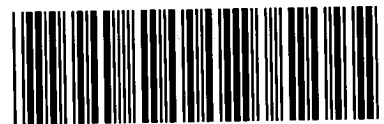


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
BREED REPLY LIMITED**

WEDNESDAY



A6GDDMG2

A18

04/10/2017

#125

COMPANIES HOUSE

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

	Page
Company Information	3
Report of the Directors	4
Report of the independent auditor	6
Statement of comprehensive income	8
Statement of financial position	9
Statement of changes in equity	10
Notes to the Financial Statements	11

BREED REPLY LIMITED

**COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS:

E E Angelidis
M Rizzante
R Lodigiani

REGISTERED OFFICE:

38 Grosvenor Gardens
London
SW1W 0EB

REGISTERED NUMBER:

09074975 (England and Wales)

AUDITOR:

Grant Thornton UK LLP
1 Dorset Street
Southampton
Hampshire
SO15 2DP

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

PRINCIPAL ACTIVITY

The principal activity of Breed Reply Limited (the "Company") is to identify investment opportunities on behalf of Breed Reply Investments Limited ("BRIL") in the most promising early-stage companies in the 'Internet of Things' market. Company activities include deal-sourcing, investment and post-investment activities. Once an investment is complete the Company works closely with the investee company to advise and assist in the development of all elements of the business, encompassing processes and people, sales and marketing, business planning, finance and operations.

RESULTS & PERFORMANCE

The results for the year to 31 December 2016 are set out on page 8. The Company made a loss of £394,000 in the year (2015: loss of £916,000).

The directors do not propose payment of a dividend.

FUTURE DEVELOPMENTS

The directors intend to continue with the execution of the Company's strategy of identifying investment opportunities on behalf of BRIL and working closely with BRIL's investee companies to advise and assist in the development of those businesses.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2016 to the date of this report.

E E Angelidis
M Rizzante
R Lodigiani

Appropriate insurance cover in respect of potential Directors' and Officers' liabilities was in place through the whole of the period from 1 January 2016 to the date of this report and will continue to be maintained.

GOING CONCERN

The directors believe the going concern basis is appropriate for the preparation of the financial statements as the continued support of the parent company, Reply S.p.A., has been obtained.

DIRECTORS' RESPONSIBILITIES STATEMENT

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016**

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

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information of which the Company's auditor is unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

EVENTS SINCE THE END OF THE PERIOD

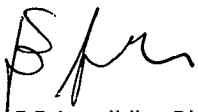
Information relating to events since the end of the period is given in note 16 to the financial statements.

AUDITOR

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be reappointed and, Grant Thornton UK LLP, will therefore continue in office.

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

ON BEHALF OF THE BOARD:



E E Angelidis - Director

19 May 2017

**REPORT OF THE INDEPENDENT AUDITOR
FOR THE YEAR ENDED 31 DECEMBER 2016**

We have audited the financial statements of Breed Reply Limited for the year ended 31 December 2016 which comprise the statement of financial position, the statement of comprehensive income, the statement of changes in equity and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 101 Reduced Disclosure Framework.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 4, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.
- the Report of the Directors has been prepared in accordance with applicable legal requirements.

Matter on which we are required to report under the Companies Act 2006

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Report of the Directors.

BREED REPLY LIMITED

**REPORT OF THE INDEPENDENT AUDITOR
FOR THE YEAR ENDED 31 DECEMBER 2016**

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to prepare financial statements in accordance with the small companies regime and take advantage of the small companies exemption from the requirement to prepare a Strategic Report or in preparing the Report of the Directors.



Norman Armstrong
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Southampton

Date: 24 May 2017

BREED REPLY LIMITED

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016


		Year ended 31 December 2016	Year ended 31 December 2015
	Note	£'000	£'000
Revenue	3	2,184	1,146
Administrative expenses		(2,539)	(2,041)
Operating loss		(355)	(895)
Interest payable and similar expenses	5	(43)	(17)
Loss before taxation	6	(398)	(912)
Tax	7	4	(4)
Loss for the year		(394)	(916)
Other comprehensive expense for the year, net of tax		-	-
Total comprehensive loss for the year attributable to equity holders of the parent		(394)	(916)

BREED REPLY LIMITED

**STATEMENT OF FINANCIAL POSITION
AT 31 DECEMBER 2016**

	Note	31 December 2016	31 December 2015
		£'000	£'000
Non-current assets			
Tangible assets	8	44	57
		<u>44</u>	<u>57</u>
Current assets			
Debtors: amounts falling due within one year	9	699	365
Cash at bank		415	341
		<u>1,114</u>	<u>706</u>
Creditors			
Amounts falling due within one year	10	(3,092)	(2,299)
Net current liabilities		<u>(1,978)</u>	<u>(1,593)</u>
Total assets less current liabilities		<u>(1,934)</u>	<u>(1,536)</u>
Provisions for liabilities	12	-	(4)
Net liabilities		<u>(1,934)</u>	<u>(1,540)</u>
Capital and reserves			
Called up share capital	13	10	10
Retained earnings	14	(1,944)	(1,550)
Shareholders' deficit		<u>(1,934)</u>	<u>(1,540)</u>

The financial statements were approved by the Board of Directors and authorised for issue on 19 May 2017 and were signed on its behalf by:



E E Angelidis - Director

BREED REPLY LIMITED

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Share capital	Retained earnings	Total equity
	£'000	£'000	£'000
At 1 January 2015	10	(634)	(624)
Transactions with owners	-	-	-
Total comprehensive expense	-	(916)	(916)
Balance at 31 December 2015	10	(1,550)	(1,540)
Transactions with owners	-	-	-
Total comprehensive expense	-	(394)	(394)
Balance at 31 December 2016	10	(1,944)	(1,934)

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

1. STATUTORY INFORMATION

Breed Reply Limited is a private company limited by shares and registered in England and Wales. The Company's registered number and registered office address can be found on the Company Information page. The principal place of business of the Company is 9-11 Grosvenor Gardens, London, SW1W 0BD.

2. ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with applicable accounting standards and in accordance with Financial Reporting Standard 101 "Reduced Disclosure Framework" (FRS101) and the Companies Act 2006. The principal accounting policies adopted in the preparation of the financial statements are set out below. These policies have all been consistently applied through the year unless otherwise stated. The financial statements have been prepared under the historical cost convention.

The financial information is presented in pounds sterling, rounded to the nearest £1,000.

The Company is a wholly owned subsidiary of Reply S.p.A which prepares publicly available consolidated financial statements in accordance with IFRS. The Company is included in the consolidated financial statements of Reply S.p.A for the year ended 31 December 2016. These accounts are available from Reply S.p.A, Corso Francia 110, 10143 Turin, Italy.

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 101 "Reduced Disclosure Framework":

- the requirements of paragraphs 10(d), 10(f), 16, 38A, 38B, 38C, 38D, 40A, 40B, 40C, 40D and 111 of IAS 1 'Presentation of Financial Statements';
- the requirements of paragraphs 134 to 136 of IAS 1 'Presentation of Financial Statements';
- the requirements of IAS 7 'Statement of Cash Flows';
- the requirements of paragraphs 17 and 18A of IAS 24 'Related Party Disclosures';
- the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group;
- the requirements of paragraphs 30 and 31 of IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors';
- the requirements of IFRS 7 'Financial Instruments: Disclosures'.

Use of estimates and judgements

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected.

The management has not identified any significant areas of estimation uncertainties and critical judgements considering the nature of the Company's current business.

Going concern

The financial statements have been prepared on a going concern basis. The directors have received confirmation that the Company's parent company, Reply S.p.A, will continue to provide adequate financial resources to enable the Company to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (Continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for work performed and the value of services supplied during the year, net of VAT and other sales-related taxes.

In respect of contracts for on-going services, income represents the value of work done in the year, including estimates of amounts not invoiced. Income in respect of contracts for on-going services is recognised by reference to time elapsed. The value of amounts to be invoiced at the year-end is included within prepayments and accrued income. Where amounts have been invoiced in advance of the service to be performed, the amount is included within deferred income. Any losses arising on such contracts are recognised when foreseen.

In accordance with the terms in certain of the investment agreements entered into with companies in which BRIL invests, the Company recharges to the investee company certain fees and expenses incurred in connection with the investment process involving these companies.

Tangible fixed assets

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

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

- Improvements to property 20% on a straight line basis
- Fixtures and fittings 25% on a straight line basis
- Computer equipment 33% on a straight line basis

Taxation

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 substantially enacted by the balance sheet date.

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

Deferred tax is not discounted.

Financial instruments - Recognition, initial measurement and derecognition

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

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

2. ACCOUNTING POLICIES (Continued)

Financial instruments - Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement financial assets, other than those designated and effective as hedging instruments, are classified into the following categories upon initial recognition:

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less provision for impairment. Discounting is omitted where the effect of discounting is immaterial. The Company's cash and cash equivalents, trade debtors and other debtors fall into this category of financial instrument.

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

Financial instruments – Classification and subsequent measurement of financial liabilities

The Company's financial liabilities include borrowings, trade creditors and other creditors and derivative financial instruments.

Financial liabilities are measured subsequently at amortised cost using the effective interest method except for derivatives and financial liabilities designated at FVTPL, which are carried subsequently at fair value with gains or losses recognised in profit or loss (other than derivative financial instruments that are designated and effective as hedging instruments).

Cash and cash equivalents

Cash comprises cash on hand and demand deposits which is presented as cash at bank in the Statement of Financial Position.

Cash equivalents comprise short-term, highly liquid investments with maturities of three months or less from inception that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value. Cash equivalents are presented as part of current asset investments in the statement of financial position.

Equity, reserves and dividend payments

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 Company's ordinary shares are classified as equity. Transaction costs on the issue of shares are deducted from the share premium account arising on that issue. Dividends on the Company's ordinary shares are recognised directly in equity.

Interim dividends are recognised when they are paid. A liability for unpaid dividends is recognised when the dividends have been approved in a general meeting prior to the reporting date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (Continued)

Operating lease commitments

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

Employee benefit costs

The Company contributes to the personal pension plans of certain employees and contributions are charged to the income statement in the period to which they relate.

Holiday pay

A provision for annual leave accrued by employees as a result of services rendered, and which employees are entitled to carry forward and use within the next 12 months is recognised in the current period. The provision is measured at the salary cost payable for the period of absence.

3. REVENUE

The turnover and loss before taxation are attributable to the one principal activity of the Company.

An analysis of turnover by geographical market for the year ended 31 December 2016 is detailed below:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
UK	1,423	543
Rest of Europe	661	603
Rest of World	100	-
	<u>2,184</u>	<u>1,146</u>

4. EMPLOYEES AND DIRECTORS

The average numbers of staff including executive directors employed by the Company during the year are shown below.

	Year ended 31 December 2016 Number	Year ended 31 December 2015 Number
Directors	1	1
Staff – Administration	1	1
Staff – Investment and Portfolio Management	5	4
	<u>7</u>	<u>6</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

4. EMPLOYEES AND DIRECTORS (Continued)

Their aggregate remuneration comprises:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Wages and salaries	1,305	1,130
Social security costs	171	147
Other pension costs	30	28
	<u>1,506</u>	<u>1,305</u>

At 31 December 2016, pension contributions of £2,250 (2015: £2,708) were outstanding and included within creditors.

Directors' remuneration:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Emoluments	505	438

There were no pension contributions for the directors (2015 – Nil).

Information regarding the highest paid director is as follows:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Emoluments	505	438

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Interest payable on loans provided by the parent	43	17

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

6. LOSS BEFORE TAXATION

The loss before taxation is stated after charging/(crediting):

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Other operating leases	168	160
Depreciation - owned assets	19	15
Auditor's remuneration for the audit of the Company's accounts	20	-
Pension costs	30	28
Foreign exchange differences	8	(1)

7. TAXATION

Analysis of tax expense

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Deferred tax	(4)	4
Total tax (credit)/expense in statement of comprehensive income	(4)	4

Factors affecting the tax credit/expense

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	Year ended 31 December 2016 £'000	Year ended 31 December 2015 £'000
Loss before income tax	(398)	(912)
Loss multiplied by the standard rate of corporation tax in the UK 20.00% (2015 - 20.25%)	(80)	(185)
Effects of:		
Fixed asset differences	2	1
Expenses not deductible for tax purposes	26	41
Income not taxable for tax purposes	(20)	-
Group relief surrendered	-	145
Adjustment to deferred tax in respect of prior periods	(25)	-
Adjust closing deferred tax to average rate of 20.25%	14	(1)
Adjust opening deferred tax to average rate of 20.25%	(2)	-
Deferred tax not recognised	81	3
Tax (credit)/expense	(4)	4

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

8. TANGIBLE FIXED ASSETS

	Improvements to property £'000	Fixtures and fittings £'000	Computer equipment £'000	Total £'000
Cost				
At 1 January 2016	35	13	25	73
Additions	-	-	6	6
At 31 December 2016	35	13	31	79
Depreciation:				
At 1 January 2016	6	3	7	16
Charge for the year	7	2	10	19
At 31 December 2016	13	5	17	35
Net book value				
At 31 December 2016	22	8	14	44
At 31 December 2015	29	10	18	57

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 December 2016 £'000	At 31 December 2015 £'000
Trade debtors	401	218
Amounts owed by group undertakings	1	10
Other debtors	75	77
Prepayments and accrued income	222	60
	699	365

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	At 31 December 2016 £'000	At 31 December 2015 £'000
Trade creditors	206	24
Amounts owed to Group undertakings	1,792	1,358
Social security and other taxes	91	33
VAT	77	106
Other creditors	2	3
Accruals and deferred income	924	775
	3,092	2,299

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. LEASING AGREEMENTS

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

	At 31 December 2016 £'000	At 31 December 2015 £'000
Within one year	153	165
Between one and five years	320	470
	<u>473</u>	<u>635</u>

12. PROVISIONS FOR LIABILITIES

	At 31 December 2016 £'000	At 31 December 2015 £'000
Deferred tax		
Opening balance	4	-
Movement	(4)	4
Closing balance	<u>-</u>	<u>4</u>

The deferred tax balance relates to accelerated capital allowances.

13. CALLED UP SHARE CAPITAL

	At 31 December 2016 £'000	At 31 December 2015 £'000
Allotted, issued and fully paid:		
10,000 (2015: 10,000) Ordinary shares of £1.00 each	10	10

Called up share capital represents the nominal value of shares that have been issued.

14. RESERVES

Retained earnings account includes all current and prior period retained profits and losses.

15. ULTIMATE PARENT COMPANY

Alika S.R.L, a company incorporated in Italy, is deemed to be the ultimate parent undertaking and is the largest group of undertakings for which group accounts are drawn up.

Reply S.p.A. is the immediate parent company and is the smallest group of undertakings in whose financial statements the Company is included. The group financial statements can be obtained from Corso Francia 110, 10143 Turin, Italy.

16. POST BALANCE SHEET EVENTS

There were no events after the balance sheet date.

17. RELATED PARTY TRANSACTIONS

As permitted by FRS 101 related party transactions with wholly owned members of the Alike S.R.L. group have not been disclosed.