month period ended 30 September 2015. As such, amounts and information presented in these financial statements are not entirely comparable.

**Going concern**

The directors have considered in detail the company's financial forecasts for the next twelve months. Whilst the directors cannot predict the future trading and working capital requirements with certainty, they consider that the company will be able to generate sufficient funding from its trading and financing activities to continue to be able to support its working capital requirements.

The directors consider that in preparing these financial statements, they have taken into account all information that could reasonably be expected to be available. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis. The financial statements do not include any adjustments that would arise if the company were unable to continue as a going concern.

**New and revised accounting standards applied for the first time**

During the period, the company has adopted the following amended standard:

Annual Improvements to IFRSs 2010-2012 Cycle

There has been no material impact on either amounts reported or disclosures in the financial statements arising from first time adoption.

**Adopted IFRSs not yet applied**

The following adopted IFRSs were available for early application but have not been applied by the company in these financial statements:

Pronouncement

Effective date

Annual improvements to IFRSs 2012-2014 cycle

Accounting periods commencing on or after 1 January 2016.

The Directors anticipate that the above standard will be adopted in the company's financial statements for the period commencing 1 January 2017 and that its adoption will have no material impact on the financial statements of the company.

IFRS 16 was issued in January 2016 to replace IAS 17 for accounting periods commencing on or after 1 January 2019 and will require the company's operating lease obligations to be reflected on the balance sheet with a corresponding asset reflecting the right to use the underlying asset. The Directors do not expect adoption of this standard will have a material impact on the financial statements of the company.

There are also other standards and amendments in issue but these are not considered to be relevant to the company.

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

1. ACCOUNTING POLICIES - continued

**Significant accounting judgements, estimates and assumptions**

The preparation of the company's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenue, expenses, assets and liabilities at the reporting date.

The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities in future periods are as follows:

*(i) Ability of the company to continue as a going concern*

Management consider the company will be able to generate sufficient funding from its trading and financing activities to be able to support its working capital requirements for the next twelve months. This assumption is based on management's projected financial position and performance.

*(ii) Revenue recognition*

Revenue from the rendering of services is recognised based on the stage of completion which is determined based on the value of work completed in proportion to the total contract value.

*(iii) Fair value of share options granted*

The fair value of financial instruments that are not traded in an active market (e.g. share options granted to employees) is determined by using valuation techniques. Management uses its judgement to make assumptions and estimates, as disclosed in note 25, that are mainly based on market conditions existing at the date of grant.

The critical estimate used in determining the fair value of the share options granted is management's estimate of the market value of ordinary shares at the date of grant, and an assumption that 50% (2015: 50%) of share options granted will vest.

*(iv) Measurement of deferred tax assets and liabilities*

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, or in the period unutilised tax losses are expected to be utilised. At the reporting date, deferred tax assets and liabilities have been calculated based on the 17% rate of corporation tax in the UK enacted for the year commencing 1 April 2020 (2015: 20%).

*(v) Deferred tax asset on share based payment transactions*

The deferred tax asset representing the expected future tax deduction in respect of share based payment transactions has been calculated based on the intrinsic value of share options granted. In determining the intrinsic value, management has estimated the market value of ordinary shares at the reporting date, and assumed that none (2015: 50%) of the share options granted will be exercised.

*(vi) Deferred tax asset on unutilised tax losses*

A deferred tax asset has been recognised to the extent that it is probable that future taxable profits will be available against which the unused tax losses can be utilised. The probability of future taxable profits arising was assessed by management based on projected financial performance.

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

1. ACCOUNTING POLICIES - continued

**Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the assets to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

Depreciation is charged to the income statement over the estimated useful lives of each part of an item of property, plant and equipment. The Directors reassess the residual value estimates on an annual basis. The estimated useful lives are as follows:

Short leasehold property and improvements	- over the life of the lease (4 years);
Plant and machinery	- 25% straight line
Fixtures and fittings	- 25% straight line

**Intangible assets and goodwill**

Intangible assets that are acquired by the company are stated at cost less accumulated amortisation and impairment losses.

Amortisation is charged to the income statement on a straight-line basis over the estimated useful lives of intangible assets from the date they are available for use. The estimated useful lives are as follows:

Intellectual property	- 20 years
Development costs	- 10 years
Patent costs	- 20 years

**Inventories**

Inventories are valued at the lower of cost and net realisable value. The cost of inventories is calculated on a weighted average cost basis.

**Trade receivables**

Trade receivables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method, less provision for impairment. Trade receivables are reduced by appropriate allowances for estimated irrecoverable amounts.

**Cash and cash equivalents**

Cash and cash equivalents comprise bank deposits and cash balances.

**Trade payables**

Trade payables are initially measured at fair value and subsequently measured at amortised cost using the effective interest rate method.

**Financial instruments**

Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the financial instrument and are measured initially at fair value adjusted by transaction costs, except for those carried at fair value through profit or loss which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified as loans and receivables.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment.

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES - continued**

**Financial instruments - continued**

Discounting is omitted where the effect of discounting is immaterial. Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default. Receivables that are not considered to be individually impaired are reviewed for impairment in groups, which are determined by reference to shared credit risk characteristics. The impairment loss estimate is then based on recent historical counterparty default rates for each identified group.

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

All income and expenses relating to financial assets that are recognised in profit or loss are presented within finance costs, finance income or other financial items, except for impairment of trade receivables which is presented within administrative expenses.

Classification and subsequent measurement of financial liabilities

The company's financial liabilities include trade and other payables and financial instruments. Financial liabilities are measured subsequently at amortised cost using the effective interest method, except for preference shares.

In the prior period, the company has departed from the requirement of IAS 39 to subsequently measure its preference shares liability at amortised cost on the basis that use of the effective interest method would not fairly reflect the substance of arrangements. The preference shares liability has instead been discounted at a rate of 5%, representing a commercial rate of return on similar debt financing. Management consider that this departure is required in order to present fairly the entity's financial position, financial performance and cash flows.

All interest-related charges relating to financial liabilities are reported in profit or loss and are included within finance costs.

**Financial risk management**

The company has exposure to the following risks from its use of financial instruments:

- Liquidity risk
- Foreign currency risk
- Credit risk
- Capital risk

The board of directors has overall responsibility for the establishment and oversight of the company's risk management framework. There have been no changes to the company's exposure to risk or the methods used to measure and manage these risks during the period. Management regularly monitors compliance with the company's risk management policies and procedures, and reviews the adequacy of the risk management framework regarding the risks faced by the company.

Liquidity risk management

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate working capital is maintained.

Foreign currency risk management

The company has a number of transactions with suppliers that are denominated in foreign currencies. Currency exposure arising from these transactions is managed through the use of funds denominated in the relevant foreign currencies.

Credit risk management

The only potential area of credit risk relates to trade receivables. The company has no significant concentration of credit risk, with exposure spread over a large number of customers. The financial position of its customers is reviewed on an ongoing basis.

Capital risk management

The company manages its capital to ensure that activities of the entity will be able to continue as a going concern whilst maximising returns for shareholders through the optimisation of debt and equity financing.

**Impairment (excluding deferred tax assets)**

The carrying amounts of the company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated and compared to its carrying value. An impairment loss is immediately recognised in profit or loss when the carrying amount exceeds its recoverable amount.

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

1. ACCOUNTING POLICIES - continued

**Employee benefits**

Defined contribution plans

Obligations for contributions to defined contribution pension plans are recognised as an expense in the statement of profit or loss in the period in which the employees rendered the services entitling them to the benefits.

Short term benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A provision is recognised for the amount expected to be paid under short-term cash bonus or profit-sharing plans if the company has a present legal or constructive obligation to pay this amount as a result of past service provided by the employees and the obligation can be estimated reliably.

**Provisions**

A provision is recognised in the statement of financial position when the company has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected, risk adjusted, future cash flows at a pre-tax risk-free rate.

**Revenue**

Revenue is recognised on the following basis:

Sale of products and services

Revenue in respect of the sale of goods and services is recognised when the group obtains a right to consideration, which on sale of products generally arises once the products have been delivered, and which on sale of services generally arise based on the stage of completion. Revenue is recognised net of sales taxes and trade discounts.

Consultancy income

Consultancy income is recognised in accordance with the terms of the relevant contracts.

Management fee income

Management fee income is recognised in the period to which it relates.

Grant income

Grant income is recognised in the period it is receivable. Grant income is recognised only when there is reasonable assurance that the company will comply with any conditions attached to the grant and that the grant will be received.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and the effective interest rate applicable.

**Foreign currencies**

The company has a functional and presentational currency of Pound Sterling (GBP).

Transactions in currencies other than GBP are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date.

Foreign currency differences arising on retranslation are recognised in the income statement.

**Expenses**

**Research and development costs**

Expenditure on research is written off in the year in which it is incurred.

Costs for new or principally improved products or processes are reported as an asset in the statement of financial position only if the product or process is technically and commercial realisable and the company has sufficient resources to complete development. Capitalisation takes place when a new product or functionality is developed and includes the cost of materials and direct work. Capitalised development costs are reported at acquisition cost minus accumulated amortisation and impairment losses.

Amortisation is calculated on a straight line basis over the estimated life of the product developed, being 10 years.



**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

**1. ACCOUNTING POLICIES - continued**

**Financing costs**

Financing costs, comprising interest payable on borrowings, the unwinding of the discount on provisions and the costs incurred in connection with the arrangement of borrowings are recognised in the statement of profit or loss using the effective interest rate method.

Interest income and interest payable is recognised in profit or loss as it accrues, using the effective interest method.

**Share based payments**

The company has issued share options to certain employees. These are measured at fair value and recognised as an expense in the income statement with a corresponding increase in equity. The fair value of the options are estimated at the date of grant using the Black-Scholes option pricing model. The fair value is charged as an expense in the income statement over the vesting period. The charge is adjusted each year to reflect the expected and actual level of vesting.

**Operating leases**

Payments made under operating leases are recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives received are recognised in the income statement as an integral part of the total lease expense.

**Taxation**

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

The charge for current tax is based on the result for the year adjusted for items which are non-assessable or disallowed. It is calculated using tax rates that have been enacted or substantively enacted by the reporting date.

Deferred tax is the tax expected to be payable or recoverable on timing differences between taxable profits and the total comprehensive income as reported in the financial statements.

Deferred tax liabilities are recognised for all timing differences and deferred tax assets are recognised to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits will be available against which timing differences can be utilised.

Deferred tax is calculated at the tax rates that been enacted, or substantively enacted by the reporting date, and are expected to apply in the period when the liability is settled or the asset realised. For land and revalued investment property deferred tax is calculated on the presumption that recovery is through sale.

The carrying amounts of deferred tax assets are reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the company intends to settle its current tax assets and liabilities on a net basis.

**FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

**2. TURNOVER**

An analysis of turnover is provided below.

	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
<b>By revenue stream</b>		
Sale of products	507,361	1,231,035
Consultancy income	219,533	151,305
Management fee income	207,303	225,000
Grant income	<u>467,277</u>	<u>50,000</u>
	<u>1,401,474</u>	<u>1,657,340</u>

**3. EMPLOYEES AND DIRECTORS**

	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
Wages and salaries	2,122,885	958,616
Social security costs	238,422	107,813
Pension costs	76,952	32,778
Share based payments	<u>136,548</u>	<u>3,694</u>
	<u>2,574,807</u>	<u>1,102,901</u>

Included above are wages and salaries of £935,499 (2015: £586,258), social security costs of £108,919 (2015: £71,954) and pension costs of £41,948 (2015: £nil) which have been capitalised as development costs.

The average monthly number of employees during the period was as follows:

Management, admin and development staff	<u>34</u>	<u>26</u>
<b>Directors' remuneration</b>	£	£
Emoluments etc	333,123	200,813
Pension costs	<u>16,734</u>	<u>10,041</u>
	<u>349,857</u>	<u>210,854</u>

Included above are emoluments of £101,715 (2015: £61,031) and pension costs of £5,086 (2015: £nil) which have been capitalised as development costs.

During the period, the directors were not granted any share options (2015: nil).

The number of directors to whom retirement benefits were accruing was 2 (2015: 2).

<b>Highest paid director</b>	£	£
Emoluments etc	201,873	122,063
Pension costs	<u>10,172</u>	<u>6,103</u>
	<u>212,045</u>	<u>128,166</u>

During the period, the highest paid director was not granted any share options (2015: nil).

**FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

**4. EXCEPTIONAL ITEMS**

Costs of £424,805 (2015: £nil) were incurred during the period in relation to a discontinued Initial Public Offering. These include legal, professional and audit fees. These costs are exceptional by virtue of their size and nature, and have been classified accordingly in these financials statements.

**5. FINANCE INCOME**

	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
Other Interest	<u>741</u>	<u>1,339</u>

**FINANCE COSTS**

Finance cost associated with preference shares	<u>205,934</u>	<u>3,792,929</u>
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**6. LOSS BEFORE INCOME TAX**

The loss before income tax is stated after charging:

	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
Cost of inventories recognised as expense	451,737	701,135
Depreciation - owned assets	123,164	49,408
Amortisation	406,195	129,946
Auditors' remuneration	35,686	26,513
Foreign exchange differences	(558,265)	(20,618)
Share based payments	136,548	3,694
Finance cost associated with preference shares	205,934	3,792,929
Exceptional items	<u>424,805</u>	<u>-</u>

**7. INCOME TAX**

	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
Current tax:		
UK Corporation tax	(320,475)	(303,019)
UK Corporation tax – adjustment to prior year	83,035	-
Deferred tax	<u>151,270</u>	<u>405,355</u>
Total tax charge/(credit) in income statement	<u>(86,170)</u>	<u>102,336</u>

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

7. INCOME TAX - continued

The tax credit recognised in the income statement reflects £320,475 (2015: £303,019) of tax recoverable from qualifying research and development expenditure incurred during the period and an adjustment of £83,035 (2015: £nil) in respect of a prior period overprovision. The deferred tax credit represents movements in assets of £35,251 (2015: £175,982) relating to tax recoverable from unutilised trading losses carried forward to future periods and £172,188 (2015: £5,995) of temporary timing differences in relation to deferred tax on share based payments. Movements in liabilities were due to £19,924 (2015: £58,664) of temporary timing differences in relation to accelerated capital allowances, £80,835 (2015: £523,411) of temporary timing differences in relation to capitalised development costs, and £22,951 (2015: £nil) of temporary timing differences in relation to capitalised patent costs.

**Factors affecting the tax income**

The tax assessed for the period is higher (2015 – higher) than the standard rate of corporation tax in the UK. The difference is explained below:

	£	£
Loss on ordinary activities before income tax	(2,894,317)	(4,457,712)
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015: 20%)	(578,863)	(891,542)
Effects of:		
Expenses not allowed for tax	248,691	785,594
Capital allowances in excess of depreciation	13,088	26,672
Restriction on R&D tax credit	(415,919)	(341,060)
Timing difference on share based payments	(28,466)	(739)
Timing difference on development costs capitalised	592,264	523,411
Adjustment to prior year tax	83,035	-
	<u>(86,170)</u>	<u>102,336</u>

8. INTANGIBLE ASSETS

	Intellectual property £	Development costs £	Patents £	Totals £
<b>COST</b>				
At 1 October 2015	123,332	2,740,602	58,276	2,922,210
Additions	<u>4,801</u>	<u>1,330,288</u>	<u>86,364</u>	<u>1,421,453</u>
At 31 December 2016	<u>128,133</u>	<u>4,070,890</u>	<u>144,640</u>	<u>4,343,663</u>
<b>AMORTISATION</b>				
At 1 October 2015	11,613	123,546	3,321	138,480
Amortisation for period	<u>6,926</u>	<u>392,953</u>	<u>6,316</u>	<u>406,195</u>
At 31 December 2016	<u>18,539</u>	<u>516,499</u>	<u>9,637</u>	<u>544,675</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>109,594</u>	<u>3,554,391</u>	<u>135,003</u>	<u>3,798,988</u>

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

8. INTANGIBLE ASSETS - continued

	Intellectual property £	Development costs £	Patents £	Totals £
<b>COST</b>				
At 1 January 2015	123,332	1,647,281	37,953	1,808,566
Additions	-	1,093,321	20,323	1,113,644
At 30 September 2015	<u>123,332</u>	<u>2,740,602</u>	<u>58,276</u>	<u>2,922,210</u>
<b>AMORTISATION</b>				
At 1 January 2015	6,636	-	1,898	8,534
Amortisation for period	4,977	123,546	1,423	129,946
At 30 September 2015	<u>11,613</u>	<u>123,546</u>	<u>3,321</u>	<u>138,480</u>
<b>NET BOOK VALUE</b>				
At 30 September 2015	<u>111,719</u>	<u>2,617,056</u>	<u>54,955</u>	<u>2,783,730</u>

9. PROPERTY, PLANT AND EQUIPMENT

	Short leasehold & improvements £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1 October 2015	68,775	269,884	19,917	358,576
Additions	5,923	50,137	1,665	57,725
At 31 December 2016	<u>74,698</u>	<u>320,021</u>	<u>21,582</u>	<u>416,301</u>
<b>DEPRECIATION</b>				
At 1 October 2015	13,745	46,757	4,752	65,254
Charge for period	22,841	93,752	6,571	123,164
At 31 December 2016	<u>36,586</u>	<u>140,509</u>	<u>11,323</u>	<u>188,418</u>
<b>NET BOOK VALUE</b>				
At 31 December 2016	<u>38,112</u>	<u>179,512</u>	<u>10,259</u>	<u>227,883</u>

	Short leasehold & improvements £	Plant and machinery £	Fixtures and fittings £	Totals £
<b>COST</b>				
At 1 January 2015	42,363	93,612	13,231	149,206
Additions	26,412	176,272	6,686	209,370
At 30 September 2015	<u>68,775</u>	<u>269,884</u>	<u>19,917</u>	<u>358,576</u>
<b>DEPRECIATION</b>				
At 1 January 2015	2,773	11,828	1,245	15,846
Charge for period	10,972	34,929	3,507	49,408
At 30 September 2015	<u>13,745</u>	<u>46,757</u>	<u>4,752</u>	<u>65,254</u>
<b>NET BOOK VALUE</b>				
At 30 September 2015	<u>55,030</u>	<u>223,127</u>	<u>15,165</u>	<u>293,322</u>

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

10. INVESTMENTS

	Shares in group undertakings £
<b>COST</b>	
At 1 October 2015	605
Additions	5,784
	<u>          </u>
At 31 December 2016	<u>6,389</u>
<b>NET BOOK VALUE</b>	
At 31 December 2016	<u>6,389</u>
 <b>COST</b>	
At 1 January 2015	<u>605</u>
At 30 September 2015	<u>605</u>
<b>NET BOOK VALUE</b>	
At 30 September 2015	<u>605</u>

The company's investment at the Statement of Financial Position date is in the share capital of:

**Fuel 3D, Inc.**

Country of incorporation: United States  
Class of shares: Ordinary

Nature of business: Sale of 3D technological products  
Holding: 100%

	31.12.16 £	30.9.15 £
Aggregate capital and reserves	(1,622,184)	(1,412,660)
Loss for the period	<u>1,165,923</u>	<u>710,713</u>

11. INVENTORIES

	31.12.16 £	30.9.15 £
Raw materials	280,382	148,853
Finished goods	<u>301,366</u>	<u>476,983</u>
	<u>581,748</u>	<u>625,836</u>

12. TRADE AND OTHER RECEIVABLES

	31.12.16 £	30.9.15 £
Current:		
Trade receivables	5,296	30,190
Other debtors	3,265	260,876
VAT	24,068	14,580
Prepayments and accrued income	<u>239,022</u>	<u>58,456</u>
	<u>271,651</u>	<u>364,102</u>

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

12. TRADE AND OTHER RECEIVABLES – continued

	31.12.16	30.9.15
Non-current	£	£
Amounts owed by group undertakings	<u>3,369,968</u>	<u>1,480,777</u>

13. CASH AND CASH EQUIVALENTS

	31.12.16	30.9.15
	£	£
Cash in hand	247	435
Bank accounts	<u>160,057</u>	<u>300,428</u>
	<u>160,304</u>	<u>300,863</u>

Included in cash and cash equivalents are bank balances of £20,019 (2015: £20,014) secured against the liabilities of the company.

14. SHARE CAPITAL

Number:	Class:	Nominal value:	31.12.16	30.9.15
			£	£
40,024,496	Ordinary shares – allotted and issued	£0.0001	4,002	2,582
1,742,210	Ordinary shares – to be issued	£0.0001	<u>174</u>	<u>44</u>
			<u>4,176</u>	<u>2,626</u>

During the period, the company issued 7,089,997 Ordinary shares of £0.0001 each for a total consideration of £4,017,665 and 6,672,795 Ordinary shares of £0.0001 each were issued as part settlement of the preference shares liability. At 31 December 2016 the company also had a contractual obligation to issue a further 1,742,210 Ordinary shares of £0.0001 each in relation to advance share subscriptions of £615,000 received during the period.

Each ordinary share entitles its holder to one vote at general meetings of the company and dividends are distributed between ordinary shareholders on a pro-rata basis. On a winding up of the company, holders will be entitled to a maximum sum of £50million pro-rata to their holding of ordinary shares.

15. RESERVES

	Retained earnings	Share premium	Totals
	£	£	£
At 1 October 2015	(4,252,993)	6,282,160	2,029,167
Issue of share capital	-	7,771,288	7,771,288
Shares to be issued	-	614,826	614,826
Total comprehensive income	(2,805,843)	-	(2,805,843)
Capital reduction	350,000	(350,000)	-
	<u>(6,708,836)</u>	<u>14,318,274</u>	<u>7,609,438</u>

16. TRADE AND OTHER PAYABLES

	31.12.16	30.9.15
	£	£
Current:		
Trade creditors	563,427	98,037
Social security and other taxes	64,404	54,684
Other creditors	17,280	25,214
Accruals and deferred income	<u>198,805</u>	<u>89,901</u>
	<u>843,916</u>	<u>267,836</u>

**FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

**17. FINANCIAL LIABILITIES**

	31.12.16	30.9.15
	£	£
Non-current:		
Preference shares	<u>-</u>	<u>3,794,066</u>

The preference shares were redeemed by the company during the period.

The liability was expected to be settled in cash during February 2016 and a discount rate of 5% was applied to this liability on initial recognition at 30 September 2015.

Instead, the liability was extinguished through a cash settlement of £245,000 and an issue of ordinary shares with a market value of £3,755,000.

Details of shares shown as liabilities are as follows:

Allotted and issued:			31.12.16	30.9.15
Number:	Class:	Nominal value:	£	£
591,104	X Preference shares	£0.00 1	-	591
355,545	Y Preference shares	£0.00 1	-	356
190,771	Z Preference shares	£0.00 1	<u>-</u>	<u>191</u>
			<u>-</u>	<u>1,138</u>

**18. LEASING AGREEMENTS**

Minimum lease payments under non-cancellable operating leases fall due as follows:

	31.12.16	30.9.15
	£	£
Within one year	19,334	41,028
Between one and five years	<u>-</u>	<u>70,815</u>
	<u>19,334</u>	<u>111,843</u>

Operating lease commitments relate to rental of land and buildings which is due for renewal in June 2017.

**19. DEFERRED TAX LIABILITY**

	31.12.16	30.9.15
	£	£
Balance at beginning of the period	58,559	(353,529)
Movement in the period	<u>291,301</u>	<u>412,088</u>
Balance at end of the period	<u>349,860</u>	<u>58,559</u>



**FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)**

**NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016**

**19. DEFERRED TAX LIABILITY – continued**

The balance at 31 December 2016 represents deferred tax assets of £316,077 (2015: £523,516) and deferred tax liabilities of £665,937 (2015: £582,075).

The deferred tax assets recognised relate to timing differences arising from share based payment transactions of £nil (2015: £172,188) and unutilised trading losses carried forward to future periods of £316,077 (2015: £351,328).

The deferred tax liabilities recognised relate to timing differences from accelerated capital allowances of £38,740 (2015: £58,664), timing differences on capitalised development costs of £604,246 (2015: £523,411) and timing differences on capitalised patent costs of £22,951 (2015: £nil).

**20. PENSION COMMITMENTS**

The pension cost charge for the period amounted to £76,952 (2015: £32,778).

Contributions outstanding at the reporting date amounted to £11,086 (2015: £8,782).

**21. ULTIMATE CONTROLLING PARTY**

The company has no controlling party.

**22. RELATED PARTY DISCLOSURES**

The emoluments of the directors, who are considered key management personnel, are disclosed in note 3.

During the period, advance subscription payments totalling £490,000 were received from B Gill, M Jaffray and M Luzich, directors, for the future issue of ordinary shares. At 31 December 2016, the company was liable to issue ordinary shares with a total market value of £490,000 (2015: £250,000) to these directors.

During the period, the company made sales of £151,253 (2015: £599,484) to Fuel 3D Inc, a subsidiary. The company also provided interest free loans amounting to £1,021,321 (2015: £135,782) and charged management fees of £207,303 (2015: £225,000).

At 31 December 2016, the net amount owed to the company by Fuel 3D Inc was £3,369,968 (2015: £1,480,777).

**23. CONTINGENT LIABILITIES**

The company has reserved 3,966,581 ordinary shares for issue to employees under share option plans, subject to vesting conditions being satisfied. The terms of these share option plans are disclosed in note 25. At 31 December 2016, none of these share options had been exercised.

**24. POST BALANCE SHEET EVENTS**

**(i) Issue of ordinary shares**

Between 1 January 2017 and 30 April 2017, the company issued 21,760,623 ordinary shares of £0.0001 each to existing shareholders for a total consideration of £7,681,500, and issued a further 1,058,820 ordinary shares of £0.0001 each to employees on exercise of vested share options.

**(ii) Grant of share options**

On 8 February 2017 the company granted options over 397,500 ordinary shares to employees under the share option plans disclosed in note 25.

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

NOTES TO THE FINANCIAL STATEMENTS - continued  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

25. SHARE-BASED PAYMENT TRANSACTIONS

In 2014, the company established an approved Enterprise Management Incentive share option plan, and an unapproved share option plan. During the period the company also established a share option plan for employees of Fuel 3D Inc, a subsidiary.

During the period, the company granted 415,690 share options (2015: 704,704). The estimated fair value of each share option at the date of grant is £0.39280 (2015 options: £0.56640). The estimated fair values were calculated by applying a Black-Scholes option pricing model.

The model inputs were:

	2016 Options	2015 Options	2014 Options
Share price at grant date	£0.56667	£0.56667	£0.10000
Exercise price	£0.20000	£0.00025	£0.00010
Expected volatility	52.71%	52.71%	52.71%
Expected dividend yield	0%	0%	0%
Estimated contractual life	3 years	3 years	3 years
Risk-free interest rate	1.8%	1.8%	1.8%

The expected volatility rate was determined by reference to the historical volatility of a publicly traded company also engaged in the development and sale of 3D products.

50% of the options granted vest on a straight line basis over 3 years, and the remaining 50% vest upon a stock exchange listing or sale of assets. Options granted may be exercised to the extent vested at any time after a stock exchange listing. Recognition of share based payments in these financial statements has been made based on an expectation that 50% (2015: 50%) of the options granted will vest.

Further details of the share options granted are as follows:

	Number of options 2016	Weighted average exercise price 2016 £	Number of options 2015	Weighted average exercise price 2015 £
At beginning of the period	3,881,164	£0.0001	3,176,460	£0.0001
Granted	415,690	£0.2000	704,704	£0.00025
Forfeited	(330,273)	£0.0335	-	-
At end of the period	<u>3,966,581</u>	<u>£0.0183</u>	<u>3,881,164</u>	<u>£0.0001</u>

No share options were exercised in the period.

The unapproved share option plan was modified during the period, the effect of which is immaterial to the share based payments charge and financial statements.

The range of exercise prices of share options outstanding at the end of the period was £0.0001 to £0.20000.

	2016 £	2015 £
Expense arising from share based payment transactions	<u>136,548</u>	<u>3,694</u>

FUEL 3D TECHNOLOGIES LIMITED (REGISTERED NUMBER: 08852503)

STATEMENT OF PROFIT OR LOSS SUMMARIES  
FOR THE PERIOD 1 OCTOBER 2015 TO 31 DECEMBER 2016

	Period 1/10/15 to 31/12/16 £	Period 1/1/15 to 30/9/15 £
<b>Revenue</b>		
Sale of products	507,361	1,231,035
Consultancy income	219,533	151,305
Management fee income	207,303	225,000
Grant income	<u>467,277</u>	<u>50,000</u>
	<b>1,401,474</b>	<b>1,657,340</b>
<b>Cost of sales</b>		
Opening stock	625,836	158,929
Purchases	348,551	1,038,457
Other direct costs	59,098	129,585
Closing stock	<u>(581,748)</u>	<u>(625,836)</u>
	<b>451,737</b>	<b>701,135</b>
<b>Administrative expenses</b>		
Directors' salaries	231,408	139,781
Directors' social security	30,395	17,355
Directors' pension contributions	11,648	10,041
Wages	955,978	232,577
Share based payments	136,548	3,694
Social security	99,108	18,504
Pensions	23,356	22,737
Telephone	43,502	16,113
Printing, postage & stationery	12,350	8,602
Advertising	179,299	130,722
Travelling	189,589	166,668
Entertainment	19,621	3,938
Royalties	36,100	40,709
Staff training	7,455	9,435
Rent	56,702	30,370
Other staff costs	231,009	76,674
Rates and water	18,572	16,093
Light and heat	11,451	3,365
Insurance	38,584	16,761
Premises expenses	14,463	14,091
Sundry expenses	17,316	7,529
Computer costs	60,331	21,548
Accountancy	8,922	4,534
Subscriptions	70,594	27,491
Promotions and exhibitions	15,649	24,146
Legal and professional fees	675,404	364,666
Auditors' remuneration	35,686	26,513
Foreign exchange differences	<u>(558,265)</u>	<u>(20,618)</u>
Amortisation	406,195	129,946
Depreciation	123,164	49,408
Bank charges	<u>11,922</u>	<u>8,934</u>
	<b>3,214,056</b>	<b>1,622,327</b>

This page does not form part of the statutory financial statements