

SPINNAKER OPPORTUNITIES PLC

SPINNAKER OPPORTUNITIES PLC

Company Registration No. 10485105 (England and Wales)

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 DECEMBER 2017**

SPINNAKER OPPORTUNITIES PLC

COMPANY INFORMATION

Directors	Anthony Harpur Jonathan Bradley-Hoare Richard Liddell Andrew Morrison
Company Number	10485105
Company Secretary	David Little
Registered Office	30 Percy Street London W1T 2DB
Auditors	Adler Shine LLP Chartered Accountants and statutory auditor Aston House Cornwall Avenue London N3 1LF
Registrar	Neville Registrars Neville House 18 Laurel Lane Halesowen B63 3DA
Financial Adviser and Broker	SP Angel 35-39 Maddox Street London W1S 2PP
Joint Broker	SI Capital 43 Brook Street London W1K 4HJ
Legal Adviser to the Company	Bishop & Sewell 59-60 Russell Square London WC1B 4HP
PR Adviser to the Company	Blytheweigh 4-5 Castle Court London EC3V 9DL

SPINNAKER OPPORTUNITIES PLC

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SPINNAKER OPPORTUNITIES PLC

CHAIRMAN'S STATEMENT

This first annual report and accounts of Spinnaker Opportunities Plc covers the period from the Company's incorporation on 17 November 2016 until the end of its first accounting period on 31 December 2017. During the period, the Company raised initial capital of £1,173,000 net of costs through the issue of 26,000,120 ordinary shares and 24,000,000 unlisted warrants and obtained admission for its ordinary shares to trading on the Standard List of the London Stock Exchange with effect from 17 May 2017.

The Company was formed to acquire a target company (or companies), businesses or asset(s) in the energy and/or industrial sectors. The Company did not define a target value, but the Board has focused its efforts on businesses with a value in the range of £5 million to £30 million. During the period under review, a total of approximately 50 target companies, businesses or assets were reviewed and more detailed due diligence was undertaken on a small number of these.

The Company's expertise is weighted to satisfy its corporate finance, accounting and administrative requirements until a project is identified and acquired. Upon an acquisition, management will be appointed to the enlarged group with the requisite specialist technical management expertise.

In the highly likely event that, on completion of an acquisition, the acquisition is treated as a Reverse Takeover, an application will be required for the Company's shares to be re-admitted to the Official List and trading on the Main Market of the London Stock Exchange or admission to another stock exchange.

The Company's strategy is to acquire an established business or project in the energy or industrial sectors, avoiding large up-front costs and so preserving capital for operational programmes. The Company's determinations in identifying a prospective target company or acquisition in the energy or industrial sectors are not limited to a specific geographical region, stage of development from exploration through to production or to a particular commodity. It is likely that the initial target will be a business domiciled in Europe or another OECD market, but the business and/or its assets may be in another part of the world. The basic investment criteria are:

- *Profit Pool Potential:* Regardless of their stage of development, potential target businesses or projects must be operating in an industry with a satisfactory profit potential. The Board uses its judgment to assess the potential for high and sustainable margins in relation to costs, for growth, for the opportunity to establish a leadership position and the overall competitive intensity. The Company seeks to avoid businesses where even good competitors earn less than the cost of capital;
- *Value Advantage:* In order to help secure a strong return on its own investment, the Company focuses on opportunities where it can offer a clear value advantage to a potential target business or project. The main sources of value advantage are expected to be the relevant experience and networks of the Directors and the ability to act quickly to complete a transaction and to deploy capital;
- *Leadership and Management:* Regardless of their stage of development, potential target businesses or projects must have a competent management team to participate fully in raising any investment funds required at re-admission and to lead the business following acquisition. The Directors are prepared to offer such assistance as may be required to the enlarged company following acquisition, but do not seek long-term employment for themselves; and
- *Likely Market Appetite:* In consultation with the Company's stockbrokers and financial advisers, the Board uses its judgment to identify high-grade businesses and projects that are likely to benefit from favourable market appetite at the time of acquisition.

SPINNAKER OPPORTUNITIES PLC

CHAIRMAN'S STATEMENT (CONTINUED)

The Company's approach is to conserve as much as possible of its initial capital pending completion of its first acquisition.

The operating costs of running the business prior to its first acquisition are being kept to the minimum required commensurate with full compliance and good governance. To date, all of the work required for due diligence has been done by the management team in order to minimise cash costs and the Directors have agreed that no fees will be payable to them for their ordinary duties prior to an acquisition.

The opportunity review and initial due diligence operations of the Company are undertaken by a team comprising the Directors and a number of retained advisers. Retained advisers provide the benefit of their experience on issues such as target quality, potential capital expenditure requirements, commodity market dynamics and business development in order to assist the Directors in formulating an investment decision. The role of the retained adviser is to advise the Board on a discretionary, part-time consultancy basis as the Board assesses potential acquisitions. In common with the Directors, retained advisers do not receive any fees for their ordinary duties prior to the completion of an acquisition transaction.

Following admission, Mr Alan Hume and Mr Andy Duncan were appointed as retained advisers in May 2017. Their in-depth financial knowledge and practical skills and experience greatly enhanced the Company's ability to process its inventory of opportunities and to undertake initial due diligence as quickly and as effectively as possible.

In June 2017 further advisory additions were made through the appointment of Board advisory and energy recruitment experts, Simpson Booth Limited, and specialist natural resources and energy financial public relations firm, Blytheweigh Communications Limited.

By the end of June 2017 Spinnaker had identified a significant number of potential acquisition targets for screening. These opportunities were weighted towards the oil and gas and the energy sector whilst some potential targets were also in the supply chain and technology arenas.

Starting in July 2017, more detailed due diligence was undertaken on a small number of opportunities that had been high graded following initial review. In each case, and for different reasons, the due diligence process resulted in the termination by the Company of discussions. Fortunately, no external costs of due diligence were incurred in any of these cases, thereby conserving the maximum capital. Subsequent discussions have inevitably absorbed time, so the Company was unable to complete its first acquisition during the period under review. Whilst the Board is fully aligned with shareholders in its motivation to complete a first acquisition as soon as possible, the Directors remain determined to ensure that an acquisition meets its criteria in all respects.

In December 2017 the Company announced that it had raised a further £170,000 by way of a placing and subscription and had appointed SI Capital Ltd ("SI Capital") as Joint Broker to the Company. The placees and subscribers comprised of a small number of SI Capital's private investors who agreed to invest on terms similar to the Company's IPO. The placing and subscription took the form of the issue of 3,400,000 units at a price of 5 pence per unit. Each unit consisted of one ordinary share plus one half warrant. SI Capital have also agreed to assist with the sourcing and evaluation of suitable reverse takeover ("RTO") opportunities and to assist with any fundraising associated with an RTO transaction through their network of high net worth and sophisticated investors. Once the placing and subscription were completed the admission of the respective new ordinary shares took place in January 2018. The transaction is therefore reflected as a post-period item in this report.

SPINNAKER OPPORTUNITIES PLC

CHAIRMAN'S STATEMENT (CONTINUED)

Also in January 2018 Mr John Ashbridge joined the Company as a Retained Adviser. Mr Ashbridge has an MSc in Petroleum Geology, a BSc (Hons) in Geophysics and has been a member of the European Association of Geoscientists and Engineers since 1986. At the same time Mike Doherty stepped down from his role as a Retained Adviser due to other commitments, which meant that he was unable to commit the necessary time. We would like to thank Mike for his wise counsel. He remains a significant shareholder of the Company and continues to provide his consultancy services as he is able.

As at the date of this report, the Company remains well prepared and motivated to carry out its remit to make a material acquisition in the Energy and/or Industrial sectors. Investment conditions in early 2018 are generally favourable, particularly in oil and gas, where improved oil prices compared to recent years are lending support. The geopolitical and macroeconomic backdrop is by no means without risk, but we remain optimistic and are working to deliver a suitable RTO acquisition as soon as possible.

I look forward to updating shareholders on progress in due course.

Finally, I would like to thank my board colleagues and our retained advisers, together with our professional advisers, for their hard work during the year.

Andrew Morrison
Chairman
13 April 2018

SPINNAKER OPPORTUNITIES PLC

STRATEGIC REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

Principal activity and fair review of the business

A fair review of the business is contained in the Chairman's Statement on page 1.

Key performance indicators

There are no key performance indicators for this period as the company did not commence its investment activity.

Principal risks and uncertainties

i. Business strategy

The Company is a newly formed entity with no operating history and has not yet identified a potential target company or business for acquisition.

The Company may acquire either less than whole voting control of, or less than a controlling equity interest in a target, which may limit its operational strategies.

The Company may be unable to complete an acquisition in a timely manner or at all or to fund the operations of the target business if it does not obtain additional funding following completion of the acquisition.

ii. Liquidity Risk

The Directors have reviewed the working capital requirements and believe that there is sufficient working capital to fund the business.

Future developments and acquisition strategy

The Company will be seeking to acquire a company or asset within the energy and/or industrial sectors, with a view to implementing an operational improvement strategy that will generate significant value for its shareholders.

While the Company does not currently have an acquisition under formal consideration, it expects that it will target those in the range of £5 million-£30 million. Subsequent to its initial acquisition, the Company may explore the potential for further acquisitions within related industries in order to provide finance and operational leverage.

Post Balance Sheet Events

In January 2018, the company undertook a placing and share subscription and issued 3,400,000 units at a price of 5 pence per unit to new investors and 1,700,000 warrants. The warrants are exercisable at a price of 7.5 pence per share and will be valid up to 19 June 2020. A further 100,000 Broker Warrants exercisable at 5 pence up to 19 June 2020 were issued to its joint broker, SI Capital.

Going Concern

The financial statements have been prepared on a going concern basis because, as set out in detail in Note 2 (Going Concern), the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future.

On behalf of the Board

Andrew Morrison
Director
13 April 2018

SPINNAKER OPPORTUNITIES PLC

DIRECTORS' REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

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

Results and dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements. The directors have not recommended a dividend.

Strategic Report

In accordance with section 414C(11) of the Companies Act 2006 the company chooses to report the review of the business, the future outlook and the risks and uncertainties faced by the company in the Strategic Report.

Directors

The following directors have held office during the period:

Anthony Harpur (appointed 21 February 2017)

Jonathan Bradley-Hoare (appointed 17 November 2016)

Richard Liddell (appointed 21 February 2017)

Andrew Morrison (appointed 17 November 2016)

Directors' interests

At the date of this report the directors held the following beneficial interest in the ordinary share capital and share options of the company:

Director	Shareholding	Percentage of the Company's Ordinary Share Capital	Warrants	Share Options
Anthony Harpur	1,400,000	4.8%	1,000,000	350,000
Jonathan Bradley-Hoare	40	-	-	160,000
Richard Liddell	1,200,000	4.1%	800,000	350,000
Andrew Morrison*	4,600,080	15.6%	-	1,250,000

* The shares held by Andrew Morrison are held by HSBC Global Custody Nominee (UK) Ltd on behalf of his Self-Invested Personal Pension (SIPP) and Individual Savings Account (ISA).

Substantial Interests

The Company has been informed of the following shareholdings that represent 3% or more of the issued Ordinary Shares of the Company as at 26 February 2018:

Shareholder	Shareholding	Percentage of the Company's Ordinary Share Capital
HSBC Global Custody Nominee (UK) Ltd	4,600,080	15.6%
Share Nominees Ltd	3,931,927	13.7%
JIM Nominees Ltd*	3,559,382	12.1%
Hargreaves Lansdowne (Nominees) Ltd*	2,415,670	8.2%
Interactive Investor Services Nominees Ltd	1,415,013	4.8%
Anthony Harpur	1,400,000	4.8%
Richard Liddell	1,200,000	4.1%
Lynchwood Nominees Ltd	1,184,428	4.0%
Jean Doherty	1,000,000	3.4%
Mike Doherty	1,000,000	3.4%

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*included in these holdings are 1,820,007 Ordinary 2.5p shares held by A Arshad, representing 6.2% of the company's Ordinary share capital.

DIRECTORS' REPORT (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

Dividends

No dividends will be distributed for the current period.

Supplier Payment Policy

It is the Company's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

Financial risk and management of capital

The major balances and financial risks to which the company is exposed to and the controls in place to minimise those risks are disclosed in Note 4.

EMPLOYEES

The Group is an equal opportunities employer.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The Company maintains insurance with a limit of £1m to cover its Directors and officers against the cost of defending themselves against civil legal proceedings taken against them. To the extent permitted by law the Company also indemnifies its Directors and officers. Neither protection applies in the event of fraud or dishonesty.

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that:

- 1) so far as the Directors are aware, there is no relevant audit information of which the Company's auditor is unaware; and
- 2) the Directors have taken all the steps that he ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

This confirmation is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

Adler Shine LLP were appointed during the period and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

CORPORATE GOVERNANCE

The Directors intend, so far as possible given the Company's size and the construction of the Board, to comply with the UK Corporate Governance Code.

The Directors have established an audit committee comprising Anthony Harpur and Richard Liddell and to be chaired by Richard Liddell. Given the Company's size and stage of development, the Company has not established a Remuneration Committee or Nominations Committee. The Board is committed to implementing corporate governance structures in line with best practice for a company of its size and complexity as its business and activities develop.

By order of the Board

Andrew Morrison
13 April 2018

SPINNAKER OPPORTUNITIES PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare financial statements for each financial period. Under that law the Directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under company law the Directors must not approve the accounts 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, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

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

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

Responsibility statement

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company; and
- the strategic report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties that it faces.

By order of the Board

Andrew Morrison
Director

13 April 2018

SPINNAKER OPPORTUNITIES PLC

DIRECTORS' REMUNERATION REPORT FOR THE PERIOD ENDED 31 DECEMBER 2017

The remuneration of the Directors is set by the Board as a whole and is reviewed annually. The Directors have agreed that in order to preserve the Company's capital, no fees will be payable to them for their ordinary duties prior to completing an Acquisition. Directors will be permitted to claim reimbursement from the Company for reasonable expenses incurred in connection with the business and the Board may use its discretion to make a payment to a Director in the event that s/he performs duties that are extraordinary, for example if significant time is spent in the completion of due diligence thereby saving professional fees that might otherwise be incurred.

With a view to aligning the efforts of the Directors most closely with the achievement of success by the Company, the Directors resolved to grant options to directors to subscribe up to 2,110,000 new ordinary shares at 5p per share. As at 31 December 2017, 2,110,000 options had been granted to the directors – see table below.

The Company does not provide a pension scheme for employees or Directors and does not contribute to plans established by them.

DIRECTOR'S SERVICE CONTRACTS

The Directors have letters of appointment which commence from their date of appointment and will continue unless terminated in accordance with the terms of the letter.

The information provided in this part of the Directors' Remuneration Report is subject to audit.

Directors' emoluments for the year are as follows:

	Fees £'000	Share based payments £'000	Period ended 31 December 2017 £'000
A Harpur	-	6	6
J Bradley-Hoare	-	3	3
R Liddell	-	6	6
A Morrison	-	21	21
	-	36	36

Details of the share options held by Directors are shown below:

	Number outstanding at 31 December 2017	Exercise price	Vesting date	Expiry Date
A Harpur	350,000	5p	17.05.2017	17.05.2020
J Bradley-Hoare	160,000	5p	17.05.2017	17.05.2020
R Liddell	350,000	5p	17.05.2017	17.05.2020
A Morrison	1,250,000	5p	17.05.2017	17.05.2020
	2,110,000			

By order of the Board

Andrew Morrison
13 April 2018

SPINNAKER OPPORTUNITIES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPINNAKER OPPORTUNITIES PLC

Opinion

We have audited the financial statements of Spinnaker Opportunities Plc (the 'Company') for the period ended 31 December 2017 which comprise the income statement, the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statements 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 their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2017 and of the loss for the period then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Auditors' 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.

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 where:

- 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 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.

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.

Valuation of share options and warrants

Area of focus

The company granted 24,000,000 warrants during the year to shareholders on a placing of ordinary shares, 790,500 broker warrants were granted for services provided during the placing of shares and 2,600,000 share options were granted to Directors and consultants resulting in a charge in the income statement of £45,000 and a further £13,000 in respect of share issue costs.

SPINNAKER OPPORTUNITIES PLC

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPINNAKER OPPORTUNITIES PLC (CONTINUED)

Management utilised a Black-Scholes option pricing model to calculate the charge which required the use of assumptions and judgements.

How our audit addressed the area of focus

We obtained a copy of the model used to calculate the share-based payments charge.

We reviewed the documentation in respect of the warrants and share options. We gained an understanding of the key assumptions and judgements underlying the model. We assessed the appropriateness of the methodology applied and tested the mathematical accuracy of the models.

We considered the charge provided in the financial statements of the company to be reasonable.

Our application of materiality

Materiality for the Company financial statements as a whole was set at £20,000 based on an 2% of net assets.

The company has not yet started to trade and is looking for investment opportunities. Its main asset is cash and cash equivalents and therefore the use of the net asset of the company as a base for calculating materiality was considered to be reasonable.

An overview of the scope of our audit

All assets, liabilities, income and expenses were subject to full scope audit. We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the nature of the company and the accounting processes and controls which are in operation.

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 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:

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF SPINNAKER OPPORTUNITIES PLC (CONTINUED)

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 7, 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 company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate 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: <https://www.frc.org.uk/auditorsresponsibilities>. This description forms part of our auditor's report.

Appointment

Following the recommendation of the Board of Directors, we were appointed by the members on 24 January 2018 to audit the financial statements for the period ended 31 December 2017 and subsequent financial periods. This is therefore our first year of uninterrupted engagement.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the Company and we remain independent of the Company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Christopher Taylor (Senior statutory auditor)
for and on behalf of Adler Shine LLP
Chartered Accountants and Statutory Auditor
London, United Kingdom N3 1LF

13 April 2018

SPINNAKER OPPORTUNITIES PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 DECEMBER 2017

	Period ended 31 December 2017
	£'000
Continuing operations	
Administrative expenses	(191)
Finance income	1
Loss before taxation	(190)
Taxation	-
Loss and comprehensive loss for the period	(190)
Basic and diluted loss per share	(1.3p)

Since there is no other comprehensive loss, the loss for the period is the same as the total comprehensive loss for the period attributable to the owners of the Company.

The notes on pages 16 to 24 form part of these financial statements.

SPINNAKER OPPORTUNITIES PLC

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Notes	2017
Current assets		
Trade and other receivables	10	4
Cash and cash equivalents	11	1,082
		1,086
Current liabilities		
Trade and other payables	12	58
		58
Net assets		1,028
Equity		
Share capital	13	650
Share premium	13	510
Share based payments reserve	14	58
Retained earnings		(190)
		1,028

The financial statements were approved by the board and authorised for issue on 13 April 2018 and were signed on its behalf by:

Andrew Morrison
Director

Jonathan Bradley-Hoare
Director

Company number: 10485105

The notes on pages 16 to 24 form part of these financial statements.

SPINNAKER OPPORTUNITIES PLC

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 DECEMBER 2017

	Period ended 31 December 2017 £'000
Cash flows from operating activities	
Operating loss	(190)
Share option expense	45
Increase in receivables	(4)
Increase in payables	58
	<hr/>
Net cash used in operating activities	(91)
	<hr/>
Cash flows from financing activities	
Issue of shares	1,250
Share issue costs	(77)
	<hr/>
Net cash from financing activities	1,173
	<hr/>
Net increase in cash and cash equivalents	1,082
Cash and cash equivalents at the beginning of the period	-
	<hr/>
Cash and cash equivalents at end of period	1,082
	<hr/>
Represented by: Bank balances and cash	1,082
	<hr/>

The notes on pages 16 to 24 form part of these financial statements.

SPINNAKER OPPORTUNITIES PLC

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 DECEMBER 2017

	Notes	Share capital £'000	Share premium £'000	Share based payments £'000	Accumulated deficit £'000	Total equity £'000
On Incorporation						
Shares issued during the period	13	650	600			1,250
Share issue costs			(90)	13		(77)
Share based payments				45		45
Loss for the period					(190)	(190)
As at 31 December 2017		650	510	58	(190)	1,028

Share capital is the amount subscribed for shares at nominal value.

Share premium represents amounts subscribed for share capital in excess of nominal value.

Share based payments represents the fair value of the share-based payment, determined at the grant date, and expensed over the vesting period.

Accumulated deficit represents the cumulative loss of the company attributable to equity shareholders.

The notes on pages 16 to 24 form part of these financial statements.

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2017

1 General information

Spinnaker Opportunities PLC ('the company') is an investment company incorporated in the United Kingdom. The address of the registered office is disclosed on the company information page at the front of the annual report. The Company was incorporated and registered in England on 17 November 2016 as a private limited company and re-registered as a public limited company on 20 March 2017.

2 Accounting policies

2.1. Basis of Accounting

This financial information has been prepared in accordance with International Financial Reporting Standards (IFRS), including IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These policies have been consistently applied.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3. The preparation of financial statements in conformity with IFRSs requires management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses. Although these estimates are based on management's experience and knowledge of current events and actions, actual results may ultimately differ from these estimates.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period in which the estimates are 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.

a) Going concern

These financial statements have been prepared on the assumption that the Group is a going concern. When assessing the foreseeable future, the Directors have looked at a period of at least twelve months from the date of approval of this report. At present, the company has very low overheads and this will continue until an acquisition is completed. At that point, a further fund raise is likely to be completed.

After making enquiries, the Directors firmly believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

b) New and amended standards adopted by the company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning that would be expected to have a material impact on the Company.

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

c) Standards interpretations and amendments to published standards that are not yet effective

The following new standards, amendments to standards and interpretations have been issued, but are not yet effective and have not been early adopted. The Directors anticipates that the adoption of these standard and the interpretations in future period will have no material impact on the financial statements of the company.

		Effective date (period) beginning on or after
IFRS 1	Amendments resulting from Annual Improvements 2014-2016 Cycle (removing short-term exemptions)	01/01/2018
IFRS 2	Amendments – Classification and measurement of share-based payments transactions	01/01/2018
IFRS 3, IFRS 11, IAS 12, IAS 23	Amendments resulting from Annual Improvements 2015-2017 Cycle	01/01/2019
IFRS 4	Amendment – applying IFRS 9 “Financial Instruments” with IFRS 4 “Insurance Contracts”	01/01/2018
IFRS 9	Financial instruments – incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition.	01/01/2018
IFRS 9	Amendment – Prepayment features with negative compensation	01/01/2019
IFRS 10/ IAS 28	Amendments – Sale or contribution of assets between an investor and its associate or joint venture	01/01/2018
IFRS 15	Revenue from contracts with customers, and the related clarifications	01/01/2018
IFRS 16	Leases – recognition, measurement, presentation and disclosure	01/01/2019
IFRS 17	Insurance contracts	01/01/2021
IAS 19	Amendment – Plan Amendment, Curtailment or Settlement	01/01/2019
IAS 28	Amendments resulting from Annual Improvements 2014-2016 Cycle (clarifying certain fair value measurements)	01/01/2018
IAS 28	Amendment – Long term interests in Associates and Joint Ventures	01/01/2019
IAS 40	Amendment – Transfers of investment property	01/01/2018

2.2 Segmental reporting

In the opinion of the directors, the company has one class of business, being that of an investment company. The company's primary reporting format is determined by the geographical segment according to the location of its establishments. There is currently only one geographic reporting segment, which is the UK. There are currently no revenues and all costs are derived from the single segment. The operating segment's operating results, for which discrete financial information is available, are reviewed regularly by the Board to make decisions about resources to be allocated to the segment and assess its performance.

2.3 Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument.

Other receivables

Other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Subsequent to the initial recognition, other receivables are measured at amortised cost less impairment losses for bad and doubtful debts.

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

Impairment losses for bad and doubtful debts are measured as the difference between the carrying amount of financial asset and the estimated future cash flows, discounted where the effect of discounting is material.

Cash and cash equivalents

Cash and cash equivalents comprised of cash at bank and in hand.

Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the company at the statement of financial position date approximated their fair values, due to relatively short-term nature of these financial instruments.

Other payables

Other payables are initially recognised at fair value and thereafter stated in amortised cost.

2.4 Share capital

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new ordinary shares or options are shown in equity as a deduction, net of tax, from the proceeds.

2.5 Share Based payments

The company has applied the requirements of IFRS 2 'Share-based payments.

The company issues equity-settled share-based payments to certain employees and warrants have been granted to initial shareholders and brokers. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined at the date of grant of the equity settled share-based payments is expensed on a straight-line basis over the life of the vesting period, based on the company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

Fair value is measured by use of the Black Scholes model. The expected life used in the model has been adjusted, based on management's best estimates, for the effects of non-transferability, exercise restrictions and behavioral considerations.

2.6 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the statement of comprehensive income because it excludes items of income and expense that are taxable or deductible in other years, and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognised on temporary differences between the carrying amount of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences.

Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary differences arise from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries except where the Company is able to control the reversal of the temporary difference and

it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

arising from deductible temporary differences associated with such investments are only recognised to the extent that it is probable that there will be sufficient taxable profits against which to utilise the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

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

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current or deferred tax for the year is recognised in profit or loss, except when it relates to items that are recognised in other comprehensive income or directly in equity, in which case the current and deferred tax is also recognised in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

3 Critical accounting estimates and judgments

The company makes certain judgements and estimates which affect the reported amount of assets and liabilities. Critical judgements and the assumptions used in calculating estimates 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.

In the process of applying the Company's accounting policies, which are described above, the Directors believe that they have only had to make assumptions or judgements that relate to share based payments and that these have a material effect on the amounts recognised in the financial information.

In order to calculate the charge for warrants and share-options as required by IFRS 2, the company makes estimates principally relating to the assumptions used in its Black-Scholes option pricing model as set out in note 13 and note 14.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of revision and future periods if the revision affects both current and future years.

4 Financial risk management

The company's activities may expose it to some financial risks. The company's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the company's financial performance.

a) Liquidity risk

Liquidity risk is the risk that company will encounter difficulty in meeting obligations associated with financial liabilities. The responsibility for liquidity risks management rest with the Board of Directors, which has established appropriate liquidity risk management framework for the management of the company's short term and long-term funding risks management requirements. During the period under review, the company has not utilised any borrowing facilities. The company manages liquidity risks by maintaining adequate reserves by continuously monitoring forecast and actual cashflows, and by matching the maturity profiles of financial assets and liabilities.

b) Capital risk

The company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investment is closely monitored.

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

5 Operating loss, expenses by nature and personnel

	Period ended 31 December 2017 £'000
Operating loss is stated after charging:	
Directors' remuneration	-
Directors' fees	-
Directors' share-based payment	36
Auditor's remuneration – audit services	9
Auditor's remuneration – corporate finance services	13
	<hr/> <hr/>

6 Personnel

The average monthly number of employees during the period was four directors.

There were no benefits, emoluments or remuneration payable during the period for key management personnel.

7 Taxation

	Period ended 31 December 2017 £'000
Total current tax	<hr/> <hr/> -
Factors affecting the tax charge for the period	<hr/>
Loss on ordinary activities before taxation	(190)
Loss on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.25%	(37)
Effects of:	
Non-deductible expenses	15
Tax losses carried forward	22
Current tax charge for the period	<hr/> <hr/> -

No liability to UK corporation tax arose on ordinary activities for the current period.

The Company has estimated excess management expenses of £190,000 available for carry forward against future trading profits.

The tax losses have resulted in a deferred tax asset of approximately £22,000 which has not been recognised in the financial statements due to the uncertainty of the recoverability of the amount.

8 Earnings per share

	Period ended 31 December 2017
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:	
Loss after tax attributable to equity holders of the company	(190,000)
Weighted average number of ordinary shares	14,806,966
Basic and diluted loss per share	<hr/> <hr/> (1.3p)

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

9 Capital risk management

The Directors' objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. At the date of this financial information, the Company had been financed by the introduction of capital. In the future, the capital structure of the Company is expected to consist of borrowings and equity attributable to equity holders of the Company, comprising issued share capital and reserves.

10 Trade and other receivables

	2017 £'000
Trade and other receivables	4
At 31 December 2017	4

11 Cash and cash equivalents

	2017 £'000
Cash and cash equivalents	1,082
At 31 December 2017	1,082

12 Trade and other payables

	2017 £'000
Trade payables	23
Accruals and other payables	35
At 31 December 2017	58

13 Share capital

Allotted, called up and fully paid

Ordinary shares of 2.5p	Number of shares	Share capital £'000	Share premium £'000
Shares issued on incorporation	120	-	-
Issue of shares during the period	26,000,000	650	600
Share issue costs	-	-	(77)
Warrants issued (Note 14)	-	-	(13)
At 31 December 2017	26,000,120	650	510

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

On incorporation, the Company issued 3 ordinary shares at par value of £1 per share which were subdivided into 120 shares of 2.5p each in March 2017.

On 14 March 2017, the Company issued further 2,000,000 shares at 2.5p per share.

On 17 May 2017, the Company raised £1,200,000 before expenses through a placing of 24,000,000 ordinary shares at 5p per share.

The ordinary shares have attached to them full voting, dividend and capital distribution (including on winding up) rights; they do not confer any rights of redemption.

14 Share based payments

Share based payments reserve

Movements in the share based payments reserve in the period relate to:

	£'000
At the beginning of the period	-
Warrants issued	13
Share options issued	45
At 31 December 2017	58

Warrants

	Number of awards	Weighted average exercise price
At the beginning of the period	-	-
Granted	24,790,500	£0.074
At the end of the period	24,790,500	£0.074
Exercisable at 31 December 2017	24,790,500	£0.074

The warrants outstanding at 31 December 2017 have a weighted average remaining contractual life of 2.4 years.

At 31 December 2017, the Company had the following warrants in issue:

	Warrants	Broker Warrants
Date of grant	17-May-17	17-May-17
Number granted	24,000,000	790,500
Contractual life	3 years	3 years
Exercise price	£0.075	£0.05
The estimated fair value	Nil	£0.017

The Warrants were granted to the subscribers and placees as part of the share subscription and placing. These warrants fall outside the scope of IFRS 2 and the share price that was paid by the subscribers reflected any fair value of these warrants.

The Broker Warrants were issued to the Company's brokers and others for their services in connection with the placing.

All the warrants vested at the date of the agreement.

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE PERIOD ENDED 31 DECEMBER 2017

14 Share based payments (continued)

The fair value of warrants issued during the period determined using the Black-Scholes valuation model and a share based payment charge of £13,000 has been recognised in the financial statements as a deduction from the share premium account as the warrants were issued in connection with share subscriptions.

Other significant inputs into the model are:

	Broker Warrants
Issue date share price	5p
Risk free rate	0.4%
Expected volatility	50%

The average volatility has been calculated by using the average volatility for the Company and other similar companies.

Share options

	Number of awards	Weighted average exercise price
At the beginning of the period	-	-
Granted	2,600,000	£0.05
At the end of the period	2,600,000	£0.05
Exercisable at 31 December 2017	2,600,000	£0.05

The options outstanding at 31 December 2017 have a weighted average remaining contractual life of 2.4 years.

At 31 December 2017, the following options were issued to directors of the Company under the share option incentive scheme:

Date of grant	17-May-17
Number granted	2,600,000
Contractual life	3 years
Exercise price	£0.05
The estimated fair value	£0.017

All options vested at the date of the agreement.

The fair value of the options issued during the period determined using the Black-Scholes valuation model and a share based payment charge of £45,000 has been recognised in the income statement.

Other significant inputs into the model are:

Issue date share price	5p
Risk free rate	0.4%
Expected volatility	50%

The average volatility has been calculated by using the average volatility for the Company and other similar companies.

SPINNAKER OPPORTUNITIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE PERIOD ENDED 31 DECEMBER 2017

15 Accumulated deficit

1.

	2017
	£'000
On incorporation	-
Loss for the period	(204)
At 31 December 2017	(204)

16 Contingent liabilities

The company has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

17 Directors salaries, fees and Related parties

No salaries or fees were paid to the directors.

There were no related parties in the period.

18 Capital commitments

There was no capital expenditure contracted for at the end of the reporting period but not yet incurred.

19 Events after the reporting period

In January 2018, the company undertook a placing and share subscription and issued 3,400,000 units at a price of 5 pence per unit to new investors and 1,700,000 warrants. The warrants are exercisable at a price of 7.5 pence per share and will be valid up to 19 June 2020. A further 100,000 Broker Warrants exercisable at 5 pence up to 19 June 2020 were issued to its joint broker, SI Capital.

20 Related Party Transactions

Welbeck Associates which is controlled by Jonathan Bradley-Hoare have provided accountancy and taxation services to Spinnaker Opportunities Plc at market rates in the year totaling £9,780 nothing is outstanding at the year end.