

Maistro Plc (formerly blur Group plc)

The Procurement as a Service Platform

Annual Report and Accounts

For the year ended 31 December 2017

Company number: 08188404

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2017 Highlights

2017 Operational Highlights

1. Revenue materially increased (164%) in the second half of 2017 compared with the first half of 2017
2. Continued progress with targeted Enterprise* accounts driving material improvements in operational gearing
3. Completion of corporate re-brand to Maistro
4. New Board appointed July 2017; and
5. Completed two oversubscribed placings raising \$3.6m post costs.

2017 Financial Highlights

Measure	H1-2017	H2-2017	Total 2017	2016	Year on Year
Revenue	\$0.21m	\$0.56m	\$0.77m	\$0.83m	(8%)
Gross profit/(loss)	\$0.01m	\$0.12m	\$0.13m	\$(0.08)m	271%
Adjusted LBITDA***	\$(1.23)m	\$(1.44)m	\$(2.67)m	\$(3.56)m	25%
Loss for the period	\$(1.86)m	\$(0.94m)	\$(2.80)m	\$(4.25)m	34%
Cash balance at period end	\$0.98m	\$3.3m	\$3.3m	\$2.5m	32%

1. Revenues marginally reduced for the full year owing to disappointing H1 2017 performance.
2. Adjusted LBITDA improved by 25% compared to 2016**
3. Cash burn*** reduced by 12% compared to 2016; administrative costs reduced by 31% compared to 2016; and
4. Increased revenue and projects from Enterprise customers drives material improvement in cash collection.

* Maistro defines the Enterprise as a business with 50 or more employees.

** Adjusted LBITDA is loss before interest, tax, depreciation and amortization, foreign exchange movements and share option costs. LBITDA is a key monitoring tool used by the Board to monitor underlying trading performance while excluding the impact of non-trading items which may, due to one off adjustments, materially impact reported performance. In 2017 this specifically refers to a material share based payment credit generated by the departure of the Board of Directors and subsequent forfeiture of their share options, and foreign exchange movements, which are deemed outside the scope of measuring underlying performance.

*** cash burn is defined as net decrease in cash and cash equivalents before the effect of foreign exchange translation on cash and equivalents (see page 28). Cash burn is a key monitoring tool used by the Board to monitor funding requirements.

Chairman's Statement

The group has undergone a number of changes during the year including a change of the entire Board and a new Chief Executive Officer during the summer. It has been pleasing that despite the wholesale changes in the summer of 2017, the business has grown in both revenues, enterprise customers and gross profit compared to the first half of 2017. The focus of the new Board has been three-fold;

1. To secure the long term financial viability of the business
2. To win new Enterprise customers, and;
3. To drive further innovation in the PaaS (procurement as a service) platform.

In all three areas there has been good progress. Firstly, the two successful placings completed in August 2017 and October 2017 have meant that the business is able to plan longer term to support its customer base. Secondly, Laurence Cook (CEO) and his team have won new business from existing and new customers driving revenue growth in the second half of the year. Finally, the tech team have a strong roadmap of development and enhancements to bring to market during 2018 and beyond to ensure that the platform continues to be cutting edge, delivering competitive advantage to all of its customers.

In 2018 Laurence and his team are planning to build on the good work of H2 2017 driving revenues, GP and innovation for Maistro's existing and new customers.

I look forward to 2018 and beyond with confidence.

David Rowe
Chairman
28 February 2018

Chief Executive Officer's Report

Since the start of 2016 and throughout 2017, Maistro has delivered sequential, quarterly EBITDA and cash burn improvements as the company's internal efficiency grows and our Sales and Marketing teams work with a number of large Enterprise customers. Cash burn has reduced by 12% and Admin costs reduced by 31%.

Maistro posted a positive \$0.13m Gross Profit in 2017 vs a (\$0.08m) loss in 2016 after taking into account a challenging H1. Revenues have declined marginally on 2016 as a result of customer pipeline conversion being delayed early in the year, however revenue in H2 significantly improved with a 164% uplift on H1. This was a result of an increase in repeat business with large corporate customers. This is a continuing trend and we expect new customers to follow the same pattern as we demonstrate the value of the platform and customers reap both the financial and time-savings benefits.

During 2017 the Company was placed on a more secure financial footing, with two successful placings in August and October raising a total of \$3.6m net after costs. This latter funding took place after a review of the business conducted in August 2017 which identified immediate cost saving measures, affirmed the Enterprise customer acquisition strategy and committed to ongoing product development to support the core business proposition. There were also warrants totalling \$2.4m issued as part of the placings which, if exercised, will provide the business with additional working capital to fund further growth. Our net cash at 31st December 2017 stood at \$3.3m.

This stability gives us the platform to build strong relationships with our existing customers and to fill-out the pipeline of new prospects. In 2017 we signed two Master Service Agreements with large multinational Enterprises and since signing the growth in repeat business with both is increasing quarter on quarter.

As part of the business review conducted in August 2017 we concluded that renaming the company Maistro would more accurately reflect the message we are conveying to our customers. A full rebranding exercise was undertaken in Q4 and the new name was released to the market on 8th January 2018. This new branding has been very well received by existing customers, new prospects and industry bodies.

Since taking on the role of CEO in August I am encouraged by the progress we have made. Costs have been reduced to maximise efficiency and more accurately reflect the current requirements of the business. We go into 2018 with a business that is now on a stable footing, a professional and focused team motivated to deliver an exemplary service to our customers and a market opening up to our solution.

I would like to take this opportunity to thank all of our employees, customers, Board members and shareholders for their continued support.

Laurence Cook
Chief Executive Officer
28 February 2018

Strategic Report

Maistro has developed and operates an Enterprise Indirect Spend Management Platform that helps private and public-sector organizations achieve significant cost savings and operational efficiencies in both procuring and managing the supply of goods and services. Maistro, acting as principal, delivers this solution using its proprietary cloud-based software and managed services to create an end-to-end solution that includes sourcing, supplier shortlisting, contract and project management through to payment processing and reporting.

Maistro focuses on Enterprise buyers and suppliers, with national and multi-national entities now engaged on the platform. Maistro also continues its work to increase the number and quality of its supplier base.

A Typical Project

The process starts with a customer submitting their requirements, timeline and budget range using Maistro's 'Brief App'. The requirement is then 'Listed' on the marketplace and relevant suppliers are invited to pitch for the business. At this stage, we say a request has moved to 'Pitching On'.

Maistro's intelligent matching engine efficiently identifies the best supplier pitches using references, ratings, credentials and credit scores. The shortlist is finalized by Maistro's 'Customer Success' team.

Once an approved supplier has been chosen, Maistro's platform produces a digital 'Statement of Work' ('SOW') that forms the contract for the work. At this stage, we determine the order to have 'Kicked Off'.

During the delivery cycle, our project management team, the customer and supplier keep in touch through 'Project Space', our online project management and collaboration system. At agreed milestones, and on project completion, billing and payments are handled by our secure payment gateway.

The Business Model

Maistro derives revenue from both customers and suppliers, acting as principal provider of the services, in the following ways:

1. Licence Fee - customers pay for a licence to access the global Marketplace of pre-vetted suppliers. This allows users to log onto their personalised dashboard where they can place orders, review status tracking, create tasks and manage purchase orders. The user dashboard runs on a browser and is specifically designed to be cloud-based to allow for quick deployment without the need for integration.
2. Buyer Premium Services - comprising additional wraparound support services:
 - a. Maistro Manage Ultra – a dedicated project manager improves the customer experience on the platform and provides a single point of contact to optimize the procurement process and maximize efficiency.
 - b. Maistro Express – shortens the process and timeline to engage a supplier if a project is on a tight deadline.
3. Project revenue - for each project that a supplier delivers Maistro charges the service provider a percentage of the project value.

Strategic Report cont'd

Market Insight

As predicted for this industry, the market is now experiencing a paradigm shift as consumer-led innovation penetrates the corporate world. This is particularly prominent in the world of corporate buying. Enterprise buyers are asking for buying solutions that replicate their consumer experiences. Yet, the hurdles present in their corporate worlds repeatedly distract and slow down the buyers' ability to buy better.

Despite that backdrop, there are an increasing number of early adopters who are not risk averse and are actively seeking and testing technologies that accelerate their corporate buying processes. They recognise that consumer-led innovation is surpassing the conventional, industry-led approaches that once monopolised the market. Historically large corporate industry players and other "stock supplier lists" are increasingly seen as inflexible infrastructures that restrict choice and hinder efficient decision making by customers.

The early-adopter corporate buyers embrace technology and especially like the agile, niche players that can move swiftly to meet their specific business requests. Agility is becoming increasingly powerful as buyers test the market, seeing which procurement suppliers can move swiftly to meet not just procurement's demands, but also the demands of procurement's internal stakeholders.

Cumbersome Enterprise solutions rich with long integration phases are being rapidly replaced with ready-made, niche technologies that replicate the simplicity of what corporate buyers experience in their personal lives. Maistro very effectively plays to the new demand for consumer-like experiences to be reflected in corporate services like procurement.

Enterprise Customers

The second half of 2017 saw large international Enterprises adopting the platform but most importantly increasing their level of repeat business. Master Service Agreements (MSA's) have been signed with two large international corporations. These companies are using the Maistro platform to effectively purchase projects ranging from simple mobile applications to complex product launches. The size of projects – mainly in media and marketing - can range anywhere from £10,000 to £200,000.

Customers choose to use the solution in different ways, from simple express sourcing for a specific tactical project to a full Procurement as a Service (PaaS) solution effectively outsourcing elements of their procurement stack. Maistro's customers all benefit from the fact that the solution is not a simple matching service but provides a managed service that makes the process digital but the service personal. This service element is borne out in recent customer testimonials;

"The beauty is in its simplicity. It is a very simple, yet highly effective proposition. In our case the Marketplace saves us a tremendous amount of time"

Group Trade Marketing & Communication Director, De'Longhi Group

"The team at Maistro guided me through the brief development, shortlisting, selection, and project delivery stages – allowing me to get back to the job I was hired to do"

Communications Director, Newcastle-Under-Lyme Borough Council

"We were excited about the immediately-accessible global pool of vetted suppliers when we chose to work with the Marketplace"

Therese Andersson, Cloud Republic AB

"We were more than happy with Maistro's service and were very impressed by their management of the entire process, from initial sourcing needs through the ongoing delivery"

Senior Coordinator, Cancer Prevention, Canadian Cancer Society

Strategic Report cont'd

Sales and Marketing

As we engage with customers, prospects, industry bodies and the market in general we understand more about the optimum way to work with stakeholders within an Enterprise. It is becoming increasingly clear that once a user tries the solution and gains benefits in speed of delivery, access to innovative suppliers and optimized spend they become an internal evangelist for Maistro's solution and adoption / repeat business follows. In essence, pull is better than push and delivers quicker adoption within an Enterprise. Our experience suggests that many Enterprises that are going through their own transformation due to cost pressures or macro changes in market forces, are more open to innovation and change. Maistro's marketing strategy is therefore to target and work with such Enterprises and provide the sales team with lead generation activities that support quick user adoption.

Our sales team focus their activities on developing new sales opportunities in new Enterprise prospects in addition to targeting repeat business from our existing customer base. Once we have engaged with a carefully selected group of early adopters within an organization to prove the model, the speed and quality of delivery becomes its own sales engine and our Customer Success teams become an effective addition to the sales effort.

Technology Developments

The 2017 Technology Roadmap programme included several enhancements to the platform that improved the user experience for our customers, our suppliers and our internal customer success teams. Key developments include:

- Developing Maistro's AI capabilities
- Process efficiencies and automation
- Enhancements to Maistro's public API's to support ERP integration

In addition, a unified dashboard was rolled out across the entire platform bringing all project-related information into a single place. This allowed several legacy features to be retired and improved the overall maintainability of the codebase. In addition, preparation for the corporate rebrand and the launch of the new public website was carried out in the last quarter of the year

API's

Most large enterprises have an embedded P2P process that typically involves using an ERP system. In order to be less disruptive to these existing processes and corporate behaviours, Maistro has been building out its public API's to be able to align and compliment a customer's existing P2P process:

- The API allows a buyer to raise purchase requests and POs in the way they are accustomed to in their existing ERP system. This purchase request then flows into Maistro's platform where spend category hierarchies mirror those of the customer.
- Custom approval workflows can be created where these fall below the nominal threshold that procurement would typically get involved in, providing the buying manager with more granular spend visibility, control and management.
- Project and billing milestones together with invoicing information can flow back into the customer's ERP system along with spend data for centralised reporting.

Strategic Report cont'd

Tailored User Journeys

On both the customer and supplier side, a set of user journeys was created to allow for more intuitive, easy to navigate customisable experiences.

- There is now the ability to create entities in the platform that are able to cater to varying company structures, be they different divisions, business units, locations, and/or ad-hoc project working groups.
- Customisable spend category hierarchies, approval workflows and messaging and reporting improvements further provide the customer with the benefit to be able to set up and manage a project on the Maistro platform in a very flexible and customisable way.

The new unified dashboard, the workflow realignment and the creation of tailored user journeys for both customers and suppliers together help us accelerate our ability to influence, capture and structure data that is more relevant for Maistro's AI engine.

Workflow Improvements

The workflow for Maistro's delivery function was redesigned to improve the efficiency of processing a project from customer submission and supplier pitch management, through to SOW creation and invoicing. Together with the integration of back office functions, this has delivered a 15% reduction in time to process a project through the platform and achieved further cost savings for customers.

Laurence Cook
Chief Executive Officer
28 February 2018

Principal Risks and Uncertainties

The Board and management regularly review and monitor the key risks involved in running and operating the business. The future success of the group is dependent on the Board's ability to implement its strategy. The model for the future development of the group is reliant on its ability to achieve a critical mass of customers, its ability to derive revenue from these customers by providing excellent technical support, a value-added service, solution delivery and delivering operational gearing. Material risks together with relevant mitigating factors are set out below:

Market Risks

Competition

There may be competition from new entrants to the "procurement as a service" space, some of whom may have greater financial resources.

Maistro believes it continues to hold 'first mover' advantage in its market. It continues to invest in expanding its lead in technology, expertise, and service delivery and believes it has a level of knowledge, expertise and established supplier base which drives competitive advantage.

Operational Risks

Technology

Maistro's performance is dependent on its technology keeping pace with developments in cloud and mobile technology, including volumes of data and growth in applications.

Maistro manages this risk by a commitment to research and development combined with ongoing dialogue with trading partners and sector specialists to ensure that market developments are understood and updates to the platform are made.

Customers

As Maistro acquires the trust and loyalty of larger Enterprise customers, the dynamics of projects that generate revenue continue to evolve, with more complex and longer life cycle projects being submitted to the platform. In addition, the Enterprise customer requires an enhanced level of service and high-quality outcomes for their projects. Added complexity and enhanced service requires employees with requisite skills.

Maistro focuses on the customer experience with dedicated Customer Success and Projects teams making up our Delivery function. Maistro trains its Delivery teams to provide high levels of customer satisfaction. Maistro also offers a range of defined Premium Services to allow the Enterprise customer access to higher levels of project support.

Suppliers

Maintenance and addition of high-quality suppliers able to deliver high value projects over all indirect spend categories is key to growth particularly as Enterprise customers submit larger and more complex projects.

Maistro attracts suppliers by maintaining leading-edge technology and by the quality and volume of potential projects on offer on its platform.

Maistro extensively vets all potential suppliers. External credit ratings and/or reports on customers and other counterparties are also obtained and extensively employed to ensure only high-quality suppliers have access to projects.

Principal Risks and Uncertainties cont'd

Dependence on key management personnel

The performance of Maistro will depend heavily on its ability to retain the services of the Board and key management personnel, and to recruit, motivate and retain further suitably skilled personnel. The loss of service of key individuals may have an adverse effect on the business, operations, customer relationships and results.

The Board will continue to ensure that the management team are appropriately incentivised and there is scope to appropriately incentivise new key personnel where required.

Maistro operates a share option scheme which enables employees to benefit from growth. It also ensures that the management team, staff and shareholders objectives are aligned.

Financial Risks

Liquidity

Liquidity risk is the risk that Maistro may be unable to meet short term financial demands.

The longer sales cycles inherent in entering the Enterprise procurement market contributed to an 8% fall in turnover in 2017 and continued cash burn.

While revenues fell for the year as a whole in 2017, the second half experienced a very significant improvement, with sequential growth of 164% and against this backdrop, the company successfully raised \$3.6m via two placings in 2017 which the Company believes has secured the financial viability of the group into the middle of 2019. There were also warrants totalling \$2.4m issued as part of the placings which, if exercised, will provide the business with additional funds. The group had cash of \$3.3m as at 31 December 2017.

The group has made significant progress during 2017 but further funding will be required in 2019 depending on warrant exercises and trading performance.

Cash forecasts through to 31 December 2018 are based on continued sequential growth in revenues as experienced in the second half of 2017, combined with increased investment in technology development and sales functions. Cash burn excluding the exercise of warrants for 2018 is forecast to be \$2.7m (2017: \$3.2m) and modestly negative in 2019.

As at the date of approval of these financial statements, based on the forecasts covering a period extending beyond 12 months from the date of approval of these financial statements, the directors believe the Company will be able to continue operating for 12 months. In stress testing the assumptions, the directors believe this would continue to be the case if revenues were half those forecast for the year to December 2018. For these reasons, and also based on the board's view that funding will and can be raised in 2019 as set out below, they continue to adopt the going concern basis in preparing the annual financial statements

The directors recognize that building the Enterprise business and making the group sustainably profitable and cash generative is a medium-term goal, and that further funding will be required in 2019. The directors expect this to be sourced from the potential exercise of warrants and new equity funding, but the sources cannot be assured at this point and this indicates the existence of a material uncertainty which may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Principal Risks and Uncertainties cont'd

Credit

Credit risk is the risk that a counterparty fails to discharge an obligation to Maistro.

Maistro is exposed to this risk for various financial instruments, for example by granting receivables to customers.

Maistro continuously monitors customers and other counterparties, identified either individually or by group, and incorporates this information into its credit risk controls.

Maistro's focus on Enterprise customers reduces its exposure to credit risk and where risk is identified for small and medium sized customers, takes cash in advance of projects going onto the platform. External credit ratings and/or reports on customers and other counterparties are also obtained and extensively employed.

Foreign exchange

Maistro is exposed to foreign exchange risk predominantly on its sales and purchases in the USA and the Eurozone.

Maistro manages its foreign exchange exposure on a net basis. To reduce its exposure to movements in foreign exchange rates the group enters into forward currency contracts when appropriate. See note 21 to the consolidated financial statements for further information.

Brexit

The UK economy remains in a period of uncertainty while the ramifications of leaving the EU are worked through. There is a lack of clarity on how any free trade agreements will be negotiated and there continue to be major implications for the Sterling exchange rate and other fiscal levers. At the time of writing we are unclear as to how these factors will impact the UK economy. Maistro is well positioned to manage any uncertainty.

2017 Financial Review

Revenue

Revenue for the year decreased by 8% to \$0.77m (2016: \$0.83m) following a disappointing H1 2017. However, revenue materially improved during the second half of 2017 resulting in revenue growth of 164% compared to H1 2017. This growth was due to improved engagement with Enterprise customers, particularly those located in the UK and Eurozone.

Project revenue declined by 17% to \$0.59m (2016: \$0.72m). 2017 saw a continued decline in SME project revenue as we move away from the SME market. However, improved engagement with Enterprise customers, particularly in H2 2017, has been encouraging. Project revenue grew in H2 2017 by 197% compared to H1 2017.

As in 2016, the overall quality and collectability of Maistro's project revenues significantly improved during the year.

Premium Services revenue increased by 2,628% to \$0.11m (2016: \$0.004m). This increase was driven by services provided to a customer to source a new provider for a complex multi-year contract.

Subscriptions & License fee revenue decreased by 36% to \$0.07m (2016: \$0.11m). This decrease was driven by the strategic review determining certain subscription services were terminated during 2017.

Cancellation fee income (previously Listing fees) declined by 100% to \$nil (2016: \$0.009m). The improvement in the quality of projects from Enterprise customers, supported by a rigorous customer vetting process, drove this decline.

Gross Margin

Maistro includes the cost of Maistro staff directly involved in the delivery of projects from listing to completion, in cost of sales.

Gross profit was \$0.13m in 2017 (2016: loss \$0.08m). The increase has been driven by the increase in Premium Services revenue and a reduction of 49% in staff costs charged to cost of sales to \$0.17m (2016: \$0.33m).

Adjusted LBITDA

The adjusted LBITDA ('Loss before Interest, Tax, Depreciation and Amortization, Foreign Exchange movements and Share Option costs') for the year reduced by 25% to \$2.67m (2016: \$3.56m). This was driven by an overall reduction in headcount and other costs, enabled by the focus on targeted large corporate customers, higher quality transactions and increased automation in Maistro's platform.

Costs

Administrative costs decreased by 31% to \$3.13m (2016: \$4.50m) due to Maistro's increasing ability to improve efficiency with the launch of Maistro 7.0. During 2017 the average number of employees reduced from 37 to 24 with a consequent reduction in staff costs. Share-based payments resulted in a credit of \$0.72m (2016: credit of \$0.21m) due to the forfeiture of options upon cessation of employment of leavers which included the previous Board of Directors.

The credit risk associated with the customers using the marketplace in 2017 resulted in a credit \$0.007m (2016: credit \$0.05m) bad debt provision included in administrative costs. The credit was driven by recovery of previously provided for debts.

Loss after Tax

The loss after tax for the year reduced 34% to \$2.8m (2016: \$4.25m).

Finance income of \$0.004m (2016: \$0.03m) reflects cash balances held on deposit. Taxation includes \$0.2m (2016: \$0.3m) of R&D tax credit.

2017 Financial Review cont'd

Tax Losses

Tax losses for the Group up to the end of December 2017 amount to a total of \$24.43m (2016: \$25.80m), none of which are recognized as a deferred tax asset.

Cash

The cash balance at year end was \$3.3m (31 December 2016: \$2.5m).

Operating cash outflow from operating activities was \$2.27m (2016: \$2.57m). Investments in intangible technology assets totaled \$0.75m (2016: \$0.88m), primarily reflecting the capitalization of internal technology development.

Net cash generated from financing activities was \$3.6m (2016: \$nil) after deducting issue costs of \$0.25m (2016: \$nil).

Trade Receivables

Historically, Maistro had a diverse list of customers, with differing levels of credit risk. There were significant levels of bad debts in respect of small and medium-sized businesses.

With transition to the Enterprise strategy completed, the implementation of a rigorous customer vetting process and a focus on collections, credit risk has been materially mitigated in 2017. This resulted in a release of prior period provisions to Administrative expenses of \$0.08m (2016: credit \$0.05m).

Governance

Board of Directors

David Rowe – Chairman. Appointed 10 July 2017

David Rowe is the CEO of Black Green Capital, a Venture Capital investment company based in London specializing in disruptive digital transformation. Companies in the portfolio include, hydro66.com, sendwyre.com, and message.io. David was CEO and founder of Easynet Group, a UK listed global Enterprise Cloud services business sold to BSKyB in 2006. David subsequently headed up B2B at BSKyB.

Laurence Cook – Chief Executive Officer. Appointed 7 August 2017

Laurence Cook has 25 years' experience in the Information, Communications and Technology industry, successfully bringing disruptive products and services to market while leading global sales, driving product development and defining commercial strategies. Throughout his career, he has consistently instigated double-digit growth year on year across his sales and business development teams across Europe, US, and Asia while holding senior commercial roles in Siemens, Sopra Steria and NTL Broadcast and Telecoms. In addition to his corporate responsibilities, Laurence has held several Board roles within both technology and services.

Richard Croft - Non-executive Director. Appointed 10 July 2017

Richard Croft is a solicitor with more than 20 years' experience of corporate and commercial law. Richard's current directorships include Croft Legal Services Limited, Black Green Capital Limited and Hydro66 UK Limited. His initial career was at GEC and as general counsel for Easynet Group. Richard specializes in TMT and new media commercial law.

Richard Rae - Non-executive Director. Appointed 10 July 2017

Richard Rae qualified as a chartered accountant with KPMG and joined Hoare Govett as an investment analyst in 1987. He spent 22 years working in investment research and equities management, latterly as a Managing Director, responsible for smaller companies, in the Global Equities division of ABN AMRO. Since 2009, he has established himself as an independent management consultant providing corporate advice to both listed and unlisted companies. He is also a director of Aberforth Smaller Companies Trust plc, and Chaarat Gold Holdings Limited.

Preeti Mardia - Non-executive Director. Appointed 10 July 2017

Preeti Mardia has diverse business expertise across Electronics, Telecoms, Aerospace and FMCG sectors. She is a Board Director with ThinFilm Electronics ASA and GFinity Plc. Preeti was Senior Vice President Operations AT idex asa, a leading biometric technology company publicly listed in Norway. Prior to IDEX she was Vice President Operations for Axxcss Wireless UK and Operations Director at Filtronic Plc. She has extensive FMCG experience in manufacturing, product development with Cadbury Schweppes Plc. Preeti has a Masters degree in Management from Ashridge.

Directors' Report

The Directors present their report and the audited financial statements for the year ended 31 December 2017.

Maistro plc was incorporated on 22 August 2012. These financial statements are prepared in compliance with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of the company and its subsidiaries. The parent company financial statements present information about the company as a separate entity and not about its Group.

Dividend

The group's current policy is not to pay dividends. There can be no assurance as to the level of future dividends (if any) that may be paid by the group.

The Board intends to adopt a dividend policy appropriate to the company's financial performance. This will take into account its ability to operate and grow and the need to retain a prudent level of cash resources. Any profits are likely to be retained and used towards the development of the group's activities and business for the foreseeable future.

Directors and Directors' Interests

The Directors who held office during the financial year are set out below, together with their interests in the Ordinary shares of the company according to the register of Directors' interests:

	Interest at 31 December, 2017	Interest at 31 December, 2016
Laurence Cook ¹	-	-
David Rowe ^{2,3}	11,071,429	-
Preeti Mardia ^{2,3}	1,357,142	-
Richard Rae ^{2,3}	5,285,714	-
Richard Croft ^{2,3,4}	1,928,571	-
Philip Letts ⁵	14,179,840	14,179,840
Kara Cardinale ⁶	276,637	-
Timothy Allen ⁷	-	-
Richard Bourne-Arton ^{3,8}	400,330	432,381
David John Sherriff ^{3,6}	414,955	72,600
Roger de Peyrecave ^{3,6}	138,318	-
Robert Wirszytz ^{3,6}	47,700	47,700

1 Appointed 7 August 2017

2 Appointed 10 July 2017

3 Non-Executive Director

4 Company Secretary

5 Resigned 1 August 2017

6 Resigned 10 July 2017

7 Resigned 28 July 2017

8 Resigned 31 January 2017

Directors' Report cont'd

The Directors who held office during the financial year are set out below, together with their interests in warrants attached to the Ordinary shares of the company according to the register of Directors' interests. The Directors received the warrants in the capacity of a shareholder, rather than in the capacity of a director providing services

	2017	2017	2017	2016
	Warrant Rights 1*	Warrant Rights 2*	Total	Total
Laurence Cook ¹	-	-	-	-
David Rowe ^{2,3}	2,142,857	1,250,000	3,392,857	-
Preeti Mardia ^{2,3}	214,286	250,000	464,286	-
Richard Rae ^{2,3}	1,071,429	500,000	1,571,429	-
Richard Croft ^{2,3,4}	357,143	250,000	607,143	-
Philip Letts ⁵	-	-	-	-
Kara Cardinale ⁶	69,159	-	69,159	-
Timothy Allen ⁷	-	-	-	-
Richard Bourne-Arton ^{3,8}	-	-	-	-
David John Sherriff ^{3,6}	103,739	-	103,739	-
Roger de Peyrecave ^{3,6}	34,580	-	34,580	-
Robert Wirszyycz ^{3,6}	-	-	-	-
Total	3,993,193	2,250,000	6,243,193	-

* See note 15 for specific terms

1 Appointed 7 August 2017

2 Appointed 10 July 2017

3 Non-Executive Director

4 Company Secretary

5 Resigned 1 August 2017

6 Resigned 10 July 2017

7 Resigned 28 July 2017

8 Resigned 31 January 2017

Directors' Report cont'd

The Directors interests in share options of the company were:

	Options at 1 January 2017	Granted	Surrendered	Options at 31 December 2017	Date of Grant	Exercise Price	Earliest Date of Exercise	Latest Date of Exercise
Laurence Cook ¹	375,000	-	375,000	-	-	-	-	-
	-	4,412,785	-	4,412,785	20/09/2017	£0.04375	20/09/2020 ⁹	20/09/2027
	-	562,500	-	562,500	12/12/2017	£0.06500	12/12/2020 ⁹	20/12/2027
David Rowe 2,3,10	-	-	-	-	-	-	-	-
Preeti Mardia ^{2,3}	-	-	-	-	-	-	-	-
Richard Rae ^{2,3}	-	-	-	-	-	-	-	-
Richard Croft 2,3,4	-	-	-	-	-	-	-	-
Philip Letts ⁵	30,000	-	30,000	-	-	-	-	-
	500,000	-	500,000	-	-	-	-	-
Kara Cardinale ⁶	375,000	-	375,000	-	-	-	-	-
	25,000	-	25,000	-	-	-	-	-
	125,000	-	125,000	-	-	-	-	-
Timothy Allen ⁷	400,000	-	400,000	-	-	-	-	-
	200,000	-	200,000	-	-	-	-	-
Richard Bourne- Arton ^{3,8}	45,000	-	45,000	-	-	-	-	-
	15,000	-	15,000	-	-	-	-	-
David Sherriff ^{3, 6}	15,000	-	15,000	-	-	-	-	-
	15,000	-	15,000	-	-	-	-	-
Roger de Peyrecave ^{3,6}	30,000	-	30,000	-	-	-	-	-
Robert Wirszyocz ^{3,6}	30,000	-	30,000	-	-	-	-	-
Total	2,180,000	4,975,285	2,180,000	4,975,285				

1 Appointed 7 August 2017

2 Appointed 10 July 2017

3 Non-Executive Director

4 Company Secretary

5 Resigned 1 August 2017

6 Resigned 10 July 2017

7 Resigned 28 July 2017

8 Resigned 31 January 2017

9 33.3% vesting at the end of each year for a period of three years.

10 Further to the terms of the August 2017 placing, David Rowe is expected to be granted additional options over Ordinary shares as part of his incentive-based remuneration package. These options have not been granted as at 31 December 2017 and have been excluded from the above table. See note 20 for specific terms in respect of the proposed options.

Directors' Report cont'd

During the year the Directors were awarded a total of 4,975,285 share options (2016: 200,000) at a weighted average exercise price of £0.04615 (2016: £0.15). These options are long-term in nature. No share options were received or receivable in respect of qualifying services under a formal long-term incentive scheme.

No share options were exercised during the year.

Emoluments and compensations in relation to Directors for the period of their office:

	Salary/Fees US\$	Share- based Payments US\$	Bonus US\$	Benefits US\$	2017 US\$	2016 US\$
Laurence Cook (appointed 7 August 2017)	79,811	35,376	42,150	208	157,545	-
David Rowe (appointed 10 July 2017)	31,295	-	-	-	31,295	-
Preeti Mardia (appointed 10 July 2017)	9,386	-	-	-	9,386	-
Richard Rae (appointed 10 July 2017)	9,437	-	-	-	9,437	-
Richard Croft (appointed 10 July 2017)	9,386	-	-	-	9,386	-
Philip Letts (resigned 1 August 2017)	113,433	-	-	285	113,718	332,221
Kara Cardinale (resigned 10 July 2017) ¹	26,797	-	-	-	26,797	116,437
Timothy Allen (resigned 28 July 2017)	89,454	-	-	297	89,751	159,835
Barbara Spurrier (resigned 10 December 2015)	-	-	-	-	-	24,798
Richard Bourne-Arton (resigned 31 January 2017)	1,993	-	-	-	1,993	25,387
David Sherriff (resigned 10 July 2017)	26,006	-	-	-	26,006	56,428
Roger de Peyrecave (resigned 10 July 2017)	17,913	-	-	-	17,913	35,397
Robert Wirszyycz (resigned 10 July 2017)	17,913	-	-	-	17,913	35,397
	432,824	35,376	42,150	790	511,140	785,900

1 These fees were paid to Revviva LLC, a company in which Kara Cardinale has an interest, in relation to her services as a Director.

The number of Directors for whom retirement benefits are accruing under defined contribution schemes amounted to 1 (2016: 2).

Directors' Report cont'd

Substantial Shareholdings

The company has been advised of the following interests in more than 3% of its Ordinary share capital as at 31 December 2017:

	%
Charles Street International	20.6
Philip Letts	8.0
Sigma Broking	6.7
David Rowe	6.3
River and Mercantile Asset Management	6.0
HSBC (James Capel as principal)	5.2
Spreadex	4.7
Stephen Phipps	3.9
Nplus1Singer (as principal)	3.2

Research and Development

The group undertakes development activities which involve enhancement of its trading platform. Development expenditure is capitalized as an intangible asset, only if the development costs can be measured reliably and the platform being built will be completed and will generate future economic benefits in the form of cash flows to the group. Expenditure being capitalized includes internal staff time and cost spent directly on developing the trading platform.

Going Concern

Over the last three years the Company has been changing its business model to focus on large national and multi-national entities ("Enterprise") rather than smaller customers. During 2016 the Company won its first Enterprise customer, with additional Enterprise customers being added throughout 2017. As part of the change, and as expected, the long sales cycles inherent in entering the Enterprise procurement market contributed to an 8% fall in turnover in 2017 and continued cash burn.

While revenues fell for the year as a whole in 2017, the second half experienced a very significant improvement, with sequential growth of 164% and against this backdrop, the company successfully raised \$3.6m via two placings in 2017 which the Company believes has secured the financial viability of the group into the middle of 2019. There were also warrants totalling \$2.4m issued as part of the placings which, if exercised, will provide the business with additional funds. The group had cash of \$3.3m as at 31 December 2017.

Cash forecasts through to 31 December 2018 are based on continued sequential growth in revenues as experienced in the second half of 2017, combined with increased investment in technology development and sales functions. Cash burn excluding the exercise of warrants, for 2018 is forecast to be \$2.7m (2017: \$3.2m) and modestly negative in 2019.

As at the date of approval of these financial statements, based on the forecasts covering a period extending beyond 12 months from the date of approval of these financial statements, the directors believe the Company will be able to continue operating for 12 months. In stress testing the assumptions, the directors believe this would continue to be the case if revenues were half those forecast for the year to December 2018. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements

Directors' Report cont'd

Political Contributions

The group made no political donations or incurred any political expenditure during the year.

The UK Corporate Governance Code

Whilst the company is listed on AIM, it is not required to adopt the provisions of the UK Corporate Governance Code ("the Code"). The Board, however, is committed to the maintenance of high standards of corporate governance and after due consideration has had regard to the principles of the code and applied many, although not all, aspects of the Code as described below. At the end of 2017 the Board of directors comprised one Executive and four Non-executive members. This ensured compliance with the Code, which states that a smaller company should have at least two independent Directors.

The Board normally meets at least six times per year, with ad hoc meetings also being held. The role of the Board is to provide leadership of the group and to set strategic aims but within a framework of prudent and effective controls which enable risk to be managed. The Board has agreed the schedule of matters reserved for its decision that includes ensuring that the necessary financial and human resources are in place to meet its obligations to its shareholders and others. It also approves acquisitions and disposals of businesses, major capital expenditure and annual financial budgets and recommends interim and final dividends. It receives recommendations from the Audit Committee in relation to the appointment of the auditor, its remuneration and the policy relating to non-audit services. The Board agrees the framework for Executive Directors' remuneration with the Remuneration Committee and determines fees paid to Non-executive Directors.

Recommendations for the appointment of new Directors are received from the Nomination Committee. Board papers are circulated before Board meetings in sufficient time to be meaningful. The performance of the Board is evaluated informally on an on-going basis with reference to all aspects of its operation including, but not limited to: the appropriateness of its skill level; the way its meetings are conducted and administered (including the content of those meetings); the effectiveness of the various Committees; whether corporate governance issues are handled in a satisfactory manner; and whether there is a clear strategy and objectives. A new Director, on appointment, is briefed on the activities of the group. Professional induction training is also given as appropriate.

Directors are updated on a frequent and regular basis on the group's business and on issues covering employment, social, ethical, environmental and health and safety matters by means of Board presentations. In the furtherance of his duties or in relation to acts carried out by the Board or the company, each Director has been informed that he is entitled to seek independent professional advice at the expense of the company. The company maintains appropriate cover under a Directors' and Officers' insurance policy in the event of legal action being taken against any Director. Each Director has access to the services of the Company Secretary if required. The Non-executive Directors are considered by the Board to be independent of management and are free to exercise independence of judgement. They have never been employees of the company nor do they participate in the company's bonus arrangements.

Directors' Report cont'd

The Audit Committee

The Audit Committee ('the Committee') is established by and is responsible to the Board. It has written terms of reference which are available at www.maistro.com. Its main responsibilities are:

- to consider and be satisfied with the truth and fairness of the group's financial statements before submission to the Board for approval, ensuring their compliance with the appropriate accounting standards, the law and the Listing Rules of the Financial Conduct Authority;
- to monitor and review the effectiveness of the group's system of internal control;
- to consider areas of accounting judgement;
- to make recommendations to the Board in relation to the appointment of the external auditor and its remuneration, following appointment by the shareholders in general meeting, and to review and be satisfied with the auditor's independence, objectivity and effectiveness on an ongoing basis; and
- to implement the policy relating to any non-audit services performed by the external auditor.

Richard Rae is the Chairman of the Committee. In April 2017, following the resignation of Richard Bourne-Arton, Rob Wirszyycz joined the Committee. In July 2017, following the resignations of Roger de Peyrecave, David Sherriff and Rob Wirszyycz, Richard Rae and Preeti Mardia joined the committee.

The Board considers Richard Rae to have relevant and recent financial experience. The Committee meets with the external auditors, without the Executive Directors being present, at least once a year.

The Committee is authorized by the Board to seek and obtain any information it requires from any officer or employee of the group and to obtain external legal or other independent professional advice as is deemed necessary by it. Meetings of the Committee are held at least three times per year to coincide with the review of the scope and plans for the external audit and the publication of the interim and full year financial statements. The external auditor is invited to attend these meetings to present the results of their work including their views on significant accounting policies and judgements. During the year the Committee considered in particular the judgements relating to going concern, the carrying value of the intangible assets, the investment in and receivable from the subsidiary and, particularly in respect of the introduction of goods to the platform, the appropriateness and application of the revenue recognition policy.

The Committee receives reports from management on the effectiveness of the system of internal controls. It also receives from the external auditor a report of matters arising during the course of the audit that the auditor deems to be of significance for the Committee's attention. The external auditor is required to give the Committee information about policies and processes for maintaining its independence and compliance regarding the rotation of audit partners and staff.

The Committee considers all relationships between the external auditor and the company to ensure that they do not compromise the auditor's judgement or independence particularly with the provision of non-audit services. The performance of the external auditor is reviewed at least annually, normally in the spring.

The Nomination Committee

David Rowe is Chairman of the Committee. In 2017, following Richard Bourne-Arton's resignation, David Sherriff became Chairman. Following David Sherriff's resignation David Rowe became Chairman. Following the resignation of Rob Wirszyycz, Preeti Mardia and Richard Croft joined the committee. The Nomination Committee meets at least once a year, with the Chief Executive Officer in attendance as appropriate. The Nomination Committee considers appointments to the Board.

Directors' Report cont'd

The Remuneration Committee

The Remuneration Committee is chaired by Preeti Mardia. Following the resignation of Richard Bourne-Arton, no replacement was appointed. Following the resignation of Roger de Peyrecave and David Sherriff, Preeti Mardia, David Rowe and Richard Rae joined the committee. The Remuneration Committee meets at least two times a year, with the other Board members in attendance as appropriate. It has written terms of reference. The Remuneration Committee agrees the framework for Executive Directors' remuneration with the board.

Directors are subject to re-election at the Annual General Meeting following their appointment. In addition, at each Annual General Meeting one-third (or the whole number nearest to one-third) of the Directors will retire by rotation.

Internal Controls and Risk Management

The Board is responsible for the group's system of internal controls and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and can only provide reasonable and not absolute assurance against material misstatement or loss. The CEO has overseen a thorough review of internal processes and controls, reporting his findings and recommendations to the Board.

Statement of Disclosure to the Auditors

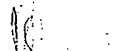
All of the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Group's auditors for the purposes of their audit and to establish that the auditor is aware of that information. The Directors are not aware of any relevant audit information of which the auditor is unaware.

Auditors

In accordance with section 485 of the Companies Act 2006, a resolution to reappoint KPMG LLP as auditor will be put to the forthcoming Annual General Meeting.

David Rowe
Chairman
Maistro plc
3 Kew Court
Pynes Hill
Exeter EX2 5AZ

DocuSigned by


DAVID ROWE

28 February 2018

Statement of Directors' Responsibilities in Respect of the Annual Report and the Financial Statements

The directors are responsible for preparing the Annual Report and the Group and parent Company financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare Group and parent Company financial statements for each financial year. As required by the AIM Rules of the London Stock Exchange they are required to prepare the Group financial statements in accordance with International Financial Reporting Standards as adopted by the EU (IFRSs as adopted by the EU) and applicable law and have elected to prepare the parent Company financial statements on the same basis.

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 Group and parent Company and of their profit or loss for that period. In preparing each of the Group and parent Company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable, relevant and reliable;
- state whether they have been prepared in accordance with IFRSs as adopted by the EU;
- assess the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and
- use the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the parent Company's transactions and disclose with reasonable accuracy at any time the financial position of the parent Company and enable them to ensure that its financial statements comply with the Companies Act 2006. They are responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error, and have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a Strategic Report and a Directors' Report that complies with that law and those regulations.

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.

Independent auditor's report to the members of Maistro plc

1. Our opinion is unmodified

We have audited the financial statements of Maistro Plc ("the Company") for year ended 31 December 2017 which comprise the Consolidated Statement of Total Comprehensive Income, Consolidated Statement of Financial Position, Consolidated Statement in Changes in Equity, Consolidated Statement of Cash flows, Company Statement of Financial Position, Company Statement of Changes in Equity, Company Statement of Cash flows, and the related notes, including the accounting policies in note 1.

In our opinion:

- the financial statements give a true and fair view of the state of the Group's and of the parent Company's affairs as at 31 December and of the Group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs as adopted by the EU);
- the parent Company financial statements have been properly prepared in accordance with IFRSs as adopted by the EU and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities are described below. We have fulfilled our ethical responsibilities under, and are independent of the Group in accordance with, UK ethical requirements including the FRC Ethical Standard as applied to listed entities. We believe that the audit evidence we have obtained is a sufficient and appropriate basis for our opinion.

Overview

Materiality: \$30k (2017: \$35k)
group financial statements as a whole 0.9% (2016: 0.9%) of adjusted expenses

Coverage 100% (2016: 100%) of group profit before tax

Risks of material misstatement		vs 2016
Recurring risks	Going concern	◀▶
	Revenue recognition	◀▶
	Valuation of investments and intercompany asses	◀▶

Independent auditor's report to the members of Maistro plc (continued)

2. Material uncertainty related to going concern

	The risk	Our response
<p>Going concern disclosure</p> <p>We draw attention to note 1 to the financial statements concerning the Group's and the parent company's ability to continue as a going concern. The Group and the parent are reliant on significant future growth in revenue as well as warrants being exercised during 2019 in order to meet their forecast cash flow requirements and continue as a going concern. These conditions, along with the other matters explained in note 1, indicate the existence of a material uncertainty which may cast significant doubt on the Group's and the parent company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group and the parent company were unable to continue as a going concern. Our opinion is not modified in respect of this matter.</p>	<p>Presentation appropriateness</p> <p>Clear and full disclosure of the facts and the directors' rationale for the use of the going concern basis of preparation, including that there is a related material uncertainty, is a key financial statement disclosure. Significant judgement is required in assessing the disclosures. Auditing standards require such matters to be reported as a key audit matter.</p>	<p>Our procedures included:</p> <p>Assessing transparency: Assessing the completeness and accuracy of the matters described in the going concern disclosure for clarity, including that there is a disclosure of a material uncertainty.</p> <p>We read the disclosures in respect of going concern within the financial statements and assessed whether they reflected all relevant facts and circumstances of which we had become aware during our audit work and the requirements of the relevant standard. We assessed whether the disclosure was balanced, understandable and sufficiently prominent, and referred to there being a material uncertainty.</p>

3. Key audit matters: our assessment of risks of material misstatement

Key audit matters are those matters that, in our professional judgment, were of most significance in the audit of the financial statements and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by us, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. Going concern is a significant key audit matter and is described in section 2 above. In arriving at our audit opinion above, the other key audit matters, in decreasing order of audit significance, were as follows (unchanged from 2016):

Independent auditor's report to the members of Maistro plc (continued)

	The risk	Our response
Revenue (\$767k; 2016: \$834k) <i>Refer to page 33 (accounting policies).</i>	2017/2018 sales Revenue is recognised when certain criteria have been met as disclosed in the accounting policy note. Significant judgement is required to determine the period in which revenue should be recorded for on-going projects that span the year-end, particularly those with project milestones or timelines. The risk of revenue being recorded in the incorrect period is heightened by the lack of segregation of duties and weak control environment within the group which increases the risk of management override in order to achieve performance targets at the period end. Accounting treatment: In respect of new contracts significant judgement is required to determine whether the Group is acting as principal or agent in providing services to customers.	Our procedures included: — Test of detail: For material projects entered into in the year we agreed core data including contract value, contract deliverables and contract timelines to source documentation such as an agreed statement of works. — Expectation vs outcome: For the same sample of projects reviewed, we made our own assessment of when revenue should be recognised based on the core data reviewed, and challenged management on any deviation from our assessment; and — Accounting treatment: We critically assessed the conclusions reached by the group in relation to the agent versus principal classification by reviewing new material contracts along side a review of contract terms to challenge conclusions as well as applicability to relevant sections of the accounting standards.
Parent: Recoverability of: parent company's investment in subsidiaries (\$240k; 2016: \$1,267k) debtor balances (\$11,084k; 2016:\$4,072k) intangible assets (\$1,846k; 2016:\$2,117k) <i>Refer to page 33 (accounting policies).</i>	Subjective valuation Maistro UK Limited, the main trading subsidiary, continues to make large losses which indicates a potential risk that the parent company's investment and the Company debtor balances may not be recoverable. The main asset of the Group is the Maistro platform, which is held within intangible assets. Similarly, there is a risk that it may become impaired in the light of the group's ongoing losses.	Our procedures included: — Test of detail: At a Company only level, we have compared the market capitalisation of the group as at 31 December 2017 to the total carrying value of the amounts owed by Maistro UK Limited and investment in Maistro UK Limited. — At a consolidated level we compared the market capitalisation of the group as at 31 December 2017 to the carrying value of group intangibles.

Independent auditor's report to the members of Maistro plc (continued)

4. Our application of materiality and an overview of the scope of our audit

Materiality for the group financial statements as a whole was set at \$30,000 (2016: \$35,000), determined with reference to a benchmark of group expenses (adjusted to exclude non-recurring expenses) of \$3.4m, of which it represents 0.9% (2016: group expenses (adjusted to exclude certain expenses) of \$3.8m, of which it represents 0.9%).

Materiality for the parent company financial statements as a whole was set at \$22,500 (2016: \$35,000), determined with reference to a benchmark of company total assets, but capped at 75% of group materiality (2016: 100%).

We agreed to report to the Audit Committee any corrected or uncorrected identified misstatements exceeding \$1,500 (2016: \$1,750), in addition to other identified misstatements that warranted reporting on qualitative grounds.

The Group audit team audited all 5 (2016: 5) component entities, obtaining 100% coverage from audit procedures performed.

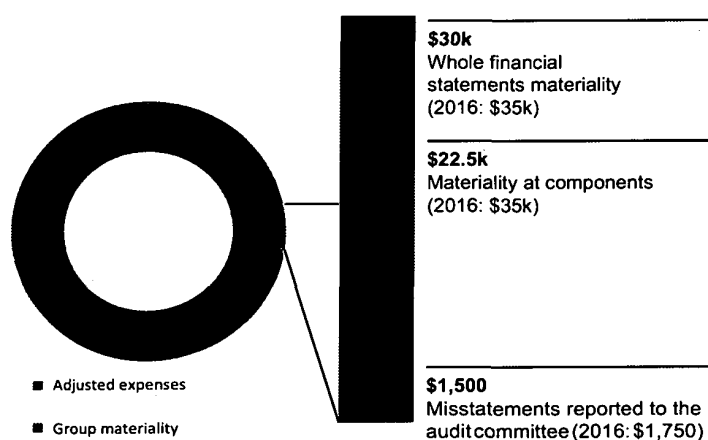
All work was performed at Maistro head office in Exeter.

Adjusted expenses

\$3.4m (2016: \$3.8m)

Group Materiality

\$30k (2016: \$35k)



Independent auditor's report to the members of Maistro plc (continued)

5. We have nothing to report on the other information in the Annual Report

The directors are responsible for the other information presented in the Annual Report together with the financial statements. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except as explicitly stated below, any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether, based on our financial statements audit work, the information therein is materially misstated or inconsistent with the financial statements or our audit knowledge. Based solely on that work we have not identified material misstatements in the other information.

Strategic report and directors' report

Based solely on our work on the other information:

- we have not identified material misstatements in the strategic report and the directors' report;
- in our opinion the information given in those reports for the financial year is consistent with the financial statements; and
- in our opinion those reports have been prepared in accordance with the Companies Act 2006.

6. We have nothing to report on the other matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent Company 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.

We have nothing to report in these respects.

7. Respective responsibilities

Directors' responsibilities

As explained more fully in their statement set out on page 22, the directors are responsible for: the preparation of the financial statements including being satisfied that they give a true and fair view; such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; assessing the Group and parent Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern; and using the going concern basis of accounting unless they either intend to liquidate the Group or the parent Company or to cease operations, or have no realistic alternative but to do so.

Independent auditor's report to the members of Maistro plc (continued)

Auditor's responsibilities

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue our opinion in an auditor's report. Reasonable assurance is a high level of assurance, but does not guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

A fuller description of our responsibilities is provided on the FRC's website at www.frc.org.uk/auditorsresponsibilities.

8. The purpose of our audit work and to whom we owe our responsibilities

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.

Ian Brokenshire



(Senior Statutory Auditor)

for and on behalf of KPMG LLP, Statutory Auditor

Chartered Accountants

Plym House

3 Longbridge Road Plymouth

Devon PL6 8LT

28 February 2018

Consolidated Statement of Total Comprehensive Income
for the year ended 31 December 2017

	Note	2017 US\$	2016 US\$
Revenue	3	766,899	834,176
Cost of sales		(635,043)	(911,093)
Gross profit/(loss)		131,856	(76,917)
Total administrative expenses	4	(3,126,156)	(4,498,873)
Loss from operations		(2,994,300)	(4,575,790)
Finance income	7	4,336	27,183
Finance expense	7	(20)	(914)
Loss before tax		(2,989,984)	(4,549,521)
Tax credit	8	187,225	298,479
Loss for the year attributable to equity holders of the parent Company		(2,802,759)	(4,251,042)

Consolidated Statement of Total Other Comprehensive Income for the year ended 31 December 2017

	2017 US\$	2016 US\$
(Loss) for the year	(2,802,759)	(4,251,042)
Other comprehensive income		
Exchange gains/(losses) arising on the translation of foreign subsidiaries (could subsequently be reclassified to profit and loss)	256,289	(1,147,048)
Total comprehensive losses attributable to equity holders of the parent company	(2,546,470)	(5,398,090)
Basic and diluted loss per share for losses attributable to the owners of the parent during the year	9 (0.03)	(0.09)

The results reflected above relate to continuing activities.

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Financial Position

At 31 December 2017

	Note	2017 US\$	2016 US\$
Non-current assets			
Property, plant and equipment	10	34,095	11,699
Intangible assets	11	1,846,413	2,116,680
Total non-current assets		1,880,508	2,128,379
Current assets			
Trade and other receivables	12	557,497	266,746
Tax receivable		204,790	253,036
Cash and cash equivalents		3,311,440	2,506,292
Total current assets		4,073,727	3,026,074
Total assets		5,954,235	5,154,453
Current liabilities			
Trade and other payables (including derivatives)	13	1,189,996	660,698
Social security and other taxes		77,905	132,389
Loans and borrowings	14	13,493	12,341
Total current liabilities		1,281,394	805,428
Total liabilities		1,281,394	805,428
Net assets		4,672,841	4,349,025
Issued capital and reserves attributable to owners of parents			
Called up share capital	15	2,456,819	769,179
Share premium	15	39,332,988	37,425,856
Equity conversion reserve		8,967	8,967
Merger reserve		1,712,666	1,712,666
Share-based payment reserve	15	240,008	1,267,067
Warrant Reserve	15	414	-
Foreign exchange reserve		(2,861,843)	(3,118,132)
Retained losses		(36,217,178)	(33,716,578)
		4,672,841	4,349,025

The financial statements were approved and authorized for issue by the Board of Directors on 28 February 2018 and were signed on its behalf by:

David Rowe
Chairman

Company Registration Number: 08188404

The accompanying notes are an integral part of these financial statements.

Consolidated Statement of Changes in Equity

for the year ended 31 December 2017

	Called Up Share Capital	Share Premium	Equity Conversion Reserve	Merger Reserve	Share- based Payment Reserve	Warrant Reserve	Foreign Exchange Reserve	Retained Loss	Total
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
Equity as at 1 January 2016	769,179	37,425,856	8,967	1,712,666	1,484,879	-	(1,971,084)	(29,465,536)	9,964,927
Loss for the period	-	-	-	-	-	-	-	(4,251,042)	(4,251,042)
Other comprehensive loss for the year	-	-	-	-	-	-	(1,147,048)	-	(1,147,048)
Total comprehensive income/(loss)	-	-	-	-	-	-	(1,147,048)	(4,251,042)	(5,398,090)
Share-based payments	-	-	-	-	(217,812)	-	-	-	(217,812)
Equity as at 31 December 2016	769,179	37,425,856	8,967	1,712,666	1,267,067	-	(3,118,132)	(33,716,578)	4,349,025
Loss for the period	-	-	-	-	-	-	-	(2,802,759)	(2,802,759)
Other comprehensive income for the year	-	-	-	-	-	-	256,289	-	256,289
Total comprehensive income/(loss)	-	-	-	-	-	-	256,289	(2,802,759)	(2,546,470)
Issue of Ordinary Shares	1,687,640	2,158,881	-	-	-	414	-	-	3,846,935
Issue costs recognized in equity	-	(251,749)	-	-	-	-	-	-	(251,749)
Share-based payments	-	-	-	-	(1,027,059)	-	-	302,159*	(724,900)
Equity as at 31 December 2017	2,456,819	39,332,988	8,967	1,712,666	240,008	414	(2,861,843)	(36,217,178)	4,672,841

* During the year a number of share options were forfeited, and as a result any remaining balances relating to these arrangements in the share-based payment reserve were transferred to retained earnings.

Consolidated Statement of Cash flows

for the year ended 31 December 2017

The accompanying notes are an integral part of these financial statements.

	Note	2017 US\$	2016 US\$
Loss after taxation		(2,802,759)	(4,251,042)
Interest (income)/expense (net)	7	(4,316)	(26,269)
Income tax credit		(187,225)	(298,479)
Fair value movement and unrealized FX		(174,655)	561,965
Depreciation of property, plant and equipment	10	12,280	47,055
Amortization of intangible assets	11	1,123,944	1,146,377
Share-based payments charge	5	(724,900)	(208,838)
(Profit)/loss on disposal of property, plant and equipment	4	1,216	(244)
Cash outflows from operating activities before changes in working capital		(2,756,415)	(3,029,475)
(Increase)/decrease in trade and other receivables		(290,750)	574,111
Increase/(decrease) in trade and other payables		475,966	(950,650)
Cash used in operations		(2,571,199)	(3,406,014)
Interest received		4,336	27,183
Interest paid		(20)	(914)
Income tax R&D credit received		293,672	812,332
Net cash used in operations		(2,273,211)	(2,567,413)
Purchase of property, plant and equipment		(35,454)	-
Proceeds on disposal of property, plant and equipment		-	-
Investment in intangible assets	11	(715,329)	(882,451)
Net cash used in investing activities		(750,783)	(882,451)
Issue of share capital	15	3,846,935	-
Issue cost of shares	15	(251,749)	-
Net cash generated in financing activities		3,595,186	-
Net (decrease)/increase in cash and cash equivalents		571,192	(3,449,864)
Cash and cash equivalents at beginning of period		2,506,292	7,144,877
Effect of foreign exchange translation on cash and equivalents		233,956	(1,188,721)
Cash and cash equivalents at end of period		3,311,440	2,506,292

Notes to the Consolidated Financial Information

1. Accounting Policies

Basis of Preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. The policies have been consistently applied to all the years presented, unless otherwise stated. These financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs) issued by the International Accounting Standards Board ('IASB') as adopted by the European Union (adopted IFRSs).

The preparation of financial statements in compliance with adopted IFRSs requires the use of certain critical accounting estimates. It also requires group management to exercise judgement in applying the group's accounting policies. The

areas where significant judgements and estimates have been made in preparing the financial statements and their effect are disclosed in note 2.

The group financial statements consolidate the financial statements of the company and its subsidiaries (together referred to as the group). The parent company financial statements present information about the company as a separate entity and not about its group.

Material uncertainty related to going concern

The Group's financial statements have been prepared on a going concern basis, which assumes that the Group will be able to realize its assets and discharge its liabilities in the normal course of business.

Over the last three years the group has been changing its business model to focus on large national and multi-national entities ("Enterprise") rather than smaller customers with a number of key Enterprise customers signing contracts during 2017. There is a long sales cycle inherent in entering the Enterprise procurement market.

Although the group has made significant progress in signing up new Enterprise customers, the directors recognize that building the Enterprise business and making the group profitable and cash generative is a medium-term goal that will require further funding to be raised in the future.

The group is developing its business model and continues to be loss making, recording a loss from operations in the year of \$3.0m. The group had cash of \$3.3m as at 31 December 2017.

The directors have prepared cash flow forecasts for a period of more than 12 months from the signing date of this report. The forecasts exclude the effect of any cash inflows from the exercise of the Group's warrants. The forecasts assume obtaining significant new work from key contracts. Cash burn for 2018 is forecast to be \$2.7m (2017: \$3.2m), reducing in 2019. Cash at the end of 2018 and 2019 is forecast to be \$0.5m and negative \$1.7m respectively. Based on those forecasts, the group will therefore require additional funding being raised and is reliant on either warrants being exercised in May 2019 or other additional funding in order to continue to meet its ongoing cash requirements. Obtaining such funding is beyond the control of the group and is therefore inherently uncertain.

As at the date of approval of these financial statements, based on forecasts covering a period extending beyond 12 months from the date of approval of these financial statements, and assuming that the group's warrants are exercised before May 2019, the directors have therefore concluded that the group will be able to continue operating for the foreseeable future. In stress testing the assumptions, the directors believe this would be the case even if revenues were half those forecast for the year to 31 December 2018.

The forecasts contain assumptions including: significant growth in future revenue, both in project revenues and in premium services; the cost model; and margins.

Notes to the Consolidated Financial Information cont'd

The directors recognize that building the Enterprise business and making the group sustainably profitable and cash generative is a medium-term goal, and the forecasts contain assumptions including: significant growth in future revenue; the cost model, and margins. The group is dependent on either warrants being exercised or other additional funding being raised, both of which are uncertain, in order to meet its ongoing cash requirements. The directors have concluded that the combination of these circumstances represents a material uncertainty that casts significant doubt upon the group and company's ability to continue as a going concern and that therefore the company and the group may be unable to continue realizing their assets and discharging their liabilities in the normal course of business. Nevertheless, the directors have a reasonable expectation that the company and the group have adequate resources to continue for at least 12 months from the date of approval of these financial statements. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Basis of consolidation

Where the company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the company and its subsidiaries (the group) as if they formed a single entity. Intercompany transactions and balances between group companies are therefore eliminated in full.

The consolidated financial statements incorporate the results of business combinations using the purchase method. In the consolidated statement of financial position, the acquirees' identifiable assets, liabilities, and contingent liabilities are initially recognized at their fair values at the acquisition date. The results of acquired operations are included in the consolidated income statement from the date on which control is obtained.

Inter-company transactions, balances and unrealized gains and losses (where they do not provide evidence of impairment of the asset transferred) on transactions between group companies are eliminated.

Functional and Presentation Currency

The functional currency of the company is Sterling (£). The presentational currency of the Company is the US Dollar (\$).

Changes in Accounting Policies and Disclosures

(a) New and amended standards adopted by the group

The group has applied any applicable new standards, amendments to standards and interpretations that are mandatory for the financial year beginning on or after 1 January 2017. However, none of them has a material impact on the group's consolidated financial statements.

Notes to the Consolidated Financial Information cont'd

(b) New, amended standards, interpretations not adopted by the group

The following Adopted IFRSs have been issued but have not been applied by the group in these financial statements. The full impact of their adoption has not yet been fully assessed, however, management do not expect the changes to have a material effect on the financial statements unless otherwise indicated:

- IFRS 9 Financial Instruments (effective date 1 January 2018).
- IFRS 15 Revenue from Contract with Customers (effective date 1 January 2018).
- IFRS 16 Leases (effective date 1 January 2019).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective date to be confirmed).
- Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (effective date 1 January 2018).
- Annual Improvements to IFRSs – 2014-2016 Cycle (effective date to be confirmed)
- IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (effective date to be confirmed)
- Amendments to IAS 40 Investment Property (effective date to be confirmed)
- IFRIC 23 Uncertainty over Income Tax Treatments (effective date to be confirmed)
- Amendments to IAS 28 Investments in Associates and Joint Ventures (effective date to be confirmed)
- IFRS 17 Insurance contracts (effective date to be confirmed)

Revenue Recognition

Revenue represents the gross value of services provided to customers in respect of revenue earned, net of discounts and sales taxes.

There are four principal sources of revenue:

Project Revenue

Being revenue from projects that list on Maistro's marketplace, where the customer, in conjunction with Maistro, selects the service provider and a legally binding contract between Maistro and its customers is established (referred to as 'kick-off'). At this stage Maistro has assumed the principal contractual responsibility to deliver the agreed services, the delivery of the service has commenced, and project revenue recognition commences.

Project revenue is recognized on either a timeline, or milestone basis. Timeline refers to the date the delivery of the service commences to the date it is completed. Milestone refers to specific performance targets within each project until completion.

Under the *project milestone method*, the milestones inserted in the Statement of Work are broadly indicative of the stage of completion and reflect the value of work completed.

In the case of milestone projects, the service provider and customer confirms the proportion of costs incurred to date and the resulting cost to completion which gives the indication of the percentage of completion. This is done on the platform collaboration area, Project Space, which is updated by the service provider, supported at period end with additional electronic confirmation.

Where a project has regular deliverables and is relatively short in duration, the project timeline is used to determine the stage of completion.

Where any element of a project is contingent upon either completion or specific milestones or deliverables, the contingent element of the project is separately identified and revenue recognized only when the contingent element is completed.

Where a project is delayed or suspended for whatever reason, the revenue recognized on a timeline basis is initially fixed to the date of suspension. Revenue will only be further recognized if the project is deemed to be commercially viable with an expectation that it will be realised in cash.

Notes to the Consolidated Financial Information cont'd

Project Revenue (cont'd)

Where the project is delayed and a new completion date established, the revenue is recognized over the longer period associated with the revised completion date. Where the project is suspended, no revenue is recognized during the period of suspension. Where a project is cancelled, the project is assessed as to the stage of completion. Maistro will specifically reference the cancelled projects' Statement of Works, surveys of work performed, and the proportion of costs incurred in order to assess the amount of revenue to recognize.

Cancellation (Previously Listing Fee) Revenue

Being revenue from customers where a commenced project is cancelled and there is an expectation of collection of the Cancellation fee. The Cancellation fee is a contractual charge when a customer lists a project that subsequently cancels.

Premium Services

Being revenue for the provision of discrete wraparound support services for projects. Revenue is recognized in alignment with the parent project on either a timeline or milestone basis.

Subscriptions and Licences

Being revenue for the provision of:

- Tiered annual subscriptions to service providers to gain access to high value project opportunities and market insights. Revenue is recognized on a timeline basis over the life of the subscription.
- Customer access to Maistro's software Platform, whereby the customer pays a licence fee for the use of the software Platform. Revenue is recognized at the time of customer acceptance of terms prior to listing a project on the marketplace.
- Annual subscriptions of Maistro Data, which analyses the business services landscape, including category trends, pricing, and timeline forecasts. Revenue is recognized on a timeline basis over the life of the subscription.

Accrued and Deferred Income & Cost of Sales

Accrued and deferred income and cost of sales arise due to timing differences in the recognition of revenue and cost of sales compared to the underlying invoice transactions.

Foreign Currency

The functional currency of Maistro plc and Maistro UK Ltd is Pound Sterling, whereas of Maistro US Inc., it is US Dollars.

The presentational currency is US Dollars (\$). This is consistent with prior years.

The exchange rates used for translating the statement of financial position at 31 December 2017 was at a closing rate of £1 = US\$1.35 (2016: US\$1.23) and the statement of comprehensive income at an average rate of US\$1.33 (2016: US\$1.24).

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the reporting period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the income statement in either cost of sales or administrative expenses as appropriate.

On consolidation, exchange differences arising from the translation of the net investment in foreign entities are recognized in other comprehensive income and accumulated in a separate component of equity. Exchange differences are recycled to profit or loss as a reclassification adjustment upon disposal of the foreign operation.

Notes to the Consolidated Financial Information cont'd

Derivative Instruments

The group uses forward exchange contracts to mitigate exposure to foreign currency risks. Gains or losses from utilizing these instruments are recognized in the income statement in the period in which they occur.

Fair Value Hierarchy

All financial instruments measured at fair value must be classified into the levels below:

- Level 1: Quoted prices, in active markets.
- Level 2: Fair Inputs other than quoted market prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
- Level 3: Inputs that are not based on observable market data.

Trade Receivables

Trade receivables are amounts due from customers for services provided in the ordinary course of business and are stated net of any provision for impairment. Impairment provisions are recognized when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net of bad debt provision, such provisions are recorded in a separate allowance account with the loss being recognized within administrative expenses in the statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written-off against the associated provision.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and for the purpose of the statement of cash flows – bank overdrafts or outstanding credit card balances.

Convertible Debt

The proceeds received on issue of the group's convertible debt are allocated into their liability and equity components. The amount initially recognized and attributed to the debt component equals the discounted redemption value of the financial instrument, discounted at a deemed market rate of interest (the effective interest rate) and not the financial instrument's coupon rate. The deemed rate of interest utilized in the estimation was compared to the rate of interest that was payable on similar debt instruments that do not include an option to convert.

Subsequently, the debt component is accounted for as a financial liability measured at amortized cost until extinguished on conversion or maturity of the convertible loan. The remainder of the proceeds are allocated to the equity reserve within shareholders' equity, net of income tax effects.

Share Capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The group only has one class of Ordinary shares, denominated as £0.01 (2016: £0.01) Ordinary shares, as set out in note 15. The company's Ordinary shares are classified as equity instruments.

Leases

Leases where the lessor retains substantially all the risks and benefits of ownership of the asset are classified as operating leases. Rent paid on operating leases is charged to the statement of comprehensive income on a straight-line basis over the term of the lease.

Notes to the Consolidated Financial Information cont'd

Property, Plant and Equipment

Items of property, plant and equipment are initially recognized at cost.

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

Furniture, fixtures and fittings & leasehold improvements	33% per annum straight line; or the remaining life of lease if shorter
Computer equipment	33% per annum straight line
External software	33% per annum straight line

Intangible Assets

The development of the trading platform is capitalized as an intangible asset. Development activities involve a planned investment in the development and enhancement of the trading platform. The development expenditure of the platform is recognized as intangible assets when the following criteria are met:

1. It is technically feasible to complete the development of the platform so that it will be available for use.
2. Management intends to complete and use or sell the platform.
3. There is an ability to use or sell the platform.
4. It can be demonstrated how the platform will generate future economic benefits.
5. Adequate technical, financial and other resources to complete the development of the platform and to use or sell the use of the platform are available.
6. The expenditure attributable to development of the platform can be measured reliably.

Expenditure being capitalized includes internal staff time and cost spent directly on developing the trading platform. Capitalized development expenditure is measured at cost less accumulated amortization and accumulated impairment costs. The amortization period is over 48 months on a straight-line basis.

Each version released has built incrementally on the prior release (as opposed to being a completely new platform) so no prior costs have been written-off.

Taxation

Income tax expense represents the sum of the current tax and deferred tax charge for the year.

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantively enacted by the reporting date. During the year, the current tax charge is nil as there are tax losses for the year. R&D credits are recognized as and when eligible, within the tax charge/credit in the financial statements in accordance with IAS 12.

Deferred tax is recognized in respect of relevant temporary differences that have originated but not reversed at the balance sheet date. A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which temporary differences can be utilized. Management has elected not to recognize the deferred tax asset due to the lack of certainty of future profitability as the group is still in its early stage of maturity.

The deferred tax asset on shares and share option charges is affected by the difference between the grant price of the shares and share options and the market price of the company's shares at the accounting year end. If the market value of the shares at the date of exercise were to be lower than the market value at the account year end the amount of tax relief obtained would be less than anticipated in the deferred tax calculations.

Notes to the Consolidated Financial Information cont'd

Share-based Payments

In accordance with IFRS 2 'Share-based payments', the group reflects the economic cost of awarding shares and share options to employees and Directors by recording an expense in the statement of comprehensive income equal to the fair value of the benefit awarded. The expense is recognized in the statement of comprehensive income over the vesting period of the award.

Fair value is measured by the use of a Black-Scholes model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Warrants

In accordance with IAS 32 'Financial instruments', the group reflects the fair value of warrants issued to shareholders by recording the fair value in the warrant reserve account.

Fair value of the warrants is calculated at transaction date, based on the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments therein.

2. Critical Accounting Estimates and Judgements

In preparing the financial statements, the Directors make certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Judgments

(a) Going concern

As set out in note 1 the Directors have prepared a cash flow forecast covering a period extending 12 months from the date of approval of these financial statements which shows that the group will have sufficient cash to meet its debts as they fall due for 12 months.

The group has made significant progress during 2017 but the directors recognize that building the Enterprise business and making the group sustainably profitable and cash generative is a medium-term goal. During that period further funding may be required in 2019 depending on warrant exercises and trading performance.

As at the date of approval of these financial statements, based on the forecasts covering a period extending beyond 12 months from the date of approval of these financial statements, the directors believe the Company will be able to continue operating for 12 months. In stress testing the assumptions, the directors believe this would continue to be the case if revenues were half those forecast for the year to December 2018.

However, the group is an evolving technology business, and the forecast contains assumptions including significant growth in future revenue. The directors are aware of the risks and uncertainties facing the business but the assumptions used are the directors' estimate of the future development of the business. If performance is not in line with forecasts then additional funding would need to be raised in 2019. The potential requirement, and ability to raise additional funds, will depend on warrant exercises and performance itself.

Notes to the Consolidated Financial Information cont'd

(b) Revenue recognition

Revenue is recognized on a gross basis, as our evaluation and assessment of the indicators under IAS 18 supports the fact that Maistro is acting as principal for the majority of projects. The factors that are considered and prove decisive in the conclusion of this assessment include the following:

- Maistro has the latitude to agree the fee for each project;
- Maistro has primary responsibility for providing the services to a customer;
- Maistro is responsible for the quality of the service delivery, delivered on time, budget and to a sufficiently high standard. This includes the management of the service delivery of the supplier; and
- Maistro facilitates both commercial terms and the project management for each project.

Although Maistro passes on some of the credit risk to the supplier it engages to deliver the services to its customers, Maistro does not consider this is sufficiently persuasive in light of the other factors noted above to suggest that accounting for the transaction as principal is not appropriate.

Maistro recognizes revenue when the following criteria are satisfied:

- I. The amount or value of the revenue recognized can be reliably measured, which occurs when the Customer Success team, customer and service provider have agreed the contract value upon appointment of the service provider. The measurement date for revenue recognition is from the date a service provider is appointed to the point that the performance has been completed.
- II. It is probable that the economic benefits associated with the transaction will flow to Maistro, when the performance obligation is confirmed in the Statement of Works or project brief confirmed between the contracting parties and to the extent that there exists a track record of successful progress of similar projects. The transfer of economic benefits to Maistro must be fixed, determinable and reasonably assured.
- III. The stage of completion of the transaction at the end of the reporting period can be measured reliably.
- IV. The costs incurred for the transaction and the costs to complete the transaction can be measured reliably, with reference to the individual contract terms, Statement of Works and project revenue measurement guidance.

Project Revenue

Project revenue is recognized on either a timeline, or milestone basis. Timeline refers to the date the delivery of the service commences to the date it is completed. Milestone refers to specific performance targets within each project until completion. There can be judgement required in estimating the stage of completion of a project and hence the value of the revenue to be recognized at a point in time.

Premium Services

Premium services revenue is recognized in alignment with the level of completion of the parent project on either a timeline, or milestone basis. There can be judgement required in estimating the stage of completion of a project and hence the value of the associated premium service revenue to be recognized at a point in time.

(c) Trade receivables – provision for impairment

Management has provided for all debts, individually, which are deemed doubtful at their estimated irrecoverable amount. Management apply their judgement on whether there is objective evidence that trade receivables should be impaired. Incorrect judgement could result in material differences in the carrying value and recovered amount. However, the quality of creditworthy customers has improved over the period being a reflection of both improved credit control process and the transition to Enterprise customers.

Notes to the Consolidated Financial Information cont'd

Non-significant other estimates

(a) Intangible assets

Intangible assets include the capitalized development costs of the trading platform. These costs are assessed based on management's view of the technology team's time spent on projects that enhance the trading platform, supported by internal time recording and considering the requirements of IAS 38 'Intangible assets'. The development cost of the platform is amortized over the useful life of the asset. The useful life is based on the management's estimate of the period that the asset will generate revenue, which is reviewed on a project by project basis for continued appropriateness and is one of the key assumptions involved in determining the value of these assets. The carrying value is tested for impairment when there is an indication that the value of the assets might be impaired. The impairment tests also require assumptions about future events which require management judgement. Changes in those assumptions could result in a materially different amortization charge, or an impairment, in future years depending on the circumstances prevailing at that time.

(b) Share-based payments

The fair value of the share options utilizing the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

Notes to the Consolidated Financial Information cont'd

3. Segmental Analysis

The group currently has one reportable segment, provision of services, and categorizes all revenue from operations to this segment.

The group currently has four reportable categories which are:

1. Project revenues - for the provision of services from projects that list on Maistros' marketplace, where the customer accepts the bid from the service provider and a legally binding contract between Maistro and its customers is established;
2. Cancellation fees (formerly Listing fees) - where the project is cancelled after listing and there is an expectation of collection. The Cancellation fee is a mandatory charge when a customer listed a project and decided to close their trading account or not to select a service provider;
3. Premium services – comprising wraparound support services for projects;
4. Subscriptions and licences – for the provision of tiered annual subscriptions to service providers to gain access to high value project opportunities and market insights; the provision of access to Maistro's software Platform and for the provision of subscriptions of Maistro Data, which analyses the business services landscape including category trends, pricing and timeline forecasts.

	Project Revenue		Cancellation (formerly Listing Fees)		Premium Services		Subscriptions and Licenses	
	2017	2016	2017	2016	2017	2016	2017	2016
	US\$	US\$	US\$	US\$	US\$	US\$	US\$	US\$
UK	395,280	376,609	-	112	108,674	-	52,111	60,501
USA	28,981	276,999	-	8,678	100	2,213	5,174	27,332
Rest of World	166,717	62,169	-	-	-	1,775	9,862	17,788
Total	590,978	715,777	-	8,790	108,774	3,988	67,147	105,621

Notes to the Consolidated Financial Information cont'd

The Group operates in three main geographic areas: UK, USA and Rest of the World. Revenue and non-current assets by origin of geographical segment for all entities in the group is as follows:

	Revenue		Non-current assets	
	2017	2016	2017	2016
	US\$	US\$	US\$	US\$
UK	556,065	437,222	1,880,508	2,128,379
USA	34,255	315,222	-	-
Rest of World	176,579	81,732	-	-
Total	766,899	834,176	1,880,508	2,128,379

The total loss from operations of \$3.0m predominantly relates to project revenue/premium services fees which make up 91% of revenue. The vast majority of the costs of sales and overheads for 2017 relate to the head office in the UK. Given this, the Directors consider the split of costs across geographical segments would be arbitrary and judgmental. Therefore, they consider reporting the loss by geographical segment could be misleading in this phase of Maistro's development.

4. Loss from Operations

The operating loss as at 31 December 2017 is stated after charging/(crediting):

	2017	2016
	US\$	US\$
Amortization of intangibles	1,123,944	1,146,376
Auditor's remuneration:		
Audit fees – Subsidiaries	26,568	24,798
– Company	33,210	30,737
Non-audit fees – taxation advisory and compliance services	23,115	21,474
Bad debt provision	(6,534)	(50,038)
Depreciation of property, plant and equipment	12,280	47,055
(Profit)/loss on disposal of property, plant and equipment	1,216	(244)
Staff costs (note 6)	621,679	1,766,533
Operating lease expense – buildings	101,778	225,603
Foreign exchange (gains)/losses	(89,798)	31,732
Other administrative expenses	1,278,698	1,254,847
Total administrative and other expenses	3,126,156	4,498,873

Notes to the Consolidated Financial Information cont'd

5. Adjusted LBITDA

Loss before interest, tax, depreciation and amortisation is calculated as follows:

	2017 US\$	2016 US\$
Loss from operations	(2,994,300)	(4,575,790)
Amortization of intangibles	1,123,944	1,146,376
Depreciation of property, plant and equipment	12,280	47,055
Loss on disposal of property, plant and equipment	1,216	(244)
Foreign exchange (gains)/ losses	(89,798)	31,732
Share-based payments	(724,900)	(208,838)
Adjusted LBITDA	(2,671,558)	(3,559,709)

6. Staff Costs

Staff costs (including Directors emoluments) incurred in the year were as follows:

	2017 US\$	2016 US\$
Wages and salaries	1,693,158	2,719,475
Social security costs	195,423	296,354
Share-based payments	(724,900)	(208,835)
Gross staff costs	1,163,681	2,806,994
Less: Amounts capitalized:		
Wages and salaries	(335,041)	(636,311)
Social security costs	(40,261)	(74,614)
	(375,302)	(710,925)
Less: Amounts attributable to costs of sale		
Wages and salaries	(151,182)	(299,656)
Social security costs	(15,518)	(29,877)
	(166,700)	(329,533)
	621,679	1,766,536
Wages and salaries	1,206,935	1,783,508
Social security costs	139,644	191,863
Share-based payments	(724,900)	(208,835)
Net staff costs	621,679	1,766,536

Notes to the Consolidated Financial Information cont'd

6. Staff Costs cont'd

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

	2017 Number	2016 Number
Directors	6	6
Staff		
Administration	6	8
Customer Services	3	5
Marketing	3	3
Sales	1	5
Technology	5	10
	24	37

	2017 US\$	2016 US\$
Key management personnel		
Emoluments and compensation	474,974	609,482
Employers social security	54,119	62,576
	529,093	672,058
Share-based payments	35,376	175,496
Company pension contributions to defined contribution schemes	790	922
	565,259	848,476

Key management personnel comprise of the Board of Directors, as detailed in the table on page 13. Details about the composition of the Directors' emoluments and the Directors' interest in share options of the company are set out on pages 14-17. The information on these pages forms part of this note to the financial statements.

During the year the Directors were awarded a total of 4,975,285 share options (2016: 200,000) at a weighted average exercise price of £0.046 (2016: £0.15).

No share options were exercised during the year. Remuneration disclosed above includes the following amounts paid to the highest paid Director:

	2017 US\$	2016 US\$
Highest paid Director		
Emoluments and compensation	121,961	223,182
	121,961	223,182
Share-based payments	35,376	108,578
Company pension contributions to defined contribution schemes	208	461
	157,545	332,221

In the year ended 31 December 2017 the highest paid Director received 4,975,285 share options (2016: nil). No share options were exercised by this Director in the current financial year (2016: nil).

Notes to the Consolidated Financial Information cont'd

7. Finance Income and Expenses

	2017 US\$	2016 US\$
Finance income		
Interest from bank	4,336	27,183
Interest from customers	-	-
	4,336	27,183
Finance expense		
Interest payable	(20)	(914)
	(20)	(914)

Notes to the Consolidated Financial Information cont'd

8. Income Tax

Analysis of the Tax Credit

No liability to UK corporation tax arose on ordinary activities for the year ended 31 December 2017 nor for the year ended 31 December 2016. However, a receivable cash tax credit in respect of the UK R&D activity has been recognized.

The R&D Tax Credit receipt from HMRC is likely to be received within a few months of the submission of the corporate tax return for Maistro UK Limited.

A liability for overseas tax has been recognized on ordinary activities for the year ended 31 December 2017 in respect of Maistro US Inc. The Directors have considered the impact of recent US tax reforms and do not consider the reforms will materially impact the group given the current level of revenue and operations in the US.

	2017 US\$	2016 US\$
Tax credit - current year	201,618	288,762
- prior year	9,416	8,546
Overseas tax	(23,809)	1,171
	187,225	298,479

Factors Affecting the Tax Charge

The reasons for the difference between the actual tax charge for the year and the standard rate of corporation tax in the United Kingdom applied to the result for the year are as follows:

	2017 US\$	2016 US\$
Loss before tax	(2,989,984)	(4,529,521)
Tax credit at 19.25% (2016: 20%)	575,572	909,904
Non-deductible expenses	181,882	(3,816)
Accelerated (depreciation)/capital allowance	(2,445)	(8,734)
Other overseas taxes	(17,670)	6,184
Higher tax rates on overseas earnings	(1,412)	(2,096)
Losses carried forward	(759,736)	(900,271)
Prior year R&D tax credit	9,416	8,546
Current year R&D tax credit	201,618	288,762
Income tax credit	187,225	298,479

The group has carried forward losses and accelerated temporary differences amounting to US\$24,428,732 as of 31 December 2017 (2016: US\$25,761,578). As the timing and extent of taxable profits are uncertain, the deferred tax asset of US\$4,152,884 (2016: \$4,637,084) arising on these losses (at 17% future tax rate) and accelerated timing differences has not been recognized in the financial statements.

Notes to the Consolidated Financial Information cont'd

9. Loss Per Share

Loss per Ordinary share has been calculated using the weighted average number of shares in issue during the relevant financial periods. The basis for calculating the basic loss per share is as follows:

	2017 US\$	2016 US\$
Weighted average number of shares for the purpose of earnings per share	95,750,385	47,092,851
Loss after tax	(2,802,759)	(4,251,042)
Loss per share	(0.03)	(0.09)

Due to the loss in the period the effect of the share options was considered anti-dilutive and hence no diluted loss per share information has been provided.

Notes to the Consolidated Financial Information cont'd

10. Property, Plant and Equipment

	Computer Equipment US\$	Furniture, Fixtures and Fittings US\$	Total US\$
COST			
At 1 January 2016	103,516	88,946	192,462
Additions	-	-	-
Disposals	(1,295)	-	(1,295)
Exchange adjustment	(16,109)	(14,500)	(30,609)
At 31 December 2016	86,112	74,446	160,558
Additions	956	34,498	35,454
Disposals	(78,249)	(81,229)	(159,478)
Exchange adjustment	7,529	6,782	14,311
At 31 December 2017	16,348	34,497	50,845
DEPRECIATION			
At 1 January 2016	69,057	59,586	128,643
Charge for period	23,984	23,071	47,055
Disposals	(1,295)	-	(1,295)
Exchange adjustment	(13,191)	(12,353)	(25,544)
At 31 December 2016	78,555	70,304	148,859
Charge for period	6,133	6,147	12,280
Disposals	(78,249)	(79,865)	(158,114)
Exchange adjustment	7,180	6,545	13,725
At 31 December 2017	13,619	3,131	16,750
NET BOOK VALUE			
At 31 December 2017	2,729	31,366	34,095
At 31 December 2016	7,557	4,142	11,699

Notes to the Consolidated Financial Information cont'd

11. Intangible Assets

	Trading Platform US\$	Software Development US\$	Total US\$
COST			
At 1 January 2016	4,035,850	306,359	4,342,209
Additions – Internal Development	882,451	-	882,451
Additions – External Costs	-	-	-
Disposals	(8,359)	(617)	(8,976)
Exchange adjustment	(671,460)	(50,970)	(722,430)
At 31 December 2016	4,238,482	254,772	4,493,254
Additions – Internal Development	711,384	-	711,384
Additions – External Costs	-	3,945	3,945
Disposals	-	-	-
Exchange adjustment	395,651	23,782	419,433
At 31 December 2017	5,345,517	282,499	5,628,016
AMORTISATION			
At 1 January 2016	1,492,969	133,560	1,626,529
Charge for period	1,052,025	94,352	1,146,377
Disposals	(8,359)	(206)	(8,565)
Exchange adjustment	(355,948)	(31,819)	(387,767)
At 31 December 2016	2,180,687	195,887	2,376,574
Charge for period	1,066,239	57,705	1,123,944
Disposals	-	-	-
Exchange adjustment	259,827	21,258	281,085
At 31 December 2017	3,506,753	274,850	3,781,603
NET BOOK VALUE			
At 31 December 2017	1,838,764	7,649	1,846,413
At 31 December 2016	2,057,795	58,885	2,116,680

Notes to the Consolidated Financial Information cont'd

12. Trade and Other Receivables

	2017 US\$	2016 US\$
Trade receivables – gross	283,821	30,047
Provision for impairment	(37,143)	(16,093)
Trade receivables – net	246,678	13,954
Prepayments	140,188	153,395
Accrued income	81,552	61,920
Other receivables	89,079	37,477
	557,497	266,746

As at 31 December 2017 trade receivables of US\$56,580 (2016: US\$8,975) were past due but not impaired, see note 21 for the group's assessment of the exposure to credit risk.

All amounts shown under receivables are due within one year.

13. Trade and Other Payables

	2017 US\$	2016 US\$
Current		
Trade payables - Service Providers	280,105	22,814
Trade payables – Overheads	275,190	287,162
Other payables	93,897	80,466
Deferred revenue	122,158	27,112
Director's current account (note 19)	-	15,721
Accruals – Service Providers	76,379	84,267
Accruals - Overheads	342,267	143,156
	1,189,996	660,698

Notes to the Consolidated Financial Information cont'd

14. Loans and Borrowings

	2017	2016
	US\$	US\$
Unsecured convertible loan note		
Current	13,493	12,341
Total loans and borrowings	13,493	12,341

Book value approximate to fair value for the convertible debt and is stated at fair value at initial recognition and at amortized cost subsequently.

The convertible loan notes (referred to as convertible debt II) were issued in 2011 with a coupon rate of 15% at a total face value of US\$78,010. The loan notes are either repayable in four years from the issue date at its total face value, with interest accrued and payable as ordinary shares issued in the company or can be converted at any time within two years into shares at the holder's option. The value of the liability component and the equity conversion component were determined at the date the instrument was issued.

During the period to 31 December 2012 loan note holders converted their loan notes into Ordinary shares of the company. Only one convertible loan note remains outstanding relating to Peter Tahany. There is an ongoing claim relating to the provision of Mr Tahany's consultancy services from September 2009 to early 2010, but the Board considers any risk of incurring costs relating to this claim remote.

There are no cash flow movements arising from loans and borrowings. Movement in the fair value of liability relates to foreign exchange movements.

	Face value	Equity conversion reserve	Fair value of liability
	US\$	US\$	US\$
As at 1 January 2017	12,341	8,967	21,308
Exchange adjustments	1,152	-	1,152
As at 31 December 2017	13,493	8,967	22,460

Notes to the Consolidated Financial Information cont'd

15. Share Capital

Share Capital Allotted and Fully Paid Up

Ordinary shares of £0.01 carry the right to one vote per share at general meetings of the company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up. The shares are denominated in Pounds Sterling and translated at the historic rate.

The table below shows the movements in share capital for the year:

	Number of shares		Share Capital \$		Share Premium \$		Warrant Reserve \$	
Movement in Ordinary share capital	2017	2016	2017	2016	2017	2016	2017	2016
Balance at 1 January	47,092,851	47,092,851	769,179	769,179	37,425,856	37,425,856	-	-
Issue of new shares	130,000,000	-	1,687,640	-	2,158,881	-	414	-
Share issue costs	-	-	-	-	(251,749)	-	-	-
Balance at 31 December	177,092,851	47,092,851	2,456,819	769,179	39,332,988	37,425,856	414	-

The group does not hold any treasury shares.

The group has in 2017 issued securities with warrant rights attached, as follows:

	Warrant Rights 1	Warrant Rights 2
Date of Issuance	1 st August 2017	11 th October 2017
Number of Ordinary shares issued	100,000,000	30,000,000
Warrant rights attached to Ordinary shares	1 warrant per 4 Ordinary shares issued	1 warrant per 2 Ordinary shares issued
Number of warrant rights	25,000,000	15,000,000
Warrant subscription price	£0.035	£0.06
Initial exercise date	1 st August 2018	11 th October 2018
Final exercise date	1 st August 2019	11 th October 2019
Form of purchase	Cash purchase	Cash purchase

Notes to the Consolidated Financial Information cont'd

16. Subsidiaries

The subsidiaries of the company, all of which have been included in the consolidated financial information, are as follows:

Name	Principal Activity	Ownership	Registered office address
Maistro US Inc.	Provision of marketing services	100%*	1201 Orange St, STE 600, One Commerce Center, Wilmington, DE 19801, USA
Maistro UK Limited	Provision of services	100%	3 Kew Court, Pynes Hill, Exeter, EX2 5AZ
Maistro Exchange Limited	Dormant company	100%*	3 Kew Court, Pynes Hill, Exeter, EX2 5AZ
Maistro Technology Limited	Dormant company	100%*	3 Kew Court, Pynes Hill, Exeter, EX2 5AZ
Maistro Services Limited	Dormant company	100%*	3 Kew Court, Pynes Hill, Exeter, EX2 5AZ

* These investments are held by Maistro UK Limited.

17. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount of capital contributed in excess of the nominal value of each Ordinary share.
Equity conversion reserve	The amount of proceeds on issue of convertible loan notes relating to the equity component.
Share-based payment reserve	Reserve for share-based payments on options granted during the period not yet exercised.
Foreign currency reserve	Foreign exchange translation gains and losses arising on the translation of the financial statements from the functional to the presentation currency, including translation gains and losses arising on the translation of net investments in foreign subsidiaries.
Retained earnings	All other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.
Merger reserve	Amount subscribed for share capital in excess of nominal value when shares are issued in exchange for at least a 90% interest in the shares of another company.
Warrant Reserve	Reserve for warrants granted during the period not yet exercisable. The value represents the fair value at the date of transaction.

Notes to the Consolidated Financial Information cont'd

18. Leases

The group's leases consist only of operating leases for office space. Non-cancellable operating lease rentals are payable as follows:

	2017	2016
	US\$	US\$
Not later than one year	28,562	113,699
Above one year but not later than five years	-	-
	28,562	113,699

At 31 December 2017, the group had no capital commitments in respect of property, plant and equipment.

19. Related Party Transactions

The following payments were made to related parties during the period:

	2017	2016
	US\$	US\$
Consultancy fees ¹	26,797	85,625
Service fees ²	-	3,482
	26,797	89,107

Out of above balances outstanding at year end in trade payables and accruals are \$nil (2016: \$533).

1 Consultancy fees of \$26,797 (2016: \$85,625) were paid to Revviva LLC, a company in which K Cardinale has an interest. These were paid for K Cardinale's Director services.

2 Service fees of \$nil (2016: \$3,482) were paid to CFPro Limited and Cambridge Financial Partners LLP for accounting and consultancy support, companies in which Barbara Spurrier has an interest.

Related party transactions are not included in compensation costs to key personnel as set out in note 6, with the exception of payments to Revviva LLC in respect of K Cardinale's Director services.

Notes to the Consolidated Financial Information cont'd

19. Related Party Transactions cont'd

Revenue or other related receipts from key management personnel (including Directors):

	2017 US\$	2016 US\$
Project revenue ^{1,2}	3,216	24,807
	3,216	24,807

- 1 Project revenue includes \$667 (2016: \$23,749) in revenue recognized for projects carried out on behalf of Letts Estates Limited, a company in which Philip Letts has an interest. The projects were carried out on an arms-length basis. There are no amounts outstanding to or from the company at the period end.
- 2 Project revenue includes \$2,549 (2016: \$1,058) in revenue recognized for projects carried out on behalf of Tanfield Limited, a company in which Richard Bourne-Arton has an interest. The projects were carried out on an arms-length basis. There are no amounts outstanding to or from the company at the period end.

The following loans are due (to)/from Directors:

	2017 US\$	2016 US\$
P Letts:		
Opening balance	(15,721)	(19,603)
Expenses incurred on behalf of the group	(4,834)	(624)
Amounts advanced from the group	17,236	-
Exchange adjustments	3,319	4,506
Closing balance	-	(15,721)

The loans are interest free and repayable on demand.

Notes to the Consolidated Financial Information cont'd

19. Related Party Transactions cont'd

The Directors received the following warrants in the capacity of a shareholder, rather than in the capacity of a director providing services

	2017	2017	2017	2016
	Warrant Rights 1*	Warrant Rights 2*	Total	Total
Laurence Cook	-	-	-	-
David Rowe	2,142,857	1,250,000	3,392,857	-
Preeti Mardia	214,286	250,000	464,286	-
Richard Rae	1,071,429	500,000	1,571,429	-
Richard Croft	357,143	250,000	607,143	-
Philip Letts	-	-	-	-
Kara Cardinale	69,159	-	69,159	-
Timothy Allen	-	-	-	-
Richard Bourne-Arton	-	-	-	-
David Sherriff	103,739	-	103,739	-
Roger de Peyrecave	34,580	-	34,580	-
Robert Wirszyycz	-	-	-	-
Total	3,993,193	2,250,000	6,243,193	-

* See Note 15 for specific warrant terms

Options over Ordinary shares are expected to be granted by the Board to David Rowe as part of his incentive based remuneration package. The anticipated terms, which are yet to be agreed, are currently expected to be as follows:

- If the Company's average share price is 10 pence or more for 3 months David Rowe will be entitled to subscribe for Ordinary Shares equivalent to 2.5% of the Company's issued share capital at that time.
- If the Company's average share price is 15 pence or more for 3 months David Rowe will be entitled to subscribe for Ordinary Shares equivalent to 2.5% of the Company's issued share capital at that time.
- If the Company becomes EBITDA positive David Rowe will be entitled to subscribe for Ordinary Shares equivalent to 2.5% of the Company's issued share capital at that time.

Notes to the Consolidated Financial Information cont'd

20. Share-based Payments

The company operates two option schemes, namely an unapproved option scheme and an Enterprise Management Incentive ('EMI') scheme. The share capital of the company is denominated in Pounds Sterling. Therefore, disclosures are presented in Sterling.

At 31 December 2017, the following share options have been granted and are outstanding in respect of the Ordinary shares:

Exercise Price Range	As at 1 January 2017	Granted	Cancelled	As at 31 December 2017	Final exercisable date	Contractual life
£0.0425-£0.065	-	8,901,660	-	8,901,660	9/2027-12/2027	9.8-10.0 years
£0.0388-£0.15	2,567,500	-	2,337,500	230,000	6/2026-12/2026	8.5-9.0 years
£0.18-£2.40	2,442,300	-	1,985,000	457,300	4/2022-12/2025	4.3-8.0 years
£4.25-£4.60	15,000	-	15,000	-	9/2019-12/2023	5.7-6.0 years
£5.74-£7.93	7,500	-	3,500	4,000	1/2024	6.0-6.1 years
	5,032,300	8,851,660	4,341,000	9,592,960		
Weighted average exercise price	£0.28	£0.05	£0.27	£0.07		

Notes to the Consolidated Financial Information cont'd

20. Share-based payments cont'd

At the 31 December 2017, 9,573,960 (2016: 5,032,300) options were in existence, 9,417,660 (2016: 3,449,500) under EMI scheme and 156,300 (2016: 1,582,800) under unapproved scheme. The options exercisable as at 31 December 2017 were 10,000 (2016: 538,500). The contractual life is ten years and there is no cash settlement of the options. The options vest provided the employees remain in the service of the Maistro UK Limited for a period of between two and four years from the grant date. Share-based payments resulted in a credit of \$0.72m (2016: credit of \$0.21m) due to the forfeiture of options upon cessation of employment of leavers which included the previous Board of Directors.

The fair values of the options are calculated using the Black-Scholes method. Assumptions used in this model for the year ended 31 December were:

EMI Scheme	2017-03	2017-02	2017-1
Fair value at measurement date	£0.055	£0.034	£0.039
Exercise Price	£0.0425-£0.065	£0.0425-£0.065	£0.0425-£0.065
Expected volatility	161%	177%	182%
Expected life	3.00 Years	2.00 Years	3.00 Years
Weighted Average Share Price at grant	£0.044	£0.043	£0.065
Risk-free rate	1.49%	1.49%	1.49%

Unapproved Scheme	2017-03
Fair value at measurement date	£0.055
Exercise Price	£0.0425-£0.065
Expected volatility	161%
Expected life	3.00 Years
Weighted Average Share Price at grant	£0.044
Risk-free rate	1.49%

The expected volatility of 161 – 182%% was used for options granted during the year which has been based on the historical volatility of Maistro's share price.

Options over Ordinary shares are expected to be granted by the Board to David Rowe as part of his incentive based remuneration package. The anticipated terms, which are yet to be agreed, are currently expected to be as follows:

- If the Company's average share price is 10 pence or more for 3 months David Rowe will be entitled to subscribe for Ordinary Shares equivalent to 2.5% of the Company's issued share capital at that time.
- If the Company's average share price is 15 pence or more for 3 months David Rowe will be entitled to subscribe for Ordinary Shares equivalent to 2.5% of the Company's issued share capital at that time.
- If the Company becomes EBITDA positive David Rowe will be entitled to subscribe for Ordinary Shares equivalent to 2.5% of the Company's issued share capital at that time.

Notes to the Consolidated Financial Information cont'd

21. Financial Instruments – Risk Management

General Objectives, Policies and Processes

The overall objective of the Board is to set policies that seek to reduce risk as far as possible without unduly affecting the group's competitiveness and flexibility. Further details regarding these policies are set out below.

The Board reviews its monthly reports through which it assesses the effectiveness of the processes put in place and the appropriateness of the objectives and policies it sets.

The group reports in US Dollars. All funding requirements and financial risks are managed based on policies and procedures adopted by the Board of Directors.

Forward contracts are used to control foreign exchange risk. The group's criteria for entering into a forward currency contract would require that the instrument must:

- be related to anticipated foreign currency receipt;
- involve the same currency as the foreign currency receipt; and
- reduce the risk of foreign currency exchange movements on the group's operations.

i) Categories of financial assets and liabilities

The principal financial instruments used by the group, from which financial instrument risk arises, are as follows:

- Trade receivables.
- Cash and cash equivalents.
- Trade and other payables.
- Borrowings and convertible loan notes.

Trade and other receivables are initially measured at fair value and subsequently at amortized cost. Book values and expected cash flows are reviewed by the Board and any impairment charged to the consolidated statement of comprehensive income in the relevant period.

Trade and other payables are measured at book value. The book value of financial assets and liabilities equates to their fair value.

Notes to the Consolidated Financial Information cont'd

A summary of the financial instruments held by category is provided below:

Financial assets

	2017 US\$	2016 US\$
Cash and cash equivalents	3,311,440	2,506,292
Trade receivables – due at reporting date	283,821	30,047
Gross trade receivables	283,821	30,047
Less: Provision for impairment	(37,143)	(16,093)
Trade receivables – net of provision	246,678	13,954
Accrued income – not due at reporting date	81,552	61,920
Other receivables	89,079	37,477
Total	417,309	113,351

Trade receivables principally comprise amounts outstanding for sales to customers and are net of provision for doubtful recoverability. An impairment review of outstanding trade receivables is carried out at the period end and a specific amount provided for. The average debtor days to settle invoices are 135 days (2016: 13 days).

Trade receivables that are due at the reporting date and have been reviewed and impaired when the collectability is considered unlikely.

R&D Tax Credit relating to 2016 of \$293,672 was received in November 2017.

Financial liabilities

	2017 US\$	2016 US\$
Trade payables	555,294	309,976
Service provider costs accrual	76,379	84,267
Other accruals	514,070	371,733
Convertible loan notes	13,493	12,341
Total trade and other payables	1,159,236	778,317

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 106 days (2016 : 53 days).

Notes to the Consolidated Financial Information cont'd

Cash and cash equivalents

Cash and cash equivalents are held in Sterling, Euros and US Dollars and placed on deposit in UK banks and US banks.

ii) Credit risk

Credit risk is the risk of financial loss to the group if a customer or counterparty to a financial instrument fails to meet its contractual obligations. The Group is mainly exposed to credit risk from credit sales. At 31 December 2017 the group has net trade receivables of US\$246,678 (2016: US\$13,954).

The group is exposed to credit risk in respect of these balances such that, if one or more customers encounter financial difficulties, this could materially and adversely affect the group's financial results. The group attempts to mitigate credit risk by assessing the credit rating of new customers prior to entering into contracts and by entering contracts with customers with agreed credit terms. The group also mitigates the credit risk when the customer for a project has not paid for the outstanding debt by withholding payment to the service provider associated with the project where possible.

At 31 December 2017, the group had 1 customer (2016: no customers) that owed the group more than \$100,000 and accounted for 88% (2016: 0%) of all the net receivables outstanding. No provision for bad debt was made against this customer balance.

The analysis below shows the ageing of trade and other receivables and the movement in bad debt provision in the year:

	2017	2016
	US\$	US\$
Up to 3 months	436,123	455,135
3 to 6 months	637	12,834
Above 6 months	36,916	2,315
Gross	473,676	470,284
Less: allowance for impairment	(56,367)	(103,897)
Net	417,309	366,387
Allowance for impairment:	2017	2016
	US\$	US\$
Opening balance	103,897	1,002,723
Utilized during the year	(42,016)	(913,188)
Increase during the year	(5,514)	14,362
Closing balance	56,367	103,897

The provision for bad debts decreased during the year as the group's policy is to provide fully against receivables due for more than 150 days. A corresponding provision is made against the service provider invoice or accrual to reflect the reduced associated liability.

Notes to the Consolidated Financial Information cont'd

iii) Liquidity risk

Short-term liquidity risk arises from the group's management of working capital. It is the risk that the group will encounter difficulty in meeting its financial obligations as they fall due. The group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of at least 30 days. The table below analyses the group's financial liabilities by contractual maturities. All amounts disclosed in the table are the contractual undiscounted cash flows.

	2017	2016
	US\$	US\$
Ageing of trade and other payables:		
Up to 3 months	1,113,097	669,814
3 to 6 months	26,208	28,986
Above 6 months	6,438	67,174
Gross	1,145,743	765,974

Longer-term liquidity risk is the ability of the group to continue as a going concern. This risk is managed by the preparation by the Directors of cash flow forecasts and the close management of expenditure.

(iv) Foreign exchange risk

Functional and presentational currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the company operates (the functional currency) which is considered by the Directors to be Pounds Sterling (£). The financial statements have been presented in US Dollars. The effective exchange rate at 31 December 2017 was £1 = US\$1.3493 (2016: £1 = US\$1.2341).

Foreign exchange risk arises when group entities enter into transactions denominated in a currency other than their functional currency. The group's policy is, where possible, to allow customers to settle liabilities denominated in the customer's functional currency, being primarily Dollar, Euros or Pound Sterling.

The group is predominantly exposed to currency risk on sales and purchases made from customers and service providers based in the USA and the Eurozone. Sales and purchases from customers, service providers and suppliers are made on a central basis and the risk is monitored centrally. Apart from these particular cash flows the group aims to fund expenses and investments in the respective currency and to manage foreign exchange risk at a local level by matching the currency in which revenue is generated and expenses are incurred.

Forward contracts are used to control foreign exchange risk. Hedge accounting is not applied in respect of these derivatives.

The group's criteria for entering into a forward currency contract would require that the instrument must:

- be related to anticipated foreign currency receipt;
- involve the same currency as the foreign currency receipt; and
- reduce the risk of foreign currency exchange movements on the group's operations.

At 31 December 2017 the group had no commitments under forward foreign exchange contracts.

Notes to the Consolidated Financial Information cont'd

As at 31 December 2017, the group's net exposure to foreign exchange risk was as follows for those entities with Pound Sterling functional currencies:

	US Dollar US\$	Euro US\$	Total US\$
As at 31 December 2017			
Trade and other receivables	46,864	49,249	96,113
Cash and cash equivalents	9,560	37,993	47,553
Trade and other payables	(191,984)	(40,247)	(232,231)
Net assets	(135,560)	46,995	(88,565)
As at 31 December 2016			
Trade and other receivables	23,270	6,468	29,738
Cash and cash equivalents	(503)	19,366	18,863
Trade and other payables	(188,142)	(13,847)	(201,989)
Net assets	(165,375)	11,987	(153,388)

The impact of 10% movement in foreign exchange rate of US\$ will result in an increase/decrease of net assets by \$13,556 for 2017 (2016: \$16,538). The average US\$ exchange rate used for 2017 is 1.3284 (2016: 1.2399), with a closing rate of 1.3493 (2016: 1.2341).

(v) Capital management

The group's capital is made up of share capital, share premium, equity conversion reserve, merger reserve, foreign currency reserve, share-based payment reserve, warrant reserve and retained losses totaling at 31 December 2017 US\$4,672,841 (2016: US\$4,349,025).

The group'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.
- To provide an adequate return to shareholders by pricing products and services commensurately with the level of risk.

To meet these objectives, the group reviews the budgets and forecasts on at least a quarterly basis to ensure there is sufficient capital to meet the needs of the group through to profitability and positive cash flow.

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

Notes to the Consolidated Financial Information cont'd

(vi) Capital risk management

The group's objectives when managing capital are to safeguard the group's ability to continue as a going concern.

The group will also seek to minimize the cost of capital and attempt to optimize the capital structure, which currently means maintaining equity funding and keeping debt levels to insignificant amounts of lease funding. Share capital, share premium, and warrant reserve together amount to \$41,790,221 (see note 15).

Whilst the group does not currently pay dividends it is part of the capital strategy to provide returns for shareholders and benefits for other members in the future. However, the group is planning growth and it will continue to be important to maintain the group's credit rating and ability to borrow should acquisition targets become appropriate and available.

Capital for further development of the group's activities will, where possible, be achieved by share issues or other finance as appropriate.

22. Events After the Reporting Date

On 5 January 2018 the group changed its name to Maistro plc from blur Group plc.

23. Control

There is no ultimate controlling party.

Company Statement of Financial Position - Maistro plc

At 31 December 2017

	Note	2017 US\$	2016 US\$
Non-current assets			
Investment in subsidiary company	6	240,008	1,267,067
Total non-current assets		240,008	1,267,067
Current assets			
Trade and other receivables	7	11,088,881	4,074,665
Cash and cash equivalents		3,073,183	2,418,348
Total current assets		14,162,064	6,493,013
Total assets		14,402,072	7,760,080
Current liabilities			
Trade and other payables	8	62,154	34,830
Total current liabilities		62,154	34,830
Net assets		14,339,918	7,725,250
Equity attributable to equity holders of the company			
Called up share capital	9	2,456,819	769,179
Share premium		39,332,988	37,425,856
Share-based payment reserve	6	240,008	1,267,067
Warrant Reserve		414	-
Merger reserve		(317,393)	(317,393)
Foreign exchange reserve		(4,158,429)	(4,936,804)
Retained losses		(23,214,489)	(26,482,655)
Total equity		14,339,918	7,725,250

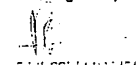
The financial statements were approved and authorized for issue by the Board of Directors on 28 February 2018 and were signed on its behalf by:

David Rowe

Chairman

Company Registration Number: 08188404

Digitally signed by

 David Rowe

The accompanying notes are an integral part of these financial statements.

Company Statement of Changes in Equity – Maistro plc

For the year ended 31 December 2017

	Called Up Share Capital US\$	Share Premium US\$	Foreign Exchange Reserve US\$	Share- based Payment Reserve US\$	Warrant Reserve US\$	Merger Reserve US\$	Retained Earnings/ (losses) US\$	Total US\$
Equity as at 31 December 2015	769,179	37,425,856	(2,974,317)	1,484,879	-	(317,393)	(23,009,487)	13,378,717
Loss for the period	-	-	-	-	-	-	(3,473,168)	(3,473,168)
Other comprehensive income	-	-	(1,962,487)	-	-	-	-	(1,962,487)
Total comprehensive income/(loss)	-	-	(1,962,487)	-	-	-	(3,473,168)	(5,435,655)
Issue of Ordinary shares	-	-	-	-	-	-	-	-
Issue costs recognized in equity	-	-	-	-	-	-	-	-
Share-based payments	-	-	-	(217,812)	-	-	-	(217,812)
Equity as at 31 December 2016	769,179	37,425,856	(4,936,804)	1,267,067	-	(317,393)	(26,482,655)	7,725,250
Profit for the period	-	-	-	-	-	-	3,268,166	3,268,166
Other comprehensive income	-	-	778,375	-	-	-	-	778,375
Total comprehensive income/(loss)	-	-	778,375	-	-	-	3,268,166	4,046,541
Issue of Ordinary shares	1,687,640	2,158,881	-	-	414	-	-	3,846,935
Issue costs recognized in equity	-	(251,749)	-	-	-	-	-	(251,749)
Share-based payments	-	-	-	(1,027,059)	-	-	-	(1,027,059)
Equity as at 31 December 2017	2,456,819	39,332,988	(4,158,429)	240,008	414	(317,393)	(23,214,489)	14,339,918

The accompanying notes are an integral part of these financial statements.

Company Statement of Cash flows - Maistro plc

For the year ended 31 December 2017

	2017 US\$	2016 US\$
Operating activities		
Profit/(loss) before interest and taxation	3,268,166	(3,473,168)
Interest income	(4,411)	(23,701)
Fair value movement and unrealized FX	552,629	(830,406)
Cash inflows/(outflows) from operating activities before changes in working capital	3,816,384	(4,327,275)
(Increase)/decrease in trade and other receivables	(3,809,511)	4,263,048
Increase in trade and other payables	27,324	(12,432)
Cash used in operations	34,197	(76,659)
Interest received	4,411	23,701
Interest paid	-	-
Net cash generated from operating activities	38,608	(52,958)
Investing activities		
Intercompany – Maistro UK Limited and Maistro US Inc.	(3,204,705)	(3,201,051)
Net cash used in investing activities	(3,204,705)	(3,201,051)
Issue of Share Capital	3,846,935	-
Issue cost of shares	(251,749)	-
Net cash generated in financing activities	3,595,186	-
Net increase in cash and cash equivalents	429,089	(3,254,009)
Cash and cash equivalents at beginning of period	2,418,348	6,804,438
Effect of foreign exchange rate changes	225,746	(1,132,081)
Cash and cash equivalents at end of period	3,073,183	2,418,348

The accompanying notes are an integral part of these financial statements.

Notes to the Company Financial Statements

At 31 December 2017

1. Company Statement of Total Comprehensive Income - Maistro plc

The company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in the financial statements. The profit for the period ended 31 December 2017 is US\$3,268,166 (2016: Loss US\$3,473,168).

2. Description of Business

Maistro plc is a public limited company domiciled in the United Kingdom. This company is incorporated to act as parent company for the group. This principal activity of the company is to control the subsidiaries and other entities in the group. The company was incorporated on 22 August 2012.

3. Accounting Policies

The company applies the same accounting policies as the group in note 1 of the consolidated financial information except for the following:

Basis of preparation

The principal accounting policies adopted in the preparation of the financial statements are set out below. These financial statements have been prepared on a going concern basis and in accordance with International Financial Reporting Standards ('IFRS'), International Accounting Standards ('IAS') and Interpretations ('collectively IFRSs') issued by the International Accounting Standards Board ('IASB') as adopted by the European Union in accordance with the Companies Act 2006.

Over the last three years the Company has been changing its business model to focus on large national and multi-national entities ("Enterprise") rather than smaller customers. During 2016 the Company won its first Enterprise customer, with additional Enterprise customers being added throughout 2017. As part of the change, and as expected, the long sales cycles inherent in entering the Enterprise procurement market contributed to an 8% fall in turnover in 2017 and continued cash burn.

While revenues fell for the year as a whole in 2017, the second half experienced a very significant improvement, with sequential growth of 164% and against this backdrop, the company successfully raised \$3.6m via two placings in 2017 which the Company believes has secured the financial viability of the group into the middle of 2019. There were also warrants totalling \$2.4m issued as part of the placings which, if exercised, will provide the business with additional funds. The group had cash of \$3.3m as at 31 December 2017.

Cash forecasts through to 31 December 2018 are based on continued sequential growth in revenues as experienced in the second half of 2017, combined with increased investment in technology development and sales functions. Cash burn excluding the exercise of warrants, for 2018 is forecast to be \$2.7m (2017: \$3.2m) and modestly negative in 2019

As at the date of approval of these financial statements, based on the forecasts covering a period extending beyond 12 months from the date of approval of these financial statements, the directors believe the Company will be able to continue operating for 12 months. In stress testing the assumptions, the directors believe this would continue to be the case if revenues were half those forecast for the year to December 2018. For these reasons, they continue to adopt the going concern basis in preparing the annual financial statements.

The directors recognize that building the Enterprise business and making the group sustainably profitable and cash generative is a medium-term goal, and that further funding may be required in 2019. The directors expect this to be sourced from the potential exercise of warrants and new equity funding, but the sources cannot be assured at this point and this indicates the existence of a material uncertainty which may cast significant doubt on the group's and the parent company's ability to continue as a going concern.

Notes to the Company Financial Information cont'd

Foreign currencies

The company's functional currency is Pound Sterling. The presentational currency is US Dollars. Transactions entered into by Maistro plc in a currency other than the functional currency of the company are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized immediately in the income statement. Exchange differences arising on the translation of the financial statements into the presentational currency of the entity are recognized in other comprehensive income.

Share capital

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability. The company only has one class of Ordinary shares, denominated as £0.01 Ordinary shares.

Investments in subsidiaries

The company's investment in its subsidiaries is carried at cost less provision for any impairment.

4. Critical Accounting Estimates and Judgements

The company makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including the expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the financial year are discussed below.

Judgements

(a) Investments

Carrying value of investments in subsidiaries is judged to be at cost plus the value of the share-based payments, as assessed by the Black-Scholes calculation, less any provision for impairment. The carrying value is tested for impairment when there is an indication that the value of the investment might be impaired. When carrying out impairment tests these are based upon future cash flow forecasts and these forecasts require management judgement. The Board reviews the subsidiary forecasts to determine whether any provision impairment is required and where the forecasts indicate future profitability, no impairment provision is made.

The Board has considered the investment and the receivable due from subsidiaries and concludes that the main asset of the company is Maistro UK Limited. The market capitalisation of the group at 31 December 2017 was \$14.6m of which \$3.3m is represented by the groups' cash balances. The investment in and receivable due from Maistro UK Limited has therefore been provided against leaving a net balance of \$11.3m.

Estimates

(a) Share-based payments

The fair value of the share options uses the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioral considerations.

(b) Warrants

The fair value of the warrants uses the Black-Scholes valuation model, which takes into account conditions attached to the vesting and exercise of the equity instruments therein. The expected life used in the model is adjusted, based on management's best estimate, for the effects of exercise restrictions and behavioral considerations.

5. Financial Instruments – Risk Management

The company's capital is made up of share capital, share premium, share based payment reserve, foreign exchange reserve, merger reserve, warrant reserve and retained losses totaling US\$14,339,918 at 31 December 2017.

- 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 by pricing products and services commensurately with the level of risk.

The principal financial instruments used by the company, from which financial instrument risk arises, are as follows:

- Trade and other receivables.
- Cash and cash equivalents.
- Trade and other payables.

Cash and cash equivalents comprise balances on bank accounts, cash in transit and cash floats held in the business. Finance charges are accounted for on an accruals basis and charged to the statement of comprehensive income when payable. Cash and cash equivalents are held in Sterling and placed on deposit in UK banks.

Financial liabilities	2017 US\$	2016 US\$
Trade payables	62,154	32,078
Accruals	-	2,752
	62,154	34,830

Notes to the Company Financial Information cont'd

6. Investments in Subsidiary

	Equity interest in subsidiaries US\$
Cost	
At 1 January 2017	1,267,067
Investment in 100% owned subsidiary	(1,027,059)
At 31 December 2017	240,008

The investment in subsidiary is recognized at the carrying amount of Maistro plc's share of the equity items shown in the separate financial statements of Maistro UK Ltd at the date of investment. The above investment of \$240,008 relates to the share-based payment reserve.

The share-based payment reserve relates to share options issued to Maistro UK Ltd's staff. As the shares under option pertain to Maistro plc any expense in the year is recognized as an investment in the subsidiary. This has been included in the investment impairment testing.

7. Trade and Other Receivables

	2017 US\$	2016 US\$
Amounts falling due within one year		
VAT receivable	1,386	189
Prepayments	3,170	2,504
Amounts owed by subsidiary undertakings	11,084,325	4,071,972
	11,088,881	4,074,665

8. Trade and Other Payables

	2017 US\$	2016 US\$
Amounts falling due within one year		
Trade payables	62,154	32,078
Accruals	-	2,752
	62,154	34,830

Notes to the Company Financial Information cont'd

9. Share Capital

	2017 US\$	2016 US\$
Share capital issued and fully paid		
At 1 January	769,179	769,179
Issued in the year	1,687,640	-
At 31 December	2,456,819	769,179
Number of £0.01 Ordinary shares in issue at period end	177,092,851	47,092,851

Ordinary shares carry the right to one vote per share at general meetings of the company and the rights to share in any distribution of profits or returns of capital and to share in any residual assets available for distribution in the event of a winding up. The shares are denominated in Pounds Sterling and translated at the historic rate.

The Company does not hold any treasury shares.

The Company has in 2017 issued securities with warrant rights attached, as follows:

	Warrant Rights 1	Warrant Rights 2
Date of Issuance	1 st August 2017	11 th October 2017
Number of Ordinary shares issued	100,000,000	30,000,000
Warrant rights attached to Ordinary shares	1 warrant per 4 Ordinary shares issued	1 warrant per 2 Ordinary shares issued
Number of warrant rights	25,000,000	15,000,000
Warrant subscription price	£0.035	£0.06
Initial exercise date	1 st August 2018	11 th October 2018
Final exercise date	1 st August 2019	11 th October 2019
Form of purchase	Cash purchase	Cash purchase

10. Share-based Payments

The company operates the same options scheme as set out in note 20 of the notes to consolidated financial information.

Notes to the Company Financial Information cont'd

11. Foreign Exchange Risk

Foreign exchange risk arises when the company enters into transactions denominated in a currency other than their functional currency. The group's policy including the company is, where possible, to allow customers to settle liabilities denominated in the customer's functional currency, being primarily US Dollar, Euros or Pound Sterling.

To monitor the continuing effectiveness of this policy, the Board receives a monthly forecast, analyzed by the major currencies held by the group, including the company, of liabilities due for settlement and expected cash reserves.

12. Reserves

The following describes the nature and purpose of each reserve within equity:

Share premium	The amount of capital contributed in excess of the nominal value of each Ordinary share.
Foreign exchange reserve	Foreign exchange translation reserve resulting in the translation of the financial statements from the functional to the presentation currency.
Retained losses	All other net gains and losses and transactions with owners (e.g. dividends) not recognized elsewhere.
Share-based payment reserve	Reserve for share-based payments on options granted during the period not yet exercised.
Merger reserve	Amount subscribed for share capital in excess of nominal value when shares are issued in exchange for at least a 90% interest in the shares of another company.
Warrants Reserve	Reserve for warrants granted during the period not yet exercisable. The value represents the fair value at the date of transaction.

13. Related Party Transactions

At the reporting date the following related party loan balances were:

	2017 US\$	2016 US\$	2017 US\$	2016 US\$
	Maistro UK Ltd		Maistro US Inc.	
At 1 January	4,071,971	4,441,200	-	692,337
Provision for impairment	3,433,211	(2,692,005)	(21,548)	(716,525)
Loans made in the year	3,199,034	3,061,675	21,548	139,374
FX movement	380,109	(738,899)	-	(115,186)
At 31 December	11,084,325	4,071,971	-	-

During the period a provision for impairment was part released against the loan to Maistro UK Ltd (per note 4).

Notes to the Company Financial Information cont'd

14. Leases

The company has no operating lease commitments.

15. Events After the Reporting Date

On 5 January 2018 the group changed its name to Maistro plc from blur Group plc.

16. Control

There is no ultimate controlling party.

Company Information

Directors and Officers

Laurence Cook - Chief Executive Officer

David Rowe - Chairman

Richard Croft - Non-executive Director and Company Secretary

Richard Rae - Non-executive Director

Preeti Mardia - Non-executive Director

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