

Proton Partners International Limited

**Annual report and financial statements
for the year ended 28 February 2017**



Proton Partners International Limited

Report and financial statements for the year ended 28 February 2017

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Proton Partners International Limited

Directors and advisers

Directors

Prof. Sir C T Evans

G McVie

M Moran

Prof. K Sikora

P A E Tuson

Dr. M Von Bertele

N Irwin (appointed 25 April 2016)

Company Secretary

P A E Tuson

Registered office

Life Sciences Hub Wales

3 Assembly Square

Cardiff

CF10 4PL

Proton Partners International Limited

Directors' Report for the year ended 28 February 2017

The directors present their annual report and the audited financial statements of Proton Partners International Limited (the "Company") for the year ended 28 February 2017.

Results and dividends

For the year ended 28 February 2017 the Company made a loss of £5,820,000 (13 months ended 29 February 2016: £2,960,000). The directors do not recommend the payment of a dividend.

Directors

The directors of the Company, who served throughout the period unless otherwise indicated, are set out on page 1.

Statement of directors' responsibilities

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

Proton Partners International Limited

Directors' Report for the year ended 28 February 2017 (continued)

Independent auditors

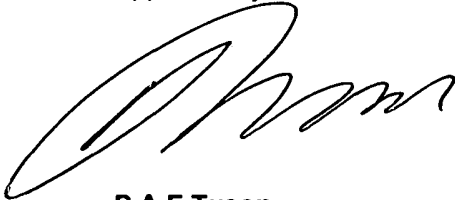
As far as the directors are aware:

- there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps which ought to have been taken as a director in order to make ourselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Small company exemption

In preparing this report, the directors have taken advantage of the small companies exemptions provided by section 415A of the Companies Act 2006.

Approved by the board of directors on 28 April 2017 and signed on its behalf by:



**P A E Tuson
Company Secretary**

Independent auditors' report to the members of Proton Partners International Limited

Report on the financial statements

Our opinion

In our opinion, Proton Partners International Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 28 February 2017 and of its loss and cash flows for the year then ended;
 - have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
 - have been prepared in accordance with the requirements of the Companies Act 2006.
-

What we have audited

The financial statements, included within the Report and Financial Statements (the "Annual Report"), comprise:

- the Balance Sheet as at 28 February 2017;
- the Statement of Total Comprehensive Income for the year then ended;
- the Cash Flow Statement for the year then ended;
- the Statement of Changes in Equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter 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 Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

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

- we have not received all the information and explanations we require for our audit; or
 - adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
 - the financial statements are not in agreement with the accounting records and returns.
-

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Proton Partners International Limited

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: take advantage of the small companies exemption in preparing the Directors' Report; and take advantage of the small companies exemption from preparing a strategic report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report. With respect to the Directors' Report, we consider whether those reports include the disclosures required by applicable legal requirements.



Jason Clarke BSc ACA (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
Cardiff
28 April 2017

Proton Partners International Limited

Statement of Total Comprehensive Income for the year ended 28 February 2017

	Note	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Administrative expenses		(5,885)	(3,054)
Other income		-	6
Operating loss	13	(5,885)	(3,048)
Finance income	17	82	88
Finance expense	18	(6)	-
Loss before income tax		(5,809)	(2,960)
Income tax charge	20	(11)	-
Loss for the period		(5,820)	(2,960)
Total comprehensive losses for the period		(5,820)	(2,960)
Loss and total comprehensive losses attributable to:			
Equity holders of the Company		(5,820)	(2,960)

The notes on pages 10 to 25 are an integral part of these financial statements.

Proton Partners International Limited

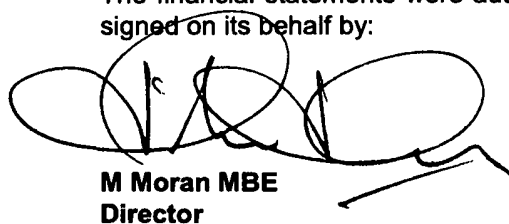
Registered number 09420705

Balance Sheet as at 28 February 2017

	Note	2017 £'000	2016 £'000
ASSETS			
Non-current assets			
Property, plant and equipment	5	58,061	25,236
Investments	6	4,163	-
Deferred tax asset	10	-	-
Non-current assets		62,224	25,236
Current assets			
Trade and other receivables	7	2,687	2,804
Cash and cash equivalents	8	35,141	27,305
Current assets		37,828	30,109
Total Assets		100,052	55,345
Equity attributable to the Company's equity holders			
Share capital	9	107	71
Share premium account		97,548	57,509
Retained earnings		(8,780)	(2,960)
Total equity		88,875	54,620
LIABILITIES			
Non-current liabilities			
Borrowings	10	8,424	-
Current liabilities			
Trade and other payables	11	2,742	725
Current income tax liabilities		11	-
Current liabilities		2,753	725
Total liabilities		11,177	725
Net equity and liabilities		100,052	55,345

The notes on pages 10 to 25 are an integral part of these financial statements.

The financial statements were authorised for issue by the Board of Directors on 28 April 2017 and were signed on its behalf by:



M Moran MBE
Director

Proton Partners International Limited

Statement of Changes in Equity for the year ended 28 February 2017

	Ordinary share capital £'000	Share premium account £'000	Retained earnings £'000	Total £'000
Balance on incorporation	-	-	-	-
Comprehensive income				
Loss for the period	-	-	(2,960)	(2,960)
Total comprehensive expense			(2,960)	(2,960)
Transactions with owners				
Proceeds of share issues	71	59,940	-	60,011
Less costs of share issues	-	(2,431)	-	(2,431)
Total transactions with owners	71	57,509	-	57,580
Balance at 29 February 2016	71	57,509	(2,960)	54,620
Comprehensive income				
Loss for the period	-	-	(5,820)	(5,842)
Total comprehensive expense	-	-	(5,820)	(5,842)
Transactions with owners				
Proceeds of share issues	36	41,464	-	41,500
Less costs of share issues	-	(1,425)	-	(1,425)
Total transactions with owners	36	40,039	-	40,075
Balance at 28 February 2017	107	97,548	(8,780)	88,875

The notes on pages 10 to 25 are an integral part of these financial statements.

Proton Partners International Limited

Cash Flow Statement for the year ended 28 February 2017

	Note	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Cash flows from operating activities			
Net cash used in operating activities	21	(3,424)	(5,046)
Cash flows from investing activities			
Purchase of property, plant and equipment		(33,152)	(25,317)
Purchase of investments		(4,163)	-
Interest received		82	88
Net cash used in investing activities		(37,233)	(25,229)
Cash flows from financing activities			
Proceeds from issue of shares		40,075	57,580
Net proceeds from issue of new debt		8,424	-
Interest paid		(6)	-
Net cash generated from financial activities		48,493	57,580
Net increase in cash and cash equivalents		7,836	27,305
Cash and cash equivalents at the start of the period		27,305	-
Cash and cash equivalents at the end of the period	8	35,141	27,305

The notes on pages 10 to 25 are an integral part of these financial statements.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017

1. General information

Proton Partners International Limited (hereinafter "the Company") is a company whose principal activities that of developing Proton Beam Therapy treatment centres.

The Company is a non-public limited company which is incorporated and domiciled in the UK. The address of its registered office Life Sciences Hub Wales, 3 Assembly Square, Cardiff, CF10 4PL.

The Company was incorporated on 4 February 2015 and therefore the comparative information in these financial statements is for the 13 months ended 29 February 2016.

2. Summary of significant accounting policies

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

2.1 Basis of preparation

The financial statements of Proton Partners International Limited have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union (IFRS), IFRIC Interpretations and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention, except in the cases specifically mentioned in these notes. The financial statements are also prepared on a going concern basis.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts in the financial statements. The areas involving a higher degree of judgement or complexity, or areas where assumptions or estimates are significant to the financial statements are disclosed in note 4.

The IFRS primary financial statements are presented in accordance with IAS 1 – 'Presentation of Financial Statements'.

2.2 New accounting standards and interpretations

(a) New standards, amendments and interpretations

No new standards, amendments or interpretations, effective for the first time for the financial year beginning on or after 1 March 2016 have had a material impact on the group or parent company.

(b) New standards, amendments and interpretations not yet adopted

A number of new standards and amendments to standards and interpretations are effective for periods beginning after 1 March 2016, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

2.3 Foreign currency translation

(a) *Functional Currency and presentation*

The functional and presentation currency is sterling.

(b) *Transactions and balances*

Foreign currency transactions are translated into the function currency (sterling) using the exchange rate prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of last year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.4 Property, plant and equipment

Property, plant and equipment is stated at historic cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. This includes the direct cost of labour and attributable overheads for assets which have been internally constructed.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

The costs of repairs and maintenance are charged to the income statement in the period in which they are incurred.

Depreciation on other assets is calculated using the straight line method to allocate their cost over their estimated useful lives, as follows:

	Rates
IT equipment	3 years
IT software	2 years
Fixtures & fittings	3 years
Motor vehicles	3 years
Assets under construction	Not depreciated

The assets residual values and useful lives are reviewed and adjusted, if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within administrative expenses in the income statement.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

2.5 Financial assets

2.5.1 Classification

The company classifies its financial assets in two categories – loans and receivables and available for sale. The classification depends on the purpose for which the financial assets were acquired and management determines the classification of its financial assets at initial recognition. The Company's loans and receivables comprise 'trade and other receivables' and cash and cash equivalents in the balance sheet. Available for sale financial assets comprise of investments.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

(b) Available for sale

Available for sale financial assets are non-derivative financial assets that are designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss. They are included in current assets, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current assets.

2.5.2 Recognition and measurement

Regular purchases and sales of financial assets are recognised on the trade date – the date on which the Company commits to purchase the asset. Financial assets are derecognised when the risk and rewards of ownership have transferred.

Loans and receivables are subsequently carried at amortised cost using the effective interest rate method.

Available for sale financial assets are subsequently carried at fair value through profit and loss except for investments in equity instruments that do not have a quoted market price in an active market and their fair value cannot be reliably measured in which case they are measured at cost less provision for impairment.

2.6 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments, with original maturities of three months or less. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.7 Share capital

Ordinary shares are classified as equity.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

2.8 Trade and other payables

Trade and other payables are non derivative financial liabilities with fixed or determinable payments and relate to obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payables are included in current liabilities, except for maturities greater than 12 months after the balance sheet date. These are classified as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest rate method.

2.9 Borrowings

Borrowings are initially recorded at fair value, including the costs incurred in raising the debt. In subsequent periods they are valued at amortised cost and the difference between the funds obtained (net of the costs involved in raising the funds) and the repayment value, as the case may be, and if it is significant, are recorded in the income statement over the life of the debt using the effective interest method.

2.10 Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in the Statement of Total Comprehensive Income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the balance sheet date. Management periodically evaluate positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, it establishes provisions, when appropriate, as the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit nor loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority.

2.11 Employee benefits

- a) *Post-employment obligations:*
The Company operates a defined contribution scheme. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. The Company has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits relating to employee service in the current and prior periods.

2.12 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Company's shareholders or paid following the approval of the directors.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

2.13 Investments

Trade investments are investments in equity instruments in organisations for the long term where the company does not have control or significant influence. Such investments are classified as "available for sale" financial assets.

2.14 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

3. Financial risk management

3.1 Financial risk factors

The Company's operations may expose it to a variety of financial risks that include the market risk, credit risk, operational risk and liquidity risk. The Company, through its Board of Directors, seeks to limit the adverse effects on the financial performance of the Company as follows:

a) Market risk

Market risk for the Company encompasses all those market risk factors that impact the value of the Company's assets and liabilities and the expected value in base currency of the Company's revenues and costs. The main risk factors are currency risk, inflation risk and interest rate risk. The Company's policies for managing these are as follows:

i) Currency risk

The Company is exposed to translational and transactional foreign exchange risk as it operates in various currencies, including US Dollars and the Euro, which affect the management and levels of working capital.

Any contract in which the settlement amount is in excess of £100,000 and is expressed in a currency other than the sterling, or in which a domestic currency payment amount is calculated using an exchange rate which has not been fixed and agreed in advance must be approved in advance by the Finance Director.

Currency hedging strategy for specific large projects or acquisitions in excess of £5 million is agreed in advance by the Board.

As at 28 February 2017, the Company held outstanding liabilities of \$580,500 and €676,272 (2016: \$nil and €nil).

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

3.1 Financial risk factors (continued)

a) *Market risk (continued)*

ii) *Inflation risk*

The Company has exposure to the inflationary effect in countries in which it operates. This exposure could affect the Company's cost and/or investment base. The Company's cost base is mainly exposed to the inflation rates and changes in payroll taxes in the UK.

No specific hedging of inflation risk has been carried out although any forecast movement in inflation forecasts is modelled within the Company's financial forecasts for adverse effects and to ensure adequate working capital is available for operations.

iii) *Interest rate risk*

Interest rate risk arises primarily on the Company's borrowings or on its investment of the cash balances. In particular, interest on the Company's borrowings is affected by LIBOR.

The Company finances its operations through retained cash reserves and, potentially, overdraft facilities. The policy of the Company is to monitor exposure to interest rate risk and take into account potential movements in interest rates as well as liquidity considerations when selecting methods of financing.

b) *Credit risk*

Credit risk is the risk that a third party might fail to fulfil its performance obligations under the terms of a financial instrument. For cash and cash equivalents and trade and other receivables, credit risk represents the carrying amount on the balance sheet.

The Company's business will be predominantly with companies with a low inherent bad debt risk. The Company is therefore unlikely to take out credit insurance in the foreseeable future.

The Company will only invest surplus funds in UK bank/building society deposits, denominated in pounds sterling. Furthermore, funds will only be invested with Prudential Regulatory Authority regulated UK financial institutions. In addition, only banks or building societies obtaining a satisfactory rating — at least an A grade (high quality/upper medium grade/strong) — with Standard and Poors, Fitch and Moody's will be selected.

c) *Operational risk*

The Company has numerous operational risks, ranging from control over bank accounts to its processes for delivering and supporting patient care centres to a required level of quality, safety and on a timely basis and retention and recruitment of key personnel. A key risk, as for any Company, is the reputational risk that might arise from poor execution, non-delivery or late delivery of a high profile project or breach of confidentiality for sensitive data.

The Company's Directors' regularly reviews controls over certain aspects of the operations of the Company. In addition, the Directors' maintain an operational risk register. Such a detailed operational risk review is outside the scope of this policy document but the Board attaches importance to maintaining appropriate internal controls to help identify financial risk and treasury management implications.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

3.1 Financial risk factors (continued)

d) *Liquidity risk*

Liquidity risk is the risk of loss from not having access to sufficient funds to meet both expected and unexpected cash demands.

The Company seeks to manage financial risk by ensuring that sufficient liquidity is available to meet foreseeable needs and by investing cash assets safely as well as profitably. The Company's working capital report shows forecast monthly movements in working capital and cash for the following year. It is planned to secure a short-term overdraft facility to be used, for example, to bridge any time gap between day-to-day cash requirements and the release of cash from deposit accounts with notice.

The table below analyses the Company's non-derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows:

At 28 February 2017	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over five years £'000
Trade and other payables	2,742	-	-	-
Borrowings	-	-	7,224	3,000

At 29 February 2016	Less than 1 year £'000	Between 1 and 2 years £'000	Between 2 and 5 years £'000	Over five years £'000
Trade and other payables	725	-	-	-

3.2 Capital management

The objective of the Company in terms of capital management is to safeguard its capacity to continue as a going concern in order to ensure value for its shareholders and profit for other holders of its net equity instruments and to maintain an optimum capital structure and reduce its cost.

Management regard the capital of the Company to comprise of the issued share capital and retained earnings. Management use dividends as the main tool of managing and returning surplus capital to shareholders and make such returns as and when surplus capital is identified.

4. Critical accounting estimates and judgements

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

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

a) *Deferred taxation assets*

As disclosed in note 12, the Company has potential deferred taxation assets of £1,494,000 (2016: £520,000) arising from unutilised trading losses.

The judgement of the Directors is that at this early stage of development in the Company's activities they cannot determine that it is more likely than not that these losses will be utilised in future periods and accordingly the deferred taxation asset has not been recognised.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

5. Property, plant and equipment

	IT Equipment £'000	Fixtures & Fittings £'000	Motor Vehicles £'000	Assets under construction £'000	Total £'000
Cost					
On incorporation	-	-	-	-	-
Additions	696	26	11	24,584	25,317
At 29 February 2016	696	26	11	24,584	25,317
Additions	262	136	-	32,754	33,152
Disposals	-	-	-	(22)	(22)
At 28 February 2017	958	162	11	57,316	58,447
Accumulated depreciation					
On incorporation	-	-	-	-	-
Charge for the period	77	3	1	-	81
At 29 February 2016	77	3	1	-	81
Charge for the year	279	22	4	-	305
At 28 February 2017	356	25	5	-	386
Net book value					
At 28 February 2017	602	137	6	57,316	58,061
At 29 February 2016	619	23	10	24,584	25,236
On incorporation	-	-	-	-	-

6. Investments

Cost and net book value	Trade investments £'000
On incorporation and at 29 February 2016	-
Additions	4,163
At 28 February 2017	4,163

Trade investments are classified as available for sale financial assets. However as they do not have a quoted market price in an active market and their fair value cannot be reliably measured they are measured at cost less provision for impairment.

All trade investments are denominated in pounds sterling.

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

7. Trade and other receivables

	2017 £'000	2016 £'000
Current		
Trade debtors	97	-
Prepayments and accrued income	572	2,176
Other debtors	1	-
VAT recoverable	2,017	628
Total current trade and other receivables	2,687	2,804

The debtor balances are shown at their amortised cost and there are no significant differences with respect to their fair value.

The carrying amounts of the receivables are all denominated in Pounds Sterling.

8. Cash and cash equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	32,139	26,305
Short term deposits (less than 3 months maturity)	-	1,000
Restricted cash balances	3,002	-
Net cash and cash equivalents	35,141	27,305

All cash at bank and short term deposits are classified as loans and receivables. All balances were held at a financial institution with an 'A' credit rating.

9. Share capital

	Number of shares Nb	Ordinary shares £000
On incorporation	-	-
Issued in the period	71,000,000	71
At 29 February 2016	71,000,000	71
Issued in the year	36,195,652	36
At 28 February 2017	107,195,652	107

On 25 April 2016, the company allotted 7,000,000 ordinary £0.001 shares for £1 each.

On 25 July 2016, the company allotted 500,000 ordinary £0.001 shares for £1 each.

On 25 October 2016, the company allotted 8,695,652 ordinary £0.001 shares for £1.15 each.

On 20 January 2017, the company allotted 20,000,000 ordinary £0.001 shares for £1.15 each.

In all instances, consideration was satisfied by cash.

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Notes to the financial statements for the year ended 28 February 2017 (continued)

10. Borrowings

	2017 £'000	2016 £'000
Non-current		
Other borrowings	8,424	-

Other borrowings consist of 3 loan agreements attracting fixed interest ranging from 5% to 8.25% with a maturity profile as follows:

	2017 £'000	2016 £'000
Repayable in:		
Less than one year	-	-
One to two years	-	-
Two to five years	7,224	-
More than five years	3,000	-
Total repayable	10,224	-
Less: unamortised debt issue costs	(1,800)	-
Carrying value	8,424	-

The carrying value of debt approximates its fair value

11. Trade and other payables

	2017 £'000	2016 £'000
Trade and other payables		
Trade payables	2,402	292
Accrued expenses	324	428
Other creditors	16	5
Total Trade and other payables	2,742	725

All trade and other payables are classified as other financial liabilities held at amortised cost.

12. Deferred income tax

A potential deferred income tax asset exists as follows:

	2017 £'000	2016 £'000
Depreciation recognised in excess of capital allowances	-	15
Tax losses carried forward	1,494	505
	1,494	520

These potential assets have not been recognised as at this early stage of development in the Company's activities the Directors cannot determine that it is more likely than not that these losses will be utilised in future periods.

Deferred tax is calculated on the temporary differences under the liability method using a tax rate of 17% (2016: 18%).

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Notes to the financial statements for the year ended 28 February 2017 (continued)

13. Operating loss

Operating loss is stated after charging:

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Depreciation charges	305	81
Operating lease charges	56	-
Employee benefit costs (see note 15)	2,124	661

14. Auditors remuneration

During the period the following services were obtained from the Company's auditor:

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Fees payable to company's auditor for the audit of the financial statements	12	12
Fees payable to the company's auditor for other services:		
- Tax advisory services	9	-
- Other services	3	3
	24	15

15. Employee benefit expense

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Wages and salaries	2,008	681
Social security costs	211	81
Pension costs – defined contribution	225	34
	2,444	796
Less: capitalised labour costs	(320)	(135)
Employee benefit expense	2,124	661

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

15. Employee benefit expense (continued)

The average monthly number of persons (including executive directors) employed during the period was:

By activity	Year ended	13 months ended
	28 February 2017	29 February 2016
	No	No
Managerial	18	6
Clerical	19	4
	37	10

The number of employees at 28 February 2017 was 58 (2016: 20).

16. Directors' emoluments

	Year ended	13 months ended
	28 February 2017	29 February 2016
	£'000	£'000
Aggregate emoluments	323	294
Pension costs – defined contribution	46	26
	369	320

Retirement benefits accrued to 3 directors.

The aggregate emoluments for the highest paid director was £186,000 (2016: £147,500) and the pension contributions for that director were £16,500 (2016: £2,750).

17. Finance income

	Year ended	13 months ended
	28 February 2017	29 February 2016
	£'000	£'000
Finance income		
- Interest income on short-term bank deposits	82	88
Net finance income	82	88

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

18. Finance expenses

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Finance expenses		
- Interest expense on borrowings	6	-
Net finance income	6	-

19. Net foreign exchange gains

The exchange differences credited to the income statement are included as follows:

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Exchange losses – net	138	17

20. Income tax

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Current tax:		
Current tax on loss for the period	11	-
Total current tax	11	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
Other	-	-
Total deferred tax	-	-
Total tax charge	11	-

The tax on the Company's loss before tax differs from the theoretical amount that would arise using the tax rate applicable to losses of Company as follows:

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Loss before tax	5,822	(2,960)
Notional charge at UK corporation tax rate of 17% (2016: 20.14%)	(989)	(596)
Tax effects of:		
- Expenses not deductible for tax purposes	11	11
- Changes in tax rates	-	65
- Deferred tax asset not recognised	989	520
Tax charge for the period	11	-

Proton Partners International Limited

Notes to the financial statements for the year ended 28 February 2017 (continued)

20. Income tax (continued)

Factors that may affect future tax charges

The July 2015 Budget Statement announced changes (which were subsequently enacted) to the UK Corporation tax regime which will reduce the main rate of Corporation Tax to 19% from 1 April 2017 and 18% from 1 April 2020. A further change was announced in the March 2016 Budget to further reduce the Corporation Tax rate to 17% by 1 April 2020 which was substantively enacted before the end of the financial year.

Accordingly, deferred tax has been calculated using a tax rate of 17% (2016: 20.14%).

21. Cash used in operations

	Year ended 28 February 2017 £'000	13 months ended 29 February 2016 £'000
Loss before income tax	(5,809)	(2,960)
Adjustments for:		
- Depreciation	305	81
- Loss on disposal of property, plant and equipment	22	-
- Finance income	(82)	(6)
- Finance costs	6	-
Changes in working capital		
- Trade and other receivables	117	(2,804)
- Trade and other payables	2,017	75
Cash used in operations	(3,424)	(5,046)

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**Notes to the financial statements
for the year ended 28 February 2017 (continued)**

22. Financial instruments by category

At 28 February 2017	Loans and receivables £'000	Available for sale £'000	Total £'000
Assets as per balance sheet			
Investments	-	4,163	4,163
Trade and other receivables excluding prepayments	2,115	-	2,115
Cash and cash equivalents	35,141	-	35,141
	37,256	4,163	41,419

	Liabilities at amortised cost £'000
Liabilities as per balance sheet	
Borrowings	8,424
Trade and other payables excluding non-financial liabilities	2,742
	11,166

At 29 February 2016	Loans and receivables £'000	Available for sale £'000	Total £'000
Assets as per balance sheet			
Trade and other receivables excluding prepayments	628	-	628
Cash and cash equivalents	27,305	-	27,305
	27,933	-	27,933

	Liabilities at amortised cost £'000
Liabilities as per balance sheet	
Trade and other payables excluding non-financial liabilities	725

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Notes to the financial statements for the year ended 28 February 2017 (continued)

23. Commitments

a) *Capital commitments*

The company had £61,973,000 (2016: £30,507,000) of capital expenditure contracted but not incurred at the year end.

b) *Operating lease commitments*

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2017 £'000	2016 £'000
No later than 1 year	109	42
Later than 1 year and no later than 5 years	356	13
Later than 5 years	350	6
Total	815	61

24. Related-party transactions

Key management compensation

The compensation paid or payable to key management for employee services is the same as directors emoluments as disclosed in note 16.

25. Ultimate controlling party

There is no ultimate controlling party.