Registered in England and Wales number 10114644

Verditek PLC

Group Annual Report and Financial Statements

Year Ended 31 December 2017

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STRATEGIC REPORT

At Verditek we believe that the future is in the clean technology sector. Through our subsidiaries we are leading the way in the emergent and fast growing sectors including solar PV technology sales, next generation solar technology development, industrial treatment of gases and CO_2 capture, air purification, water deodorisation, all businesses targeting zero emission and low cost energy.

Verditek takes early stage positions in technology businesses and provides commercial discipline and funding to take them through to commercial revenue and growth.

At the date of approval of this report the Company has the following holdings:

51% holding in Greenflex: Our Greenflex subsidiary manufactures light weight solar modules which offer several innovations including, interconnectivity of individual PV cells, increased flexibility, and are particularly light weight compared to conventional PV modules. These properties open up markets that otherwise cannot consider solar energy to address their power requirements. The business will generate revenues from the sale of 'solar enhanced' PV products. Our start-up capacity comprises two solar PV production lines with a total manufacturing capacity of 20MWp of solar panels per annum.

51% holding in BBR: BBR applies patented filtration and deodorisation technology and exercises sole distributorship rights with geographical exclusivity. Our technology can be adapted to address specific odour, VOC, and HAP problems, using sustainable green methods to process industrial scale volumes of effluent. For example, our technology can remove over 99% of hydrogen sulphide from wastewater streams, as well as mercaptans and aldehydes. Our patented reactor provides a highly efficient and cost-effective solution that can be scaled from small to very large process streams.

23.64% holding in WES: Many important industrial processes are governed by the effectiveness of mixing a gas with a liquid in order to bring about a separation or reaction of chemicals. The WES gas-liquid contactor does this significantly more efficiently than conventional reactors and is particularly effective when processes are influenced by precipitation. An extremely important example is that of Carbon Capture where typical flue gas streams (e.g. electricity generation, cement manufacture) must by treated to prevent carbon dioxide from entering the atmosphere. Another huge application is the treatment of natural gas (commonly contaminated with 2-5% of H_2S) to meet sales gas requirements (<25 ppm). WES has developed a novel multiphase contacting process using a proprietary froth generator that can dramatically enhance mass transfer in gas/liquid absorption systems. We believe the reduction in capital costs, as well as operational burden, will revolutionize these markets, making access to the technology affordable to industry and protecting our planet.

2017 HIGHLIGHTS

On 24 February 2017, the Company increased its stake in Greenflex through the transfer of a further two shares for par value, bringing its investment in Greenflex Energy Limited to 51%. The directors considered that control of Greenflex RSM s.r.l. was obtained at that date and have accounted for the transaction as an acquisition from this date.

The Company was successfully admitted to AIM, with a first day of dealings on 10 August 2017 having raised £2.75 million (gross). On the same date the Company completed two further acquisitions:

- 51% of the ordinary share capital of BBR Filtration Limited for cash consideration of £600,000; and
- the Company's subsidiary, Verditek US acquired 23.64% of the membership interest of Westec Environmental Solutions, LLC for cash consideration of £750,000.

On 21 December 2017 Verditek successfully raised £1.3m for working capital through a private placement in support of the continued growth of the Company's manufacturing capacity and to fund a Joint Development Programme with Paragraf Ltd, a spin out from Cambridge University.

During the period the businesses did not record any revenue with first commercial sales expected in 2018. The investment funds raised during the year were used to invest in additional production equipment, sales and marketing, product development and other operating expenses.

CHAIRMAN'S STATEMENT

I was delighted to take over from Geoffrey Nesbitt as Chairman in April 2018 and, as a strong supporter of clean technologies, I look forward to guiding this forward-thinking business in its mission to commercialise green technologies. I believe that Verditek's innovative range of clean energy products will help to meet the growing demand for a greener, cleaner planet.

Since the admission on AIM in August 2017 the executive team have made significant progress towards achievement of the operational plans and also put in place a strong foundation of governance under which the group can effectively operate.

Undoubtedly the focus during 2017 and into 2018 has been the establishment of the Greenflex production capacity. Our Greenflex subsidiary manufactures light weight solar modules which offer several innovations including, interconnectivity of individual PV cells, increased flexibility, and are particularly light weight compared to conventional PV modules. These properties open up markets that otherwise cannot consider solar energy to address their power requirements. The business will generate revenues from the sale of 'solar enhanced' PV modules for applications which require exceptional performance without the weight. Our start-up capacity comprises two solar PV production lines with an initial manufacturing capacity of 20 MWp of solar panels per annum.

In addition, we are very excited about the Joint Development Programme with Paragraf Ltd, a spin out from Cambridge University. We envisage the development of this technology coupled with our current solar offering, will further transform the durability and performance of conventional light-weight cells, opening up new applications of solar technology. We anticipate the new technology can be integrated into a wide range of electronic devices demanding a supremely robust, lightweight material that converts light into power.

With its modular solution to odour control BBR is ideally suited to exploit the trend for new biological based solutions and we are actively pursuing partnerships to commercialise the opportunity.

In WES we have been active in developing access to CO_2 capture and H_2S removal target markets through work with established partners in order to scale the business.

Altogether the outlook for the business remains positive with strongly growing addressable markets and products that offer customers good value solutions to their environmental challenges.

Lord David Willetts
Non-Executive Chairman

CHIEF EXECUTIVE'S REVIEW

Through our subsidiaries we are leading the way in the emergent and fast growing sectors of solar energy, industrial air and water deodorisation as well as CO_2 and H_2S emissions capture technology. In the period under review we have made significant investment in the commercialisation of our technologies, development of operating processes and group governance. We remain confident that in our chosen markets our technologies can deliver significant value to our customers as they manage their environmental responsibilities.

Operational Highlights

During the first half of the period under review, the Directors were heavily focused on the AIM admission process and ensuring that the Company and its three technology investments were properly funded.

On 24 February 2017, the Company increased its stake in Greenflex through the transfer of a further two shares for par value, bringing its investment in Greenflex Energy Limited to 51%. The directors considered that control of Greenflex RSM s.r.l. was obtained at that date and have accounted for the transaction as an acquisition from this date.

The Company was successfully admitted to AIM, with a first day of dealing on 10 August 2017 having raised £2.75 million (gross). We believe that our admission to AIM will support the execution of our growth strategy as we look to progress our three clean technology businesses and bring each of the proprietary products to market.

On admission to AIM on 10 August 2017 the Company completed two further acquisitions:

- 51% of the ordinary share capital of BBR Filtration Limited for cash subscription of £600,000; and
- the Company's subsidiary, Verditek US acquired 23.64% of the membership interest of Westec Environmental Solutions, LLC for cash consideration of £750,000.

On 21 December 2017 Verditek successfully raised £1.3m for working capital through a private placement in support of the continued growth of the Company's manufacturing capacity and to fund a Joint Development Programme with Paragraf Ltd, a spin out from Cambridge University.

During the period the businesses did not record any revenue with first commercial sales expected in 2H2018. The investment funds raised during the year were used to invest in additional production equipment, sales and marketing, product development and other operating expenses.

Strategy

Verditek takes early stage positions in technology businesses and provides financial discipline and funding to take them through to commercial revenue and growth. Technology and market risk are managed by investing in technologies which service different markets and are at different stages of maturity. Cash generation from interests which are closest to revenue will supplement the investment needs of the businesses with longer technology development cycles. Near term strategic objectives include:

Achieving first sales: Greenflex, our next generation solar cell technology company, and BBR, our pioneering bio filtration technology company, offer near-term revenue generation. It is our immediate focus to push these technologies into market and secure sales contracts within their respective industries. The Greenflex production line is now ready to be commissioned and product certification will commence in the quarter with first sales by the end of the year. Following a review of the BBR business proposition we are in the process of repositioning this business and relaunching the product with a new marketing approach.

Continuing to invest in longer term development opportunities: The joint development project with Paragraf Limited has been created to harness the significant potential advantages of graphene to improve the performance of solar power generation over state of the art cells and panels. This provides an opportunity to move the Verditek solar business to the cutting edge of the solar industry. The investment in WES with its unique liquid gas absorption technology, is set to revolutionize the global CO_2 capture market offers a longer-term blue-sky opportunity for investors.

Develop the organisation: build out a strong and reliant organisation with an emphasis on attracting and retaining excellent people supported by effective systems, processes and tools.

Markets and Products

During the period we continued to see strong growth in our addressable markets.

Solar: We estimate that the lightweight solar market is growing strongly and is going to be at least $28 billion by 2022. Greenflex can offer customers solar modules at a fraction of the weight of conventional glass panels opening up new market opportunities for customers with residential and light industrial estates.

Filtration: Our BBR fluidized biofilter offers deodorisation and filtration systems into established markets where growth is driven by increasingly strict national and local regulations. Addressable markets include food processing, waste water treatment, industrial and chemical processing. The scale of the global market for new capital equipment expenditure on abatement technology is estimated to be in the region of £450m-£600m per annum, and BBR is ideally suited to exploit the trend for new biological based solutions.

CO_2 and H_2S removal: The unique WES liquid gas absorption technology provides the opportunity to supply more space efficient absorption solutions to customers with lower running costs than existing solutions. Addressable market growth is driven by increased legislative pressure and growth in the underlying markets. Markets include fossil fuel power generation plants, cement production, oil refining, upstream management of sour gas, any precipitating solvent process and ultra fine particular scrubbing. The sour gas market is growing rapidly and expected to be around $55 billion by 2022.

Financials

For the period under review, Verditek did not generate any revenue. The investment funds raised during the year were used to provide the group with the necessary resources to start to execute its business plan and move forward with the creation of an international business.

Outlook

We are excited about the future of Verditek and believe the outlook remains very positive.

When we set about creating Verditek we did so with the vision of building a leading clean technology company, which delivers game changing technology solutions for the sector. We believe with our initial three investments in solar, bio filtration and gas processing and carbon capture, we are well placed to do this.

Our growth strategy is centered on bringing each of the group's technologies to market in the near-term, to drive first revenues and enhance shareholder value for the Company. Our three core businesses hold the following characteristics which we believe set us apart from our peers; they are all proven proprietary products at the point of commercialization, technologies within emergent and fast growing cleantech sector and have large, lucrative and global addressable markets. We also have the ability to add investments in synergistic technologies that bring value to our core three businesses.

Our focus continues to be delivery of first sales of our leading solar cell PV technology. We have completed commissioning of the production line and recently moved to a larger facility in Lainate, Italy. Product and production certification is due to commence in the next quarter with first sales by the end of the year. We are excited about our joint solar development project with Paragraf Limited to develop and verify the application of graphene to solar devices which we believe could be a game changer for the industry. We are confident that the repositioning of the BBR's bio filtration products will be successful. The Board believes that WES is a blue-sky investment opportunity, which could revolutionise the carbon capture market for the cement industry, natural gas processing, petroleum refineries and numerous other industries.

We will also continue to invest in developing the Verditek organisation building on the strong foundations that have been laid down so far.

I would like to take this opportunity to thank my fellow Board members, valued shareholders and advisers for their support during this year. As noted we look forward to delivering on our vision of building a cash-generative and profitable clean technology company and we will continue to update the market in the coming months on these developments.

Dr Geoffrey Nesbitt
Chief Executive Officer

FINANCIAL REVIEW

Income statement

During the year 2017 the Group's loss after taxation was £1,979,479 (December 2016: £146,142).

The administration costs incurred for the year ended 31 December 2017 of £1,807,184 included one-off costs of £673,012 and impairment of goodwill of £357,236 (December 2016: £146,142 included one-off costs of £129,811). These costs were associated with AIM admission and fundraising costs.

Other administration costs of £776,936 (December 2016: £16,331).

Loss per share

The basic and diluted loss per share was £0.01 (2016: £0.01).

Financial Position

The Group net assets at 31 December 2017 were £2,527,371 (2016: net liabilities £146,042). This comprised total assets of £2,929,544 and total liabilities of £402,173.

The total assets included property, plant and equipment and goodwill of £440,588 (2016: £2,228),

Cashflow

The Group's cash balance at the period end was £1,190,975.

During the period the net cash outflow from operating activities was £1,613,455 (2016: £498,228) with financing activities generating net proceeds of £3,600,741 (2016: £522,131).

Dividends

No dividend is recommended (2016: £nil) due to the early stage of the development of the Group.

Capital management

The Board's objective is to maintain a balance sheet that is both efficient and delivers long term shareholder value. The Group had cash balances of £1,190,975 at 31 December 2017. The Board continues to monitor the balance sheet to ensure it has an adequate capital structure.

Key Performance Indicators

As the group is pre-revenue the main measures of performance are the level of expenditure compared to budget and forecast expectations. Going forwards the Board will work with the businesses to develop a suite of KPIs to monitor and report performance.

Events after the reporting period

Events after the reporting period are described in Note 23 to the financial statements.

Tim Lord
Chief Financial Officer

PRINCIPAL RISKS AND UNCERTAINTIES

The Board is committed to protecting and enhancing our reputation and assets, while safeguarding the interests of our shareholders. It has overall responsibility for the Group's system of risk management and internal control.

The Board assesses the Company's principal risks and monitors the risk management process at least twice a year. Over the course of the year, the Board has also considered specific risks of intellectual property and physical asset security, fluctuations in exchange rates and liquidity.

Accepting that it is not possible to identify, anticipate or eliminate every risk that may arise and that risk is an inherent part of doing business, our risk management process aims to provide reasonable assurance that we understand, monitor and manage the main uncertainties that we face in delivering our objectives. Our principal risks are shown in the table below.

Risk Framework

Managing risk is an inherent part of any vital commercial enterprise. Verditek has prepared a risk review using an established framework that assists the recognition and mitigation of risk. Ranking risk and opportunity is critical to any successful business and assists the executive in managing priorities to extract the maximum value from our investments, while maintaining vigilance on those aspects which most influence an outcome.

In our first year of operation we have focused on establishing the risk framework and installing fit for purpose governance to ensure compliance. Financial control has figured prominently in 2018 as we migrated legacy accounting practices from the private entities that Verditek has controlling interest in, into a standard practice, benchmarked for a UK AIM quoted company.

Risk Review

Verditek businesses span three separate markets and industry segments, providing a natural hedge to the company. The key risks identified per business are as follows,

	RISK	MITIGATION and MANAGEMENT	ASSESSMENT
Market conditions	Solar: subsidized tariffs for conventional "brown" electricity and the application of massive investment of capital automation similar to what happened in conventional PV. Deodorisation: established players enter into a price war, destroying value proposition in the market or, regulatory bodies relax odour emission laws. CO_2 & H_2S Capture: major governments opt out of the Paris accord, encouraging industry to vent CO_2, or sulphur emissions legislation is relaxed by the IMO and EU.	For all three businesses the mitigation strategy is similar: pursue clients who are themselves active in different regions, markets, and industry segments. In Solar we are securing relationships with developers in India, the US, the GCC and Europe. Our product can be used in light industrial sheds, mining camps and affordable housing projects. In our deodorisation business we are pursuing relationships in the US across many new areas such as food processing and horticulture (e.g. cannabis). In CO_2 and H_2S capture we are working with recognised industry leaders to benchmark our technology in CO_2 capture and H_2S gas processing.	The risk is in control
Commercial Success	Our products are considered too expensive or providing a low return on investment. Since we are ramping up production our leverage on procurement costs and economies of scale are low. Establishing organic sales leads is slow.	In our solar business we are establishing procurement relationships and debottlenecking our WIP cycle to optimize material cost. As we grow we will be able to negotiate more competitive rates. In our deodorisation business we are working with our supplier to analyse costs and where possible manufacture in-country to avoid FX burden. Our CO_2 and H_2S capture investment will remain precommercial until 2019. We are pursuing licensing relationships in both solar and deodorisation to benefit from established sales presence.	The risk requires continued vigilance

	RISK	MITIGATION and MANAGEMENT	ASSESSMENT
License to Operate	Failure to meet AIM corporate governance requirements. Leadership in Verditek or our operating companies behave fraudulently HSE violations in our operating companies.	The executive has performed an audit in 2Q2018 to evaluate our corporate governance, policies and procedures in place. In 3Q2018 we will benchmark against the newly published QCA guidelines and confirm compliance. We have published our Code of Conduct and rolled out to the board and executive. The board has agreed that each member of Verditek sign the CoC and confirm they have read and understand the contents. Regarding HSE we are directly responsible for installing and auditing an HSE culture in our solar business, auditing our supplier in our deodorisation business and advising in our CO_2 & H_2S capture business. Implementation of an HSE program is underway in our solar business, and we are working with our supplier in deodorisation to implement policy in the manufacture of the equipment.	The HSE risk requires vigilance
Financial	Failure to secure cashflow and remain a going concern. Growth ambitions outpace cash reserves.	We are taking steps to develop a differentiated approach to contracting to encourage lease, lease to buy and sales contracts which will build robust line of sight on earnings. Short-term funding is being addressed in 2/3Q2018 pursuing convertible loan instrument to support start-up costs. Early stage financing of growth will be done with partners, using major anchor projects to provide line of sight on income and service financing.	The risk is in control
Legal	Poorly constructed sales contracts expose the company to punitive commercial conditions. Partnering relationships expose Verditek to unlimited liabilities.	Verditek has secured Peachey as their single corporate counsel and have developed a suite of proforma contracts to ensure commercial negotiations begin soundly.	This risk is in control.

On behalf of the Board

Dr Geoffrey Nesbitt
Chief Executive Officer
28 June 2018

GOVERNANCE

BOARD OF DIRECTORS

Since 31 December 2017 there have been a number of Board changes. Theo Chapman resigned as Chief Executive Officer and was replaced by Geoffrey Nesbitt, who was previously Non-Executive Chairman. Jose Luis del Valle, Non-Executive Director and Janet Donovan, Chief Financial Officer have also resigned from the Board. David Willetts has joined the Board as Non-Executive Chairman. Tim Lord has since joined as Chief Financial Officer and is expected to join the Board in due course.

The Board as at the date of signing the report and accounts comprised:

Geoffrey Nesbitt Chief Executive Officer

Geoff was the Chairman of Verditek and in early 2018 became the Chief Executive Officer. Geoff has served over 30 years in the oil & gas and energy sectors. He was the CTO of FTSE 250 group Petrofac. Prior to Petrofac, he held a number of senior roles in Shell in the Middle East, India, the US, and Europe for 23 years. His most recent assignments with Shell involved the management of commercially focused R&D centres in Europe and India.

Lord David Willetts (Non-Executive Chairman)

The Rt Hon. Lord David Willetts is the Chairman of Verditek plc. He is also the Executive Chair of the Resolution Foundation. He served as the Member of Parliament for Havant (1992-2015), as Minister for Universities and Science (2010-2014) and previously worked at HM Treasury and the No. 10 Policy Unit.

Lord Willetts is a visiting Professor at King's College London, Governor of the Ditchley Foundation, Chair of the British Science Association and a member of the Council of the Institute for Fiscal Studies. He is an Honorary Fellow of Nuffield College Oxford.

Anthony Rawlinson (Non-Executive Director)

Anthony has over 40 years' experience in the fund management industry as well as an investor in technology companies. Anthony has served on the boards of both listed and unlisted companies in technology companies in the UK, the USA, and Australia. He was a founder and MD of Singapore based, The Global Value Investment Portfolio Management Pte Ltd, managing up to US$1.5 billion as an accredited international equity fund management professional.

George Katzaros (Non-Executive Director)

George is the founder of Verditek plc, identifying the three core technologies and leading the company to IPO on AIM. George has over 30 years' experience in advisory and asset management as well as investment banking and venture capital particularly for cleantech companies.

CORPORATE GOVERNANCE REPORT

Introduction

The Directors recognise the importance of sound corporate governance and apply the principles of the QCA Code in the manner which the Directors consider appropriate for the Company. The QCA Code has become a widely recognised benchmark for corporate governance of smaller quoted companies, particularly AIM companies. The information in this Corporate Governance Report is not subject to audit. The Company is subject to the UK City Code on Takeovers and Mergers.

The Board and responsibilities

The Board hold face to face meetings 4 times a year and teleconference meetings 8 times a year to review, formulate and approve the Group's strategy, budgets, corporate actions and oversee the Group's progress towards its goals. There is an Audit Committee and a Remuneration Committee in place with formally delegated duties and responsibilities and with specific terms of reference. From time to time separate committees may be set up by the Board to consider specific issues when the need arises. Due to the size of the Group, the Directors have decided that issues concerning the nomination of directors will be dealt with by the Board rather than a committee but will regularly reconsider whether a nominations committee is required.

The Audit Committee

The Audit Committee comprises David Willetts as chairman and Anthony Rawlinson.

The Audit Committee determines the terms of engagement of the Group's auditors and will determine, in consultation with the auditors, the scope of the audit. The Audit Committee receives and reviews reports from management and the Group's auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Group. The Audit Committee has unrestricted access to the Group's auditors.

The Remuneration Committee

The Remuneration Committee comprises Anthony Rawlinson as chairman and George Katzaros.

The Remuneration Committee reviews the scale and structure of the executive Directors' and senior employees' remuneration and the terms of their service or employment contracts, including share option schemes and other bonus arrangements. The remuneration and terms and conditions of the non-executive Directors are set by the entire Board.

Investor relations

The General Meeting is the principal forum for dialogue with shareholders. Updates on the progress of the business are regularly published on the Group's website.

On behalf of the Board

GNesbitt

Dr Geoffrey Nesbitt
Chief Executive Officer

CORPORATE AND SOCIAL RESPONSIBILITY

The Company understands that its impact reaches beyond that of its core business and into the environment and society in which it operates. With integrity at the heart of our corporate social goals our aim is to make a lasting positive contribution to all our stakeholders.

In view of the limited number of stakeholders, the Company has not adopted a specific policy on Corporate Social Responsibility. However, it does seek to protect the interests of stakeholders in the Company through its policies, combined with ethical and transparent business operations. The Company has adopted an Anti-Corruption and Anti-Bribery Policy and compliance with regulations like Competition Law.

Environment

Verditek Plc is sensitive to the environment in which it operates and has established well defined operating guidelines with some of the manufacturing partners where it seeks their compliance with ISO14001 when relevant, to ensure certain environmental standards are complied with.

Human Rights

Verditek plc is committed to social and morally responsible research, development and manufacturing processes for the benefit of all stakeholders. The activities of the Company are in line with applicable laws on human rights.

Employees

Our employees are key to achieving the business objectives of the Company. The Company has established policies for recruitment, diversity and equal opportunities, training and development. Our priority is to provide a working environment in which our employees can develop to achieve their full potential and have opportunities for both professional and personal development. We aim to invest time and resource to support, engage and motivate our employees to feel valued, to be able to develop rewarding careers and want to stay with us. The Company embraces employee participation in issue raising and resolution through regular update sessions that value contributions from all levels regardless of position in the business.

Shareholders

The Board of Directors actively encourage communication and they seek to protect the interest of shareholders at all times. The Company updates shareholders regularly through regulatory news, financial reports and through our nominated Financial PR firm. The company also engages directly with investors at our Annual General Meeting or investor events.

Health and Safety

Company activities are carried out in according with its Health and Safety Policy which adheres to all applicable laws and are audited both internally and by an external organisation.

DIRECTORS' REPORT

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

The preparation of financial statements is in compliance with IFRS as adopted by the European Union. The Group financial statements consolidate the financial statements of the Company and its subsidiaries under reverse accounting principles. The Parent Company financial statements present information about the Company as a separate entity and not about its Group.

Principal Activities

Verditek plc is a holding company based in UK.

The principal activity of the Group is to develop and commercialise green technologies.

A detailed review of the business activities of the Group is contained in the Strategic Report.

Business review and future developments

The review of the period's operations, future developments and key risks is contained in the Strategic Report. The Directors do not recommend a final ordinary dividend for the period (2016: £nil).

Directors and directors' interests

The directors who held office during the period and subsequently were as follows:

Antony Neil Rawlinson
Geoffrey John Nesbitt
George Francis Katzaros
Janet Rachel Donovan (resigned on 24 May 2018)
José Luis Del Valle Doblado (resigned on 9 May 2018)
Theodore Edward Chapman (resigned on 31 January 2018)
Lord David Willetts (appointed 26 April 2018)

With regard to the appointment and replacement of Directors, the Company is governed by its articles of association, the Companies Act and related legislation. The articles themselves may be amended by special resolution of the shareholders.

Directors' interests

The Directors held the following beneficial interests in the shares of Verditek PLC at the date of this report:

	Note	Ordinary shares of £0.0004 each	Issued share capital %
George Katzaros	1.1	27,416,675	13.6%
Anthony Rawlinson	1.2	7,350,000	3.6%
Geoffrey Nesbitt		4,875,000	2.4%

Notes

1.1 Shares held by George Katzaros

- through BBHISL NOMINEES LIMITED A/c 120165	10,800,000
- through MF Limited	6,900,000
- directly	9,000,000
- family member	716,675
	27,416,675

1.2 Shares held by Anthony Rawlinson
- through Carrick International Limited 7,350,000

No directors held any share options or warrants during the period.
The remuneration of the directors in Verditek plc who held office during the year to 31 December 2017 was as follows:

	Salaries/fees	2017	2016
	£	£	£
Executive Director:			
Geoffrey Nesbitt (Appointed 6th March 2017)[1]	42,882	42,882	-
Theo Chapman (Resigned 31st January 2018)	95,000	95,000	-
Janet Donovan (Appointed 10th April 2017)	33,310	33,310	-
Miles Faulkner (Resigned 12th March 2017)			
Non-executive Director:			
Lord David Willetts (Appointed 26th April 2018)	-	-	-
Anthony Rawlinson (Appointed 6th March 2017)	26,389	26,389	-
George Katzaros	24,740	24,740	-
José Luis Del Valle Doblado (Appointed 5th March) (Resigned 9th May 2018)	28,038	28,038	-
Total	**250,359**	**250,359**	**-**

1. Geoffrey Nesbitt was appointed Chairman on the 6th March 2017 and resigned as Chairman on the 31st January 2018 to become Chief Executive Officer. The fee is for his services as a Chairman of the company.

Directors' indemnities

The Company has made qualifying third-party indemnity provisions for the benefit of its directors which were made during the period and remain in force at the date of this report.

Post Balance Sheet Events

There are no material post balance sheet events to disclose.

Research and Development Activities

Verditek continues to invest in research and development activities such as the joint development program with Paragraf Limited on application of graphene to solar devices. Research and development seeks to develop and enhance the existing product portfolio and new products that will compliment and expand the product offering. Veditek has agreed to invest £100,000 over the next twelve months.

Financial Risk management

Details of financial risk management are provided in note 3 to the accounts.

Political and charitable contributions

The Group made no charitable or political contributions during the year.

Going Concern

The Directors, having made appropriate enquiries, consider that the Company and the Group as a whole have adequate resources to continue in operational existence for the foreseeable future. Therefore, they continue to adopt the going concern basis in preparing the financial statements.

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:

	Note		%
GEORGE KATZAROS	1.1	27,416,675	13.6%
PAUL HARRISON	1.4	15,440,000	7.6%
HARGREAVES LANSDOWN (NOMINEES) LIMITED A/c VRA		11,349,727	5.6%
THEODORE CHAPMAN	1.2	10,050,000	5.0%
HARGREAVES LANSDOWN (NOMINEES) LIMITED A/c HLNOM		9,956,401	4.9%
BREWIN NOMINEES LIMITED	1.3	7,500,000	3.7%
ANTHONY RAWLINSON		7,350,000	3.6%
PERSHING NOMINEES LIMITED WRCLT		6,999,999	3.5%
ASHTON NOMINEES INC		6,979,921	3.5%
PLATFORM SECURITIES NOMINEES LIMITED A/c KKCLT		6,221,369	3.1%
JAMIE BUCHAN	1.5	6,000,000	3.0%

Notes

1.1 Shares held by George Katzaros	
- through BBHISL NOMINEES LIMITED A/c 120165	10,800,000
- through MF LIMITED	6,900,000
- directly	9,000,000
- family member	716,675
	27,416,675
1.2 Shares held by Theodore Chapman	
- through Envolution Project Management Ltd	1,800,000
- directly	8,250,000
	10,050,000
1.3 Shares held by Anthony Rawlinson	
- through Carrick International Limited	7,350,000
1.4 Paul Harrison	
- through HA Aviation Limited	9,890,000
- Ms Samantha Harrison	750000
- directly	4,800,000
	15,440,000
1.5 Jamie Buchan	
- through Manta Holdings Ltd	6,000,000
- directly	-
	6,000,000

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 auditors are aware of that information. The directors are not aware of any relevant audit information of which the auditors are unaware.

Auditors appointment

Crowe Clark Whitehill LLP auditors were appointed during the period. On 25 June 2018 Crowe Clark Whitehill LLP changed its name to Crowe U.K. LLP. Crowe U.K. LLP has indicated its willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and the financial statements in accordance Company law requires the directors to prepare group and parent company financial statements for each financial year. Under that law the Directors have elected to prepare the Group consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and elected to prepare the parent company financial statements under United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws 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 and of the profit or loss of the Group and the parent company 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 judgments and estimates that are reasonable and prudent;
- State whether they have been prepared in accordance with IFRSs as adopted by the EU or UK Accounting Standards have been followed, subject to any material departures disclosed and explained; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the parent company will continue in business.

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 the Group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also generally responsible 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Information published on the website is accessible in many countries and legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The directors consider that the annual report and accounts, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy. Each of the directors confirms that, to the best of their knowledge:

The Group financial statements, which have been prepared in accordance with IFRSs as adopted by the EU, give a true and fair view of the assets, liabilities, financial position and profit of the Group; and the Annual Report includes a fair review of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Dr Geoffrey Nesbitt
Chief Executive Officer

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF VERDITEK PLC
For the year ended 31 December 2017

Opinion

We have audited the financial statements of Verditek plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2017 which comprise the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity, company statement of changes in equity, consolidated statement of financial position, company statement of financial position, consolidated statement of cash flows, company statement of cash flows and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 Reduced Disclosure Framework (United Kingdom Generally Accepted Accounting Practice).

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 2017 and of the group's profit for the year then ended;
- the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; 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 under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you were:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the group's or the parent company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Our audit approach

Overview of the scope of our audit

Our audit approach was developed by obtaining a thorough understanding of the Group's activities and is risk based. Based on this understanding we assessed those aspects of the Group and Subsidiary Companies transactions and balances which were most likely to give rise to a material misstatement and were most susceptible to irregularities including fraud or error. Specifically, we identified what we considered to be key audit matters and planned our audit approach accordingly. We undertook a combination of analytical procedures and substantive testing on significant transactions, balances and disclosures, the extent of which was based on various factors such as our overall assessment of the control environment, the effectiveness of controls over individual systems and the management of specific risks.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified.

Based on our professional judgement, we determined overall materiality for the financial statements as a whole to be £60,000, based on approximately 2% of total assets, which is the most appropriate measure for an entity in the investment stage of building its business, which has yet to record revenues.

We use a different level of materiality ('performance materiality') to determine the extent of our testing for the audit of the financial statements. Performance materiality is set based on the audit materiality as adjusted for the judgements made as to the entity risk and our evaluation of the specific risk of each audit area having regard to the internal control environment.

Where considered appropriate performance materiality may be reduced to a lower level, such as, for related party transactions and directors' remuneration.

We agreed with the Audit Committee to report to it all identified errors in excess of £3,000. Errors below that threshold would also be reported to it if, in our opinion as auditor, disclosure was required on qualitative grounds.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, 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. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Accounting for business combinations During the period, the Group was formed through the acquisition of further interest in Greenflex, and subsequently its interests in Westec and BBR. Accounting for the business combinations requires the exercise of judgement which increases the risk that the amounts presented may be mis-stated.	We reviewed the accounting for business combinations and ensured this is in accordance with accounting standards. We considered the possible methods which could have been used and concluded as to the appropriateness of the method adopted. We challenged management on the appropriateness of fair values used and benchmarked the fair value methodology and ensured appropriate disclosure is included in the financial statements.
Valuation of intangible assets – goodwill Goodwill has been recognised on the acquisitions of Greenflex and BBR. There is a risk that the quantum of goodwill is mis-stated and that the goodwill recognised may be impaired.	We reviewed the accounting for business combinations and ensured this the quantum of goodwill had been correctly calculated in accordance with accounting standards. We challenged management on the appropriateness of fair values used and benchmarked the fair value methodology and ensured appropriate disclosure is included in the financial statements. We reviewed management's assessment of impairment.
Carrying value of investments in associates The Group invested £750,000 in WES, an associate, which is loss making. There is a risk that the carrying value of the investment is mis-stated and that the investment may be impaired at the year end.	We reviewed the accounting for the investment in WES and management's assessment of impairment.

Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions 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 strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us 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.

Responsibilities of the directors for the financial statements

As explained more fully in the directors' responsibilities statement on page 18, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group'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 the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

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 an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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.

Stephen Bullock (Senior Statutory Auditor)

for and on behalf of

Crowe U.K. LLP

Registered Auditor

London

28 June 2018

FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	Notes	Year ended 31 December 2017 £	For the period ended 31 December 2016 £
Revenue		-	-
Administrative expenses		(776,936)	(16,331)
Listing costs		(673,012)	(129,811)
Impairment of goodwill		(357,236)	-
Operating loss	5	**(1,807,184)**	**(146,142)**
Finance costs	7	(13,208)	-
Share of post-tax loss of equity accounted associate		(158,729)	-
Loss before tax		**(1,979,121)**	**(146,142)**
Income Tax	8	(358)	-
Loss for the period		**(1,979,479)**	**(146,142)**
Other comprehensive income			
Items that will or may be reclassified to profit or loss:			
Translation of foreign operations		(9,753)	-
Total comprehensive loss for the period from continuing operations		**(1,989,232)**	**(146,142)**
Loss for the period attributable to:			
Owners of the Company		(1,793,819)	(146,142)
Non-controlling interest		(185,302)	-
		(1,979,121)	**(146,142)**
Total comprehensive loss for the period attributable to:			
Owners of the Company		(1,802,966)	(146,142)
Non-controlling interest		(186,266)	-
		(1,989,232)	**(146,142)**
Loss per ordinary share - basic and diluted (£)	9	(0.01)	(0.01)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 £	31 December 2016 £
Assets			
Non-current assets			
Intangible assets - goodwill	10	31,405	-
Investments	11	591,271	1
Property, plant and equipment	12	409,183	2,228
Total non-current assets		**1,031,859**	**2,229**
Current assets			
Inventories	14	446	-
Trade and other receivables	15	326,264	302,086
Unpaid share capital	15	380,000	50,100
Cash and cash equivalents	16	1,190,975	21,675
Total current assets		**1,897,685**	**373,861**
TOTAL ASSETS		**2,929,544**	**376,090**
Equity and liability			
Current liabilities			
Trade and other payables	17	296,855	-
Loans and borrowings	18	105,318	522,132
Total current liabilities		**402,173**	**522,132**
Equity attributable to equity holders of the parent			
Share capital	19	80,847	100
Share premium account		3,858,691	-
Accumulated losses		(1,420,572)	(146,142)
Foreign exchange reserve		(8,789)	-
Non-controlling interests	21	17,194	-
Total shareholder's equity		**2,527,371**	**(146,042)**
TOTAL EQUTY AND LIABILITES		**2,929,544**	**376,090**

These financial statements were approved and authorised for issue by the board of directors on 28 June 2018 and were signed on its behalf by:

Dr Geoffrey Nesbitt
Chief Executive Officer

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Issued Share capital	Share Premium	Accumulated losses	Foreign Exchange reserve	Non-Controlling interests	Total
	£	£	£	£	£	£
As at incorporation on 10 April 2016	**90**	-	-	-	-	**90**
Loss for the period	-	-	(146,142)	-	-	**(146,142)**
Total comprehensive loss	-	-	**(146,142)**	-	-	**(146,142)**
Issue of shares net of expenses	10	-	-	-	-	**10**
Equity as at 31 December 2016	**100**	-	**(146,142)**	-	-	**(146,042)**
Loss for the year	-	-	(1,794,177)	-	(185,302)	**(1,979,479)**
Translation of subsidiary	-	-	-	(8,789)	(964)	**(9,753)**
Total comprehensive loss	-	-	**(1,794,177)**	**(8,789)**	**(186,266)**	**(1,989,232)**
Issue of shares net of expenses	72,500	3,858,691	-	-	-	**3,931,191**
Conversion of loan notes	8,247	519,747				**527,994**
Capital reduction	-	(519,747)	519,747	-	-	-
Non-controlling interest on acquisition	-	-	-	-	203,460	**203,460**
Equity as at 31 December 2017	**80,847**	**3,858,691**	**(1,420,572)**	**(8,789)**	**17,194**	**2,527,371**

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

CONSOLIDATED STATEMENT OF CASH FLOWS

	Year ended 31 December 2017	For the period ended 31 December 2016
	£	£
Cash flows from operating activities		
Loss after tax from continuing operations	(1,979,479)	(146,142)
Adjustments for:		
Finance costs	13,208	-
Share of post-tax profits of equity accounted associates	158,729	-
Depreciation	947	-
Impairment of goodwill	357,236	
Income tax	358	-
Write off of assets	42,860	-
	(1,406,141)	**(146,142)**
Working capital adjustments		
Increase in inventory	(446)	-
Increase in trade and other receivables	(79,407)	(352,086)
Decrease in trade and other payables	(127,103)	-
Cash used in operations	**(1,613,097)**	**(498,228)**
Taxation	(358)	-
Net cash outflow from operating activities	**(1,613,455)**	**(498,228)**
Investing activities		
Acquisition of subsidiaries, net of cash acquired	9,096	-
Acquisition of associate	(750,000)	
Purchase of property, plant and equipment	(78,634)	(2,228)
Net cash outflow from investing activities	**(819,538)**	**(2,228)**
Financing activities		
Issue of ordinary share capital (net of expenses)	3,601,291	-
Interest paid	(6,412)	-
Proceeds from loans	5,862	522,131
Net cash inflows from financing activities	**3,600,741**	**522,131**
Net increase in cash and cash equivalents	**1,167,748**	**21,675**
Cash and cash equivalents at the beginning of the year	21,675	-
Exchange gains on cash and cash equivalents	1,552	-
Cash and cash equivalents at the end of the year	**1,190,975**	**21,675**

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

1. General information

Verditek plc ("Verditek", "Company") was incorporated as a private limited company domiciled in the UK on 10 April 2016 with registration number 10114644. Verditek re-registered as a public limited company on 6 March 2017. Its registered office is located at 29 Farm Street, London W1J 5RL.

Verditek is the holding company of a group of companies engaged in the clean technology sector.

The consolidated financial statements comprised of the Company and its subsidiaries (together referred to as "the Group") as at and for the period to 31 December 2017. The parent Company financial statements present information about the Company as a separate entity and not about its Group.

The comparative financial information for the period ended 31 December 2016 from the date of incorporation to 31 December 2016 and not for the full financial year.

2. Accounting policies

The principal accounting policies applied in the preparation of the consolidated financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards, International Accounting Standards and Interpretations (collectively IFRSs), as adopted by the European Union ("adopted IFRSs") and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

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 judgment in applying the Group's accounting policies. The areas where significant judgments and estimates have been made in preparing the financial statements and their effect are disclosed below.

Basis of consolidation

The financial information consolidates the financial statements of Verditek plc and the entities controlled by the Company.

a) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over whose financial and operating policies the Group has the power to govern, generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of the potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are consolidated from the date on which control is transferred to the Group. They are deconsolidated from the date that control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries are changed where necessary to ensure consistency with the policies adopted by the Group.

b) Business combinations

The acquisition method of accounting is used to account for business combinations by the Group. The consideration transferred for the acquisition of a subsidiary comprises the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the noncontrolling interest's proportionate share of the acquiree's net assets.

The excess of the consideration transferred and the amount of any non-controlling interest in the acquiree over the fair value of the total net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in the Statement of Comprehensive Income.

Goodwill is capitalised as an intangible asset at cost less any accumulated impairment losses. Any impairment in carrying value is being charged to the consolidated statement of comprehensive income. An impairment loss recognised for goodwill is not reversed.

Goodwill is allocated to appropriate cash generating units (CGUs). Goodwill is not amortised but is tested annually for impairment or whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the determination of a discount rate in order to calculate the present value of the cash flows.

c) Associates

Where the Group has the power to participate in (but not control) the financial and operating policy decisions of another entity, it is classified as an associate. Associates are initially recognised in the consolidated statement of financial position at cost. Subsequently associates are accounted for using the equity method, where the Group's share of post-acquisition profits and losses and other comprehensive income is recognised in the consolidated statement of profit and loss and other comprehensive income (except for losses in excess of the Group's investment in the associate unless there is an obligation to make good those losses).

Profits and losses arising on transactions between the Group and its associates are recognised only to the extent of unrelated investors' interests in the associate. The investor's share in the associate's profits and losses resulting from these transactions is eliminated against the carrying value of the associate.

Any premium paid for an associate above the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is capitalised and included in the carrying amount of the associate. Where there is objective evidence that the investment in an associate has been impaired the carrying amount of the investment is tested for impairment in the same way as other non-financial assets.

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.

(b) New, amended standards, interpretations not yet effective and not adopted by the Group
There are a number of standards and interpretations which have been issued by the International Accounting Standards Board that are effective in future accounting periods that the group has decided not to adopt early. The Group has disclosed below those standards that are likely to be applicable to the Group.

IFRS 15 Revenue from Contracts with Customers, effective date 1 January 2018, is intended to clarify the principles of revenue recognition and establish a single framework for revenue recognition. This standard replaces the previous standard IAS 11 Construction Contracts, IAS18 Revenue and revenue related IFRICs. The core principle is that an entity should recognise revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

The Group has yet to record any revenues. The directors have reviewed the standard and its potential effects in the context of the Group's furure revenue policy and have concluded that, on adoption, there will be no material impact on the Group's expected revenues.

- IFRS 9 Financial Instruments is effective for periods commencing on or after 1 January 2018.. The standard is a replacement for IAS 39 'Financial Instruments'. The Group's financial assets consist of receivables, cash and cash equivalents and the liabilities consist of payables and borrowings. Under the provisions of the standard the treatment of any doubtful receivables will change to reflect an expected credit loss rather than an incurred credit loss.

Apart from providing extensive disclosures on the Group's revenue transactions, the directors do not anticipate that the application of IFRS 9 will have a significant impact on the financial positions and /or financial performance of the Group since the Group did not have any sales during the current year.

The Group does not expect any other standards issued by the IASB, but not yet effective, to have a material impact on the group.

Going concern

The Group had not commenced generating revenues in the period and has yet to make its first commercial receipt at the date of approval of the financial statements. As such the Group must develop its business plan to commercial revenues based on its current cash resources and on expected revenues in the future based on commercial arrangements put in place to date. The Directors have prepared a cash flow forecast covering a period extending beyond 12 months from the date of these financial statements. Those forecasts show that the Group will be able to trade as a going concern in the period of twelve months from the date of approval of these financial statements. However, additional finance is likely to be required to enable the Group to fully exploit its business plan. Having successfully raised equity finance on Admission to AIM and subsequently the Directors are confident that development finance will be raised as required to take the Group to full commercialisation.

The forecast contains certain assumptions about the performance of the business including growth in future revenue, the cost model and margins; and importantly the level of cash recovery from trading. The directors are aware of the risks and uncertainties facing the business and the assumptions used are the Directors' best estimate of the future development of the business.

After considering the forecasts and the risks, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. For these reasons, they continue to adopt the going concern basis of accounting in preparing the annual financial statements. The financial statements do not include any adjustments that would result from the going concern basis of preparation being inappropriate.

Foreign currency

The Group's consolidated financial statements are presented in Sterling. The functional currencies of the Group's subsidiaries include the Euro and the US dollar. For each entity, the Group determines the functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions entered by the Group's subsidiary entities in currencies other than the reporting currency are recorded at the rates ruling when the transaction occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the statement of financial position date. Exchange differences arising on the re-translation of outstanding monetary assets and liabilities are also recognised in the income statement.

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision maker has been identified as the management team including the two main directors and two non-executive directors.

The Board considers that the Company's activity constitutes one operating and one reporting segment, as defined under IFRS 8. Management reviews the performance of the Company by reference to total results against budget.

The total profit measures are operating profit and profit for the period, both disclosed on the face of the income statement. No differences exist between the basis of preparation of the performance measures used by management and the figures in the Company's financial information.

Employee benefits
(i) Short-term benefits
Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the period in which the associated services are rendered by employees of the Company.

Property, plant and equipment
Property, plant and equipment is stated at historic cost, including expenditure that is directly attributable to the acquired item, less accumulated depreciation and impairment losses.
Depreciation is provided to write off cost, less estimated residual values, of all property, plant and equipment, evenly over their expected useful lives, calculated at the following rates:

Plant and machinery	- 10% straight line
Computer equipment	- 33.33% straight line

The carrying value of the property, plant and equipment is compared to the higher of value in use and the fair value less costs to sell. If the carrying value exceeds the higher of the value in use and fair value less the costs to sell the asset, then the asset is impaired and its value reduced by recognising an impairment provision.

Deferred taxation
Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the statement of financial position differs from its tax base, except for differences arising on:

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

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

The amount of the asset or liability is determined using tax rates that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the deferred tax liabilities or assets are settled or recovered. Deferred tax balances are not discounted.

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held on call, together with other short term highly liquid investments which are not subject to significant changes in value and have original maturities of less than three months.

Equity
Equity comprises the following:

- Share capital: the nominal value of equity shares
- Share premium
- Accumulated losses
- Foreign exchange reserve and
- Non-controlling interest.

Equity instruments
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from proceeds. Dividends on ordinary shares are recognised as liabilities when approved for distribution.

Financial assets
On initial recognition, financial assets are classified as either financial assets at fair value through income statement, held-to-maturity investments, loans and receivables financial assets, or available-for-sale financial assets, as appropriate.

Loans and receivables
The Group classifies all its financial assets as loans and receivables. The classification depends on the purpose for which the financial assets were acquired.

Loans and receivables financial assets are measured at amortised cost using the effective interest method, less any impairment loss. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Financial liabilities
Financial liabilities are recognised when, and only when, the Company becomes a party to the contracts which give rise to them and are classified as financial liabilities or loans and payables as appropriate. The Company's loans and payable comprise trade and other payables (excluding other taxes and social security costs and deferred income).

A financial liability is de-recognised when the obligation under the liability is discharged, cancelled or expires.

Summary of critical accounting estimates and judgements
The preparation of financial information in conformity with IFRS requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The key estimates and underlying assumptions concerning the future and other key sources of estimation uncertainty at the statement of financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The estimates and judgements which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are discussed below:

Estimates

- **Useful lives of depreciable assets**

Management reviews the useful lives and residual value of depreciable assets at each reporting date to ensure that the useful lives represent a reasonable estimate of likely period of benefit to the Group. Tangible fixed assets are depreciated over their useful lives taking into account the residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Judgements

- **Associates**

Where the Group holds more than 20% but less than 50% of voting rights in an investment but the Group has the power to exercise significant influence, such an investment is treated as an associate.

3. Financial Risk Management

Financial instruments by category

Financial assets	**31 December 2017**	**31 December 2016**
	£	**£**
Cash and cash equivalents	1,190,975	21,675
Other receivables	247,902	-
Amounts due to related parties	47,295	302,086
Unpaid Share Capital	380,000	50,100
Financial assets	**1,866,172**	**373,861**

Financial liabilities	**31 December 2017**	**31 December 2016**
	£	**£**
Trade payables	41,290	-
Other payables	15	-
Wages payable	6,536	-
Accruals	211,906	-
Amounts due from related parties	29,403	-
Trade and other payables	289,150	-
Loans and borrowings	105,318	522,132
Loans and borrowings	105,318	522,132
Financial liabilities at amortised costs	**394,468**	**522,132**

Fair value hierarchy

All the financial assets and financial liabilities recognised in the financial statements which are short-term in nature are shown at the carrying value which also approximates the fair values of those short-term financial instruments. Therefore, no separate disclosure for fair value hierarchy is required for them.

The Group's activities expose it to a variety of financial risks, mainly credit risk, liquidity risk and interest rate risk.

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. In order to minimise this risk the Group endeavours only to deal with companies which are demonstrably creditworthy.

The aggregate financial exposure is continuously monitored. The maximum exposure to credit risk is the value of the outstanding amount of bank balances. The Group's exposure to credit risk on cash and cash equivalents is considered low as the bank accounts are with banks with high credit ratings. Amounts due from related parties is considered to be low risk as the large part of this amount is related to a payment in advance under a distribution rights agreement. Other receivables included £227,577 which management is actively seeking to recover this amount from a supplier. The unpaid share capital was considered low risk as this amount was subsequently received after year end 2017.

Liquidity risk

The Group currently holds cash balances to provide funding for normal trading activity and is managed centrally. Trade and other payables are monitored as part of normal management routine.

The maturity of borrowings and other financial liabilities (representing undiscounted contractual cash-flows) are all within 12 months for 2016 and 2017.

Market risk - interest rate risk

The Group's exposure to cash flow interest rate risk is minimal as all its loans and borrowings are interest-free except for £60,000 at a fixed interest rate of 16%.

Capital risk management

The Group's capital management objectives are to ensure the Group's ability to continue as a going concern; and provide an adequate return to shareholder by pricing products and services commensurate with the level of risk.

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

All working capital requirements are financed from existing cash resources.

4. Segment information

The chief operating decision-maker is considered to be the Board of Directors of Verditek. The chief operating decision-maker allocates resources and assesses performance of the business and other activities at the operating segment level.

The chief operating decision maker has determined that in the period ended 30 June 2017 Verditek had one operating segment, the development and commercialisation of clean technologies, although it is likely that in future periods the Group's segmental reporting will be expanded as different technologies are developed and commercialised.

Geographical Segments

Apart from holding company activities in the UK the Group's had operations in San Marino in Europe and US in the period.

An analysis of non-current assets by geographical market is given below:

	Year ended 31 December 2017 £	For the period ended 31 December 2016 £
UK	627,310	2,229
Rest of Europe	402,937	-
USA	1,612	-
	1,031,859	**2,229**

5. Operating loss

	Year ended 31 December 2017	For the period ended 31 December 2016
	£	£
Operating loss is stated after charging:		
Auditors' remuneration:	-	-
Audit fees – audit of the company and its subsidiaries pursuant to legislation	25,000	-
Non-audit fees – other assurance services	118,889	-
Depreciation of fixed assets	947	-
Staff costs (note 6)	317,324	-
AIM IPO costs	673,012	129,810
Other costs	300,042	16,332

6. Employees and directors

The average number of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2017	For the period ended 31 December 2016
	Number	Number
Directors	8	-
Administrative	2	-
Total	10	-

The cost of employees (including directors) during the period was made up as follows:

	Year ended 31 December 2017	For the period ended 31 December 2016
	£	£
Salaries	296,055	-
Social security costs	21,269	-
	317,324	**-**

Key management personnel compensation

The compensation of key management personnel, principally the directors of Verditek for the period were as follows:

	Year ended 31 December 2017	For the period ended 31 December 2016
	£	£
Salaries/fees	270,693	-
Social security costs	15,751	-
	286,444	**-**

Details of highest paid director are shown in the Directors' report.

7. Finance costs

	Year ended 31 December 2017	For the period ended 31 December 2016
	£	£
Finance expenses		
Interest paid	6,410	-
Interest on loans	6,796	-
Other interests	2	-
Total finance expense	**13,208**	**-**

8. Income tax

	Year ended 31 December 2017	For the period ended 31 December 2016
	£	£
UK Corporation tax		
Tax expense– current year	358	-
Total current tax	358	-
Deferred tax		
Origination and reversal of timing differences	-	-
Total tax expense	358	-

The current corporation tax expense for year ended 31 December 2017 relates to a foreign withholding tax expense.

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

	Year ended 31 December 2017	For the period ended 31 December 2016
	£	£
Loss on ordinary activities before income tax	(1,979,121)	(146,142)
Standard rate of corporation tax	19.25%	20%
Loss before tax multiplied by the standard rate of corporation tax	(380,981)	(29,228)
Effects of:		
Adjustment in respect of the previous year		
Non-deductible expenses	203,359	-
Difference in overseas tax rates	64,713	-
Deferred tax not recognised	112,909	29,228
Withholding tax	358	-
Tax credit	358	-

The Group has not recognised deferred tax assets arising from the accumulated tax losses due to uncertainty of their future recovery. The deferred tax asset not recognised is £139,210 at 31 December 2017 (2016: £29,228).

9. Earnings per share

	Year ended 31 December 2017	For the period ended 31 December 2016
Basic and diluted		
Loss for the period and earnings used in basic & diluted EPS (£)	(1,979,121)	(146,142)
Weighted average number of shares used in basic and diluted EPS	142,487,079	24,750,000
Loss per share:		
Basic and diluted (£)	**(0.01)**	**(0.01)**

Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Group by the weighted average number of ordinary shares in issue during the period.

Due to the loss in the periods and there are no potentially dilutive ordinary shares, there is no difference between the basic and diluted loss per share.

10. Intangible assets – goodwill

	Goodwill £
COST	
At 1 January 2016	-
Acquisitions through business combinations	-
At 31 December 2016	-
Acquisitions through business combinations	388,641
At 31 December 2017	**388,641**
IMPAIRMENT	
At 1 January 2016	-
Impairment losses	-
At 31 December 2016	-
Impairment losses	357,236
At 31 December 2017	**357,236**
NET BOOK VALUE	
At 31December 2016	-
At 31 December 2017	**31,405**

For details of the acquisitions made during the year, see note 13 below.

11. Investment in associates

	Investment in associates £	Total £
Cost		
At 1 January 2016	1	1
Additions	-	-
At 31 December 2016	1	1
Additions	750,000	750,000
Share of post-tax loss of equity accounted associate for the period	(158,729)	(158,729)
Transfer associate becoming a subsidiary	(1)	(1)
At 31 December 2017	**591,271**	**591,271**

On 10 August 2017, on admission to AIM, the Company's subsidiary, Verditek US acquired 23.64 percent. Of the membership interest of Westec Environmental Solutions, LLC ("Westec") for cash consideration of £750,000 pursuant to an agreement dated 7 June 2017, as further amended on 27 July 2017.

Westec has been included in the consolidated financial statement using the equity method. The country of incorporation and principal place of business of Westec is in USA. The primary business of Westec is the research and development of an absorber and contactor that will aid carbon capture. This investment strengthens the Group's position in the clean technology sector.

Westec has granted Verditek US an option to purchase up to that number of additional membership units that would result in Verditek US increasing its interest to 51% of the fully-diluted equity of Westec for consideration of £1.25million. The Option is exercisable by Verditek US for a period of 12 months following its first investment of Westec. This option has not been exercised yet.

12. Property, plant and equipment

	Plant & Machinery £	Computer equipment £	Total £
Cost			
On incorporation at 10 April 2016	-	-	-
Additions	2,228	-	**2,228**
At 31 December 2016	**2,228**	-	**2,228**
Additions	73,315	5,319	**78,634**
Acquired through business combination	462,093	-	**462,093**
Impaired assets	(42,860)	-	**(42,860)**
Reclassified to other receivable	(107,726)	-	**(107,726)**
Exchange Adjustments	17,761	-	**17,761**
At 31 December 2017	**404,811**	**5,319**	**410,130**
Depreciation			
On incorporation at 10 April 2016	-	-	-
Charge for the period	-	-	-
At 31 December 2016	-	-	-
Charge for the year	624	323	947
At 31 December 2017	**624**	**323**	**947**
Net book value			
At 31 December 2016	**2,228**	-	**2,228**
At 31 December 2017	**404,187**	**4,996**	**409,183**

13. Acquisitions

(a) On 25 April 2016, the Company subscribed for £1 of the share capital of Greenflex Energy Limited ("Greenflex"), representing 50% of the issued share capital of that company. Since the date of its incorporation, Greenflex Energy has been an investment holding company with no trading activity.

On 20 September 2016, Greenflex subscribed to 100% of the ordinary shares capital of Greenflex RSM s.r.l. a company incorporated in San Marino, whose principal activity is development and production of advanced solar photovoltaic cells. The main reason for the acquisition was to expand and strengthen the Group's position in the clean technology industry.

On 17 February 2017, Greenflex Energy Limited sub-divided its shares into 200 shares of £0.01 per share.

On 24 February 2017, the Company was transferred a further 2 shares for par value, bringing its investment in Greenflex Energy Limited to 51%. The directors considered that control of Greenflex RSM s.r.l. was obtained at that date and the acquisition has been accounted for as follows:

	Book value £	Fair value adjustments £	Fair value of acquisition £
Assets and liabilities acquired			
Property Plant and equipment	462,093	-	462,093
Other receivables	34,465	-	34,465
Cash and bank balances	8,592	-	8,592
Trade and other payables	(471,503)	-	(471,503)
Other loans	(95,225)	-	(95,225)
Total identifiable net liabilities	(61,578)	-	**(61,578)**
Less: non-controlling interest (share of net liabilities)			30,173
Group's share of total identifiable net liabilities acquired			**(31,405)**

Goodwill arising from the acquisition has been recognised as follow:	
Consideration	-
Fair value of identifiable net liabilities	31,405
Goodwill	**31,405**
Purchase consideration - cash	-
Cash and cash equivalents	(8,592)
Cash inflow on acquisition (net of cash acquired)	**(8,592)**

Acquisition-related costs were insignificant, have been recognised as an expense during the year ended 30 June 2017, within the 'administrative expenses' in the consolidated statement of profit or loss.

The goodwill represents the potential growth opportunities from the acquisition. The goodwill recognised will not be deductible for tax purposes

If the acquisition of Greenflex and its wholly owned subsidiary undertaking had been completed on 1 January 2017, it's contribution to the group's revenue and its loss for the year ended 31 December 2017 would have been approximately £nil and £213,425 respectively.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

(b) On 10 August 2017, the Company subscribed cash of £600,000 for new ordinary shares in BBR Filtration Limited ("BBR") under a shareholder agreement dated 20 March 2017. BBR is based in UK and its subsidiary, BBR Filtration USA LLC, (99% interest) is based in USA. The Company's cash subscription, which was to provide BBR with working capital to fund the development of its business, After the subscription monies had been introduced the Group holds 51% of the equity in BBR. BBR holds distributorship rights over products based on the intellectual property rights behind the patented BBR filtration technology used for odour control in waste collection and treatment facilities. The main reason for the acquisition was to strengthen the Group's position in the clean technology sector.

Details of the fair value of identifiable assets and liabilities acquired, subscription monies and goodwill arising are as follows:

	Fair value
	£
Other receivables	22,056
Cash and cash equivalents	600,504
Loans	(146,553)
Total identifiable net assets	**476,007**
Less: non-controlling interest (49% of net assts)	(233,243)
Group's share of total identifiable net assets acquired	**242,764**

Goodwill arising from the acquisition has been recognised as follow:	
Subscription monies	600,000
Fair value of identifiable net assets	(242,764)
Goodwill	**357,236**
Subscription monies - cash	600,000
Cash and cash equivalents	(600,504)
Cash outflow on acquisition (net of cash acquired)	**(504)**

Acquisition-related costs, which were insignificant, have been excluded from the consideration transferred and have been recognised as an expense during the year, within the 'administrative expenses' in the consolidated statement of profit or loss.

The goodwill represents the potential growth opportunities from the acquisition. Due to operational and management changes in the business of BBR since the date of acquisition the directors consider the goodwill arising on the acquisition to be impaired. The goodwill recognised will not be deductible for tax purposes.

If the acquisition of BBR and its wholly owned subsidiary undertaking had been completed on 1 January 2017, it's contribution to the group's revenue and its loss for the year ended 31 December 2017 would have been approximately £nil and £95,000 respectively.

The Group elected to measure the non-controlling interest in the acquiree at the proportionate share of its interest in the acquiree's identifiable net assets.

14. Inventories

	2017	2016
	£	£
Finished goods	446	-
	446	**-**

15. Trade and other receivables

	2017	2016
	£	£
Other receivables	247,902	-
Amounts due to related parties	47,295	302,086
VAT receivable	28,289	-
Prepayments	2,778	-
	326,264	**302,086**
Unpaid share capital	380,000	50,100

The unpaid share capital relates to shares issued for the fundraising in December 2017 which was received after year end.

16. Cash and cash equivalents

	2017	2016
	£	£
Cash at bank and in hand	1,190,975	21,675

The fair value of the cash & cash equivalent is as disclosed above.
For the purpose of the cash flow statement, cash and cash equivalents comprise of the amounts shown above.

17. Trade and other payables

	2017	2016
	£	£
Trade payables	41,290	-
Accruals	211,906	-
Other payables	15	-
Wages payable	6,536	-
Amounts due from related parties	29,403	-
Financial liabilities at amortised costs other than loans and borrowings	289,150	-
Social security & other taxes payables	7,705	-
Total trade and other payables	**296,855**	**-**

18. Loans and borrowings

	2017	2016
	£	£
Current		
Investor loans	105,318	522,132
Total loans and borrowings	105,318	522,132

The 2016 investors loans were repayable in demand and interest free. This loan was converted to shares of the company in the current year. See note 19 share capital and reserves for more details.

The 2017 investors loans were repayable in demand and interest-free except for an amount of £60,000 owed to an investor which carried an interest rate of 16%.

19. Share capital and reserves

	Number	Share capital	Share premium
		£	£
At 10 April 2016 (date of incorporation)			
On incorporation	90	90	-
Shares issued 30 June 2016	10	10	-
At 31 Dec 2016	**100**	**100**	-
Sub-division 28 February 2017	249,900	-	-
Conversion of loan notes	20,617,265	8,247	519,747
Capital reduction	-	-	(519,747)
Shares issued 28 Feb 2017	136,250,000	54,500	-
Share issued (net of expenses) 10 Aug 2017	30,555,556	12,222	2,737,778
Share issued 21 December 2017	14,444,444	5,778	1,294,222
Share issue cost relating to the IPO	-	-	(173,309)
At 31 December 2017	**202,117,265**	**80,847**	**3,858,691**

The Company was incorporated on 10 April 2016. On incorporation, the issued share capital of the Company was £90 divided into 90 ordinary shares of £1.00 each. On 30 June 2016, the Company allotted a further 10 ordinary shares of £1.00 each.

On 28 February 2017, the Company sub-divided these ordinary shares into 250,000 shares of £0.0004 per share. On the same day, the Company undertook a capital reduction and released the balance on share premium account to retained earnings.

On 28 February 2017, the Company converted £522,994 of loan notes into 20,617,265 new ordinary shares.

On 28 February 2017, the Company issued 136,250,000 new shares in lieu of services provided.

On Admission to AIM on 10 August 2017, the Company issued 30,555,556 new ordinary shares at 9 pence per share by way of a placing and subscription to raise proceeds of £2.75 million, before share issue expenses of £98,642.

On 21 December 2017 the Company issued 14,444,444 new ordinary shares at 9 pence per share by way of a placing and subscription to raise proceeds of £1.3 million. Of the shares issued, proceeds of £380,000 was received in January 2018.

20. Reserves

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

Share premium	The difference between the issue price and nominal value of the shares issued by the Company.
Foreign exchange reserves	Foreign exchange translation gains and losses on the translation of the financial statements of subsidiary from the functional to the presentation currency.
Accumulated losses	Cumulative net losses in the consolidated income statement.

21. Non-controlling interests

Following the acquisition of Greenflex Energy Ltd and BBR Filtration Limited, both 49% owned subsidiaries of the Company, have material non-controlling interests (NCI).

Summarised financial information in relation to Greenflex and BBR Filtration Limited, before intra-group eliminations, is presented below together with amounts attributable to NCI:

	Greenflex	**BBR Filtration**
	£	**£**
For the period ended 31 December		
Revenue	-	-
Loss after tax	(213,723)	(164,444)
Total comprehensive income allocated to NCI	(104,724)	(80,578)
Cash flows from operating activities	87,184	(300,669)
Cash flows from investing activities	(73,314)	(1,611)
Cash flows from financing activities	78	600,000
Net cash inflows	13,948	297,720
As at 31 December	**2017**	**2017**
Total assets	402,937	4,996
Total liabilities	(930,691)	(51,064)
Accumulated non-controlling interests	(136,907)	154,101

22. Capital commitments

Capital expenditure contracted for at the end of the reporting period but not yet incurred is as follow:

	31 December 2017 £	31 December 2016 £
Plant and Machinery	106,045	-
Total	100,045	-

23. Related Party Transactions

The Group has related party transactions with related parties who are not members of the group.

The Group has related party transactions with related parties who are not members of the group.

	Transactions during the year		Amounts owed by related parties		Amounts owed to related parties/loans	
	2017	2016	2017	2016	2017	2016
	£	£	£	£	£	£
Carrick International Holdings Limited[1]	25,082	-	-	-	-	-
Krino Partners limited[2]	29,666	-	-	-	-	-
George Katzaros[3]	58,616	-	-	-	32,697	-
Geoffrey John Nesbitt[4]	4,102	-	-	-	-	-
C2E Holdings Limited[5]	(46,034)	-	-	-	10,403	-
Envolution (Project Management) Limited[6]	11,793	-	100	-	-	-
Jeremy Evans[7]	10,000	-	-	-	10,000	-
BBR Enviro Systems Pvt Ltd[8]	(38,133)	-	47,195	-	-	-
Claudio Marati[9]	47,878	-	-	-	-	-
James Buchan[10]	(20,000)	172,132	-	-	19,000	172,132
Summit Trust International[11]	62,621	40,000	-	-	62,621	40,000
Paul Harrison[12]	30,000	-	-	-	13,852	-
Greenflex RSM S.r.l	-	(302,086)	-	302,086	-	-
Other shareholders		310,000	-	-	-	310,000

Notes:

[1] Carrick International Holdings Limited	Mr. Antony Neil Rawlinson, a non-executive director of Verditek plc has an interest in Carrick International Holdings Limited. An interest free loan of £24,999 was provided to the Group. The Loan and business expenses was repaid following the IPO in July 2017.
[2]Krino Partners limited	Ms. Janet Rachel Donovan, an executive director of Verditek plc has an interest in Krino Partners Limited, which has provided financial management services during the year to the Group.
[3]George Katzaros	Mr. George Katzaros, a non-executive director of Verditek plc . He provided an interest free loan of £30,000 to Verditek, which was repaid following the IPO. Mr. George Katzaros provided sums totalling £23,860 to Greenflex RSM during the year, which remains outstanding at the year-end date. He was reimbursed £4,756 for expenses in relation to his duties as a non-executive director.
[4]Geoffrey John Nesbitt	Mr. Geoffrey John Nesbitt, Director of Verditek plc, reimbursement of business expenses in relation to his role were paid to him.
[5]C2E Holdings Limited	C2E Holdings Limited("C2E") is a shareholder of BBR Filtration Limited. Theo Chapman and James Buchan have an interest in C2E. During the year, loan repayments of £46,150 were paid to this shareholder, leaving £10,403 still repayable at the end of the year. Business expenses reimbursed was £116.

[6]Envolution (Project Management) Limited	Mr. John Norris, a director of BBR Filtration("BBR"), who is also a Director of Envolution (Project Management) Limited, were reimbursed business expenses related to BBR.
[7]Jeremy Evans	A shareholder of Verditek plc provided an interest-free loan of £10,000 and this amount is still outstanding at 2017 year-end.
[8]BBR Enviro Systems Pvt Ltd	BBR Enviro Systems Pvt Ltd who have a 10% stake in BBR Filtration, were paid £13,133 for royalty fees and a further £25,000 advance of future royalty fees during the period.
[9]Claudio Marati	Claudio Marriott who owns 49% of Greenflex Energy Ltd was paid £15,582 during the year for services provided during the year and reimbursement of business expenses of £32,296.
[10]James Buchan	James Buchan, a shareholder of Verditek plc. The Company repaid part of the loan of £20,000 during the year.
[11] Summit Trust International[11]	A shareholder of Verditek plc provided an interest-bearing loan of £60,000 during the year.
[12] Paul Harrison	A shareholder of Verditek plc provided an interest-free loan of £30,000 during the year.

Details of the directors' emoluments, together with the other related information, are set out in the Report of the Remuneration Committee.

Fees paid to other companies for directors' services for 2017 were £147,310 (2016: £nil) and £84,773 were accrued at year end 2017.

24. Events subsequent to the reporting date

There are no material events after the reporting date to disclose.

25. Ultimate controlling party

There is no ultimate controlling party of the Company.

COMPANY STATEMENT OF FINANCIAL POSITION

	Notes	31 December 2017 £	31 December 2016 £
Non-current assets			
Investments in subsidiaries	4	160,539	-
Investments in associates	5	591,270	1
Property, plant and equipment	6	1,249	2,228
Total non-current assets		**753,058**	**2,229**
Current assets			
Trade and other receivables	7	15,182	-
Net amounts due from subsidiaries	8	807,120	302,086
Unpaid Share Capital		380,000	50,100
Cash and cash equivalents	9	892,266	21,675
Total current assets		**2,094,568**	**373,861**
Total assets		**2,847,626**	**376,090**
Current liabilities			
Trade and other payables	10	218,020	-
Loans and borrowings	11	-	522,132
Total current liabilities		**218,020**	**522,132**
Net assets/(liabilities)		**2,629,606**	**(146,042)**
Share capital	12	80,847	100
Share premium		3,858,691	-
Retained losses		(1,309,932)	(146,142)
Total equity		**2,629,606**	**(146,042)**

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own income statement. The Company's loss for the year was £1,683,537 (2016: £146,142) and is included within the consolidated statement of comprehensive income.

These financial statements were approved and authorised for issue by the board of directors on 28 June 2018 and were signed on its behalf by:

Dr Geoffrey Nesbitt
Chief Executive Officer
Company Registration Number: 10114644

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

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital	Share premium	Retained losses	Total
	£	£	£	£
Equity as at 1 January 2016	**90**	**-**	**-**	**90**
Loss for the year	-	-	(146,142)	**(146,142)**
Total comprehensive loss	**-**	**-**	**(146,142)**	**(146,142)**
Issue of shares net of expenses	10	-	-	**10**
Equity as at 31 December 2016	**100**	**-**	**(146,142)**	**(146,042)**
Loss for the year	-	-	(1,683,537)	(1,683,537)
Total comprehensive loss	**-**	**-**	**(1,683,537)**	**(1,683,537)**
Issue of shares (net of expenses)	80,747	4,378,438	-	4,459,185
Capital reduction	-	(519,747)	519,747	-
Equity as at 31 December 2017	**80,847**	**3,858,691**	**(1,309,932)**	**2,629,606**

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

COMPANY STATEMENT OF CASH FLOWS

	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash flows from operating activities		
Operating loss before taxation	(1,683,537)	(146,142)
Adjustments for:		
Finance expenses	6,397	-
Depreciation	624	-
Share of loss of associates	158,729	-
Impairment of investments in subsidiaries	439,462	-
Write off of assets	355	-
Operating loss before working capital changes	**(1,077,970)**	**(146,142)**
Changes in working capital		
(Increase) in trade and other receivables	(520,217)	(352,085)
Increase in trade and other payables	218,021	-
Cash used in operations	**(1,380,166)**	**(498,227)**
Net cash outflow from operating activities	**(1,380,166)**	**(498,227)**
Investing activities		
Purchase of property, plant and equipment	-	(2,228)
Investment in associates	(750,000)	(1)
Investment in subsidiary undertakings	(600,000)	-
Net cash flows used in investing activities	**(1,350,000)**	**(2,229)**
Financing activities		
Proceeds from issue of share capital	3,601,291	-
Interest paid	(6,397)	-
Proceeds from loans	5,863	522,131
Net cash flows from financing activities	**3,600,757**	**522,131**
Net change in cash and cash equivalents	**870,591**	**21,675**
Cash and cash equivalents at the beginning of the year	21,675	-
Cash and cash equivalents at the end of the year	**892,266**	**21,675**

1. Accounting policies

The accounting policies that are applicable, as set out in note 2 to the consolidated financial statements have been applied together with the following accounting policies that have been consistently applied in the preparation of these Verditek PLC ("the Company") financial statements.

Basis of preparation

The financial statements of Verditek PLC have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' (FRS 101). There were no material amendments for all periods presented on the adoption of FRS 101, following the transition from IFRS to FRS 101. The financial statements have been prepared under the historical cost convention, as modified and in accordance with the Companies Act 2006.

The Company has taken advantage of the following disclosure exemptions under FRS 101:

a. the requirement in paragraph 38 of IAS 1 'Presentation of Financial Statements' to present comparative information in respect of paragraph 79(a)(IV) of IAS 1 – a reconciliation of the share capital at beginning and end of the period;
b. the requirements of paragraphs 134 – 136 of IAS 1 'Presentation of Financial Statements' to disclose the management of the capital of the Company;
c. the requirements of paragraphs 30 and 31 of IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' to disclose the new or revised standards that have not been adopted and information about their likely impact;
d. all of the disclosure requirements of IFRS 7 'Financial Instruments: Disclosures';
e. the requirements of paragraph 17 of IAS 24, 'Related Party Disclosures' to disclose key management personnel; and
f. the requirements in IAS 24 'Related Party Disclosures' to disclose related party transactions entered into between two or more members of a group, provided that any subsidiaries which is a party to the transaction is wholly owned by such a member.

Investments in subsidiaries and associates

The Company's investment in its subsidiaries and associates are carried at cost less provision for any impairment. Investments denominated in foreign currency are recorded using the rate of exchange at the date of acquisition. 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, the recoverable amount is based upon future cash flow forecasts and these forecasts would be based upon management judgement. Where the carrying value is more than the recoverable amount, no impairment provision is made.

Critical accounting estimates and judgments

The preparation of financial information in conformity with FRS 101 requires the use of certain critical accounting estimates. It also requires the Directors to exercise their judgement in the process of applying the accounting policies which are detailed above. These judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are as follow:

1. Impairment of investments in subsidiaries. This is detailed in the accounting policy Investment in subsidiaries above.

2. Company income statement

The Company has taken advantage of Section 408 of the Companies Act 2006 in not presenting its own income statement. The Company's loss for the year was £1,683,537 (2016: £146,142) and is included within the consolidated statement of comprehensive income.

3. Staff costs

The average number of employees (including directors) during the period was made up as follows:

	2017 Number	**2016 Number**
Directors	8	-
Administrative	-	-
Total	8	-

The cost of employees (including directors) during the period was made up as follows:

	2017 £	**2016 £**
Salaries (including directors)	220,693	-
Social security costs	15,751	-
Total staff costs	**236,444**	**-**

4. Investments in subsidiary undertakings

	Investment in subsidiary £
At 1 January 2016	-
Additions	-
Write off of investments	-
At 31 December 2016	-
Transfer from investments in associates	1
Additions	600,000
Write off of investments	-
At 31 December 2017	**600,001**
IMPAIRMENT	
At 1 January 2016	-
Impairment of investment in subsidiary	-
At 31 December 2016	-
Impairment of investment in subsidiary	439,462
At 31 December 2017	**439,462**
Net book value	
At 31 December 2016	-
At 31 December 2017	**160,539**

During the year the Company acquired Greenflex Energy Ltd and its subsidiaries and BBR Filtration Limited and its subsidiaries for a total purchase consideration of £600,000. For more details of these acquisition, see note 13 acquisitions in the group accounts.

The principal undertaking in which the company's interest at the year-end is as follows:

Name	Country of incorporation	Parent	Proportion of ownership interest at 31 December 2017	Nature of business
Greenflex Energy Limited	UK	Verditek plc	51%	
Greenflex RSM S.r.l	San Marino	Greenflex Energy Limited	51%*	Solar technology services
BBR Filtration Limited	UK	Verditek plc	51%	Filtration technology services
BBR Filtration USA, LLC (99%)	USA	BBR Filtration Limited	50.49%*	
Verditek USA, Limited	USA	Verditek plc	100%	
Greenflex Trading Limited	UK	Verditek plc	50%	

*indirect effective interest

5. Investments in associates

	Investment in associates
	£
At 1 January 2016	-
Additions	1
Write off of investments	-
At 31 December 2016	1
Additions	**750,000**
Transfer to investments in subsidiaries	(1)
At 31 December 2017	**750,000**
IMPAIRMENT	
At 1 January 2016	-
Impairment of investment in associates	-
At 31 December 2016	-
Impairment of investment in associates	158,730
At 31 December 2017	**158,730**
Net book value	
At 31 December 2016	**1**
At 31 December 2017	**591,270**

The associate in which the company's interest at the year-end is as follows:

Name	Country of incorporation	Parent	Proportion of ownership interest at 31 December 2017	Nature of business
Westec Environmental Solutions, LLC	USA	Verditek USA, Limited	23.64%	CO_2 capture clean technology

6. Property, plant and equipment

	Plant and machinery £
At 1 January 2016	-
Additions	2,228
At 31 December 2016	**2,228**
Additions	-
Amount derecognised	(355)
At 31 December 2017	**1,873**
DEPRECIATION	
At 1 January 2016	-
Charge for the year	-
At 31 December 2016	-
Charge for the year	624
At 31 December 2017	**624**
Net book value	
At 31 December 2016	**2,228**
At 31 December 2017	**1,249**

7. Trade and other receivables

	31 December 2017 £	31 December 2016 £
Prepayments	2,778	-
VAT receivables	12,404	-
	15,182	-
Unpaid share Capital	380,000	50,100
Total	**395,182**	**50,100**

All amounts are due within three months. No amounts are past due.

8. Net amounts due from subsidiaries

The directors consider that the carrying amounts owed by and to group undertakings approximates their fair value. The amounts reported under current assets have no fixed repayment terms and repayment on demand.

9. Cash and cash equivalent

	31 December 2017 £	31 December 2016 £
Cash at bank and in hand	892,266	21,675

10. Trade and other payables

	31 December 2017	31 December 2016
	£	£
Trade payables	13,390	-
Accruals and deferred income	191,139	-
Social security & other taxes payable	3,476	-
Other payable	15	-
Loans from related parties	10,000	-
Total trade and other payables	**218,020**	**-**

11. Loans and borrowings

	31 December 2017	31 December 2016
	£	£
Current		
Unsecured loans	-	522,132
Total loans and borrowings	-	522,132

12. Share capital

For details of share capital see note 18 to the consolidated financial statements.

13. Related party transactions

The Group has related party transactions with entities in which directors have significant financial interests. For details see note 23 to the consolidated financial statements.

Details of the directors' emoluments, together with the other related information, are set out in the Report of the Directors.
There are no other related party transactions.

14. Commitments

The Company has no lease or capital commitments at the end of the reporting period.

15. Contingent liabilities

The Company has no contingent liabilities.

16. Ultimate controlling party

The Company does not have an ultimate controlling party.

17. Events after reporting date

For details of events after reporting date see note 24 of the consolidated financial statements.

OFFICERS AND ADVISERS

Directors:	Antony Neil Rawlinson Geoffrey John Nesbitt George Francis Katzaros Janet Rachel Donovan (resigned on 24 May 2018) José Luis Del Valle Doblado (resigned on 9 May 2018) Theodore Edward Chapman
Company secretary and registered office:	Edward Matthew Scott Baker 29 Farm Street, London, England, W1J 5RL
Nominated Adviser and Broker:	Stockdale Securities 100 Wood Street, London, EC2V 7AN
Bankers:	Metro bank
Auditors:	Crowe U.K. LLP St Bride's House 10 Salisbury Square London, EC4Y 8EH
Solicitors:	Peachey & Co LLP 95 Aldwych London, WC2B 4JF
Registrars:	Neville Registrars Neville House 18 Laurel Lane Halesowen B63 3DA
Company Number:	10114644
Website:	www.verditek.com