

REGISTERED NUMBER: 115234C (Isle of Man)

STRATEGIC REPORT, REPORT OF THE DIRECTORS AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

FOR

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC)

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

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FOR THE YEAR ENDED 31 DECEMBER 2016

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KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC)

COMPANY INFORMATION
FOR THE YEAR ENDED 31 DECEMBER 2016

DIRECTORS:

S Corran
G Mc Donagh
R Williams
J Woodgate

SECRETARY:

S Corran

REGISTERED OFFICE:

4th Floor
Queen Victoria House,
41-43 Victoria Street, Douglas
Isle of Man
IM1 2LF

REGISTERED NUMBER:

115234C (Isle of Man)

AUDITORS:

Welbeck Associates
Chartered Accountants & Registered Auditors
30 Percy Street
London
W1T 2DB

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC)
(“Kryptonite 1” or the “Company”)

CEO'S REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

In the year to 31 December 2016, the Company made a loss of £80,021 (2015: £52,007). A number of the expenses incurred during the year were due to the fact that the Company went through a restructuring process to clear outstanding creditors and bring new investment to the Company. Now renamed Kryptonite1 plc, the Company is seeking new opportunities in an emerging technology called the blockchain. Broadly, our strategy can be split into two parts, purchasing private equity in blockchain companies and investing in the blockchain based token economy.

To achieve this, the new board of directors have disposed of the majority of the historic investments previously held by the Company and have raised new funds to make investments fit the Company's new investment criteria. During the period, the Company participated in five Initial Token Offerings, SingularityDTV and The Golem Project during the year and Melonport, Qtum and Cosmos post year end. With the exception of Qtum and Cosmos, where the token has not come to market yet, these investments have all performed well.

Kryptonite 1 has also invested in convertible loan notes in Noman Ventures, a blockchain technology company building new and exciting trading platforms for businesses and we also subscribed for ordinary shares in SatoshiPay, a company utilising blockchain technology to enable micropayments on the internet.

Going forward the Board hopes to continue to successfully analyse the market and select projects which will further enhance shareholders value.

The value of all the assets in the blockchain ecosystem is appreciating rapidly and the space is growing very fast. Kryptonite 1 is traded on a public platform and therefore provides investors a platform to participate in this highly exciting sector. The Board is pleased with progress and are excited for the future.

GEORGE McDONOUGH



G McDonough
CEO

Date: 31 May 2017

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their strategic report for the year ended 31 December 2016.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

A more detailed review of the business is given in the Co-Chairman's Report. Given the straight forward nature of the business, the company's directors are of the opinion that a further analysis using Key Performance Indicators is not necessary for an understanding of the development, performance or position of the business.

PRINCIPAL RISKS AND UNCERTAINTIES

Kryptonite 1 plc's strategy is to purchase private equity in blockchain companies and invest in the blockchain based token economy – digital currency. This is a new and rapidly changing sector with a certain degree of risk. The company relies heavily on the expertise of the directors in the sector and aims to diversify its portfolio to minimise overall risks.

We refer to our financial risk management objectives and policies in note 2 (j) to the accounts.

ON BEHALF OF THE BOARD:

GEORGE McDONAUGH



G McDonough

Date: 31 May 2017

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report with the financial statements of the company for the year ended 31 December 2016.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of an investment company trading in the blockchain technology sector.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2016 (2015: nil).

FUTURE DEVELOPMENTS

These are discussed fully in the Co-Chairman's Report.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

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

G Hunt	(Resigned 18 January 2016)
S Corran	
C Goodfellow	(Appointed 18 January 2016, resigned 18 July 2016)
M Karani	(Appointed 18 January 2016, resigned 12 August 2016)
G McDonough	(Appointed 18 July 2016)
J Woodgate	(Appointed 18 July 2016)
R Williams	(Appointed 18 July 2016)

CORPORATE GOVERNANCE

The directors recognise the importance of sound corporate governance and intend to observe the requirements of the Code of Best Practice, as published by the Committee on Corporate Governance (commonly known as the "Combined Code") to the extent they consider appropriate in light of the Company's size, stage of development and resources. At present, due to the size of the Company, audit, remuneration and risk management issues will be addressed by the Board supported by Members of the Advisory Board. As the Company grows the Board will consider establishing an audit and management committee and will consider developing further policies and procedures which reflect the principles of good governance and the Combined Code.

SUBSTANTIAL INTERESTS

On 31 December 2016, the following were registered as being interested in 3% or more of the Company's ordinary share capital:

	31 December 2016	Percentage of
	Ordinary Shares of 0.1p Each	Issued Share Capital
Vidacos Nominees Limited	300,000,000	26.49%
R B Rowan	117,983,333	10.42%
Lynchwood Nominees Limited	100,000,000	8.83%
Beaufort Nominees Limited	167,666,665	14.81%
HSBC Global Custody Nominee (UK) Limited	56,666,666	5.00%

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 DECEMBER 2016

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 year. Under that law the directors have elected to prepare the financial statements in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland as applicable to an Isle of Man Company. 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 accounting standards 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

Welbeck Associates will be proposed for appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

GEORGE MCDONAUGH


G McDonough - Director

Date: 31 May 2017

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC)**

We have audited the financial statements of Kryptonite 1 Plc (formerly Guild Acquisitions plc for the year ended 31 December 2016 on pages 8 to 20. The financial reporting framework that has been applied in their preparation is applicable law and FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland as applicable to an Isle of Man company.

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 a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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. In addition, we read all the financial and non-financial information in the Co - Chairman's Report, the Strategic Report and the Report of the Directors 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.

Opinion on financial statements

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with FRS 102: The Financial Reporting Standard applicable in the UK and Republic of Ireland as applicable to an Isle of Man company; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2(a) to the financial statements, concerning the company's ability to continue as a going concern. These conditions, along with the other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Company to continue as a going concern. The directors have plans to manage the cash flows of the Company to enable it to continue as a going concern. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Opinion on other matters prescribed by the UK Companies Act 2006

In forming our opinion on the financial statements, which is not modified, we draw your attention to the disclosures made in note 2 to the financial statements concerning the Company's ability to continue as a going concern.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC)**

Matters on which we are required to report by exception

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

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



Jonathan Bradley-Hoare (Senior Statutory Auditor)
for and on behalf of Welbeck Associates
Chartered Accountants & Statutory Auditors
30 Percy Street
London
W1T 2DB

Date: 31 May 2017

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
TURNOVER		34,530	11,698
Cost of sales		<u>(29,024)</u>	<u>(23,961)</u>
GROSS PROFIT/LOSS		5,506	(12,263)
Administrative expenses		<u>(85,527)</u>	<u>(41,447)</u>
OPERATING LOSS	4	(80,021)	(53,710)
Interest receivable and similar charges	5	<u>-</u>	<u>1,703</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(80,021)	(52,007)
Tax on loss on ordinary activities	6	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		<u>(80,021)</u>	<u>(52,007)</u>
Earnings per share expressed in pence per share:			
Basic and Diluted	7	<u>-0.01</u>	<u>-0.03</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2016

	Notes	2016 £	2015 £
CURRENT ASSETS			
Debtors	8	2,070	3,150
Investments	9	212,662	165,223
Digital currencies		65,124	-
Cash held on trading platforms		19,991	-
Cash at bank		<u>179,210</u>	<u>4,809</u>
		479,057	173,182
CREDITORS			
Amounts falling due within one year	10	<u>37,984</u>	<u>44,088</u>
NET CURRENT ASSETS		<u>441,073</u>	<u>129,094</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>441,073</u>	<u>129,094</u>
CAPITAL AND RESERVES			
Called up share capital	12	590,993	498,760
Share premium	13	758,649	458,882
Profit and loss account	13	<u>(908,569)</u>	<u>(828,548)</u>
SHAREHOLDERS' FUNDS	17	<u>441,073</u>	<u>129,094</u>

The financial statements were approved by the Board of Directors on 31 May 2017 and were signed on its behalf by:

GEORGE McDONOUGH



G McDonough - Director

STEPHEN CORRAN



S Corran - Director

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2016

	Share Capital £	Share Premium £	Retained Earnings £	Total £
Balance at 1 January 2015	498,760	458,882	(776,541)	181,101
Loss for the year	-	-	(52,007)	(52,007)
Balance at 31 December 2015	<u>498,760</u>	<u>458,882</u>	<u>(828,548)</u>	<u>129,094</u>
Balance at 1 January 2016	498,760	458,882	(828,548)	129,094
Shares issued	92,233	299,767	-	392,000
Loss for the year	-	-	(80,021)	(80,021)
Balance at 31 December 2016	<u>590,993</u>	<u>758,649</u>	<u>(908,569)</u>	<u>441,073</u>

The notes form part of these financial statements

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
CASH FLOWS FROM OPERATING ACTIVITIES:		
Operating loss	(80,021)	(53,710)
Exchange (gain)/loss	(18,095)	7,265
Fair value (gain)/loss	(3,536)	18,646
Decrease / (Increase) in debtors	1,080	(124)
(Decrease)/increase in creditors	3,896	11,848
Net purchases of investments	(109,027)	-
Non-cash working capital movements	18,095	-
	<hr/>	<hr/>
NET CASH USED IN OPERATING ACTIVITIES:	(187,608)	(16,075)
 CASH FLOWS FROM FINANCING ACTIVITIES:		
Proceeds from issue of equity	<u>382,000</u>	<u>-</u>
NET CASH GENERATED BY FINANCING ACTIVITIES:	<u>382,000</u>	<u>-</u>
 NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS:	<u>194,392</u>	<u>(16,075)</u>
 CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR:	<u>4,809</u>	<u>20,884</u>
 CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR:	<u>199,201</u>	<u>4,809</u>

The notes form part of these financial statements

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

1. COMPANY INFORMATION

The Company was incorporated in the Isle of Man. Its registered office is 4th Floor, Queen Victoria House, 41-43 Victoria Street, Douglas, Isle of Man, IM1 2LF.

2. ACCOUNTING POLICIES

(a) Basis of preparing the financial statements

The Directors have resolved that the financial statements be prepared in accordance with applicable United Kingdom accounting standards, including Financial Reporting Standard 102 – ‘The Financial Reporting Standard applicable in the United Kingdom and Republic of Ireland’ (‘FRS 102’). The financial statements have been prepared on the historical cost basis except for the modification to a fair value basis for certain financial instruments as specified in the accounting policies below.

The financial statements are presented in GBP.

The financial statements have been prepared on a going concern basis. Although the company has made losses for the last three years, net assets and net current assets at 31 December 2016 were £441,073 (2015: £129,094). Having considered all the information available to them, the directors believe that the company has sufficient funding now, and for the foreseeable future, to enable it to meet its liabilities and continue as a going concern.

(b) Accounting convention

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards.

(c) Turnover

Turnover is measured at the fair value of the consideration received or receivable. Turnover represents amounts receivable from trade investment sales and is recognised on the date of the sale contract.

(d) Foreign currencies

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

(e) Costs of sales

Cost of sales includes the book cost of trade investments sold in the year together with any impairment in the value of investments and foreign currency exchange differences recognised in the year.

(f) Investments

Investments comprise of shares and monetary loan stock.

- i. Foreign denomination loans are translated into sterling at the rate of exchange ruling at the balance sheet date.
- ii. For those investments listed on a recognised market, net realisable value is taken as mid-market price. Where the directors consider the market price of a company is likely to irreversibly fall, additional write downs in valuation to below mid-market price are made. The net realisable value of certain investments is not readily determinable by reference to a quoted market price. The directors have therefore made their own assessment of the net realisable value and adjusted the carrying value of the investment where it is considered less than cost. This estimate requires estimation techniques, which are reliant upon their experience and expertise.

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

2. ACCOUNTING POLICIES (continued)

(g) Convertible Loans

Loans which may be converted into ordinary shares are given a split accounting treatment. The conventional debt element is recognised as a liability and is calculated as the present value of future cash flows of that debt as discounted at the rate of interest applied to comparable debts without the right to convert. The remaining balance is accounted for as equity being the fair value attaching to the option to convert and shown within other reserves.

Investments in equity instruments that are not publicly traded and whose fair value cannot otherwise be measured reliably and contracts linked to such instruments that, if exercised, will result in delivery of such instruments, shall be measured at cost less impairment.

(h) Digital Currencies

The Company accounts for digital currencies, which it considers to be an operating asset, at their initial cost and subsequently revalues the carrying amounts of the digital currencies held at each reporting date based on their current fair value. The changes in fair value are recognised in the Companies Statement of Comprehensive Income.

The Company obtains the equivalency rate of digital currencies to GBP from various exchanges including Coinmarket and Oanda. The rate obtained from these sources represents a generally well recognised quote price in an active market, which market and database is accessible to the Company on an ongoing basis.

(i) Cash and Cash Equivalents

Cash and cash equivalent includes cash at bank and cash held on trading platforms.

(j) Financial Instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

(i) Basic financial assets

Basic financial assets, which include trade and other receivables and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest.

(ii) Other financial assets

Other financial assets, including investments in equity instruments which are not subsidiaries, associates or joint ventures, are initially measured at lower of cost and NRV.

(iii) Impairment of financial assets

Financial assets, other than those held at fair value through profit and loss, are assessed for indicators of impairment at each reporting end date.

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

(iii) Impairment of financial assets (continued)

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

(iv) Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

(v) Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities, including trade and other payables, bank loans, and preference shares that are classified as debt, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future receipts discounted at a market rate of interest.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method. Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade payables are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

(vi) Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

(vii) Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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 where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

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

3. STAFF COSTS

	2016	2015
	£	£
Wages and salaries	<u>16,607</u>	<u>7,200</u>

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

	2016	2015
	<u>3</u>	<u>3</u>
Directors		

4. OPERATING LOSS

The operating loss is stated after charging/ (crediting):

	2016	2015
	£	£
Auditors' remuneration	6,000	6,000
Exchange (gain)/loss	(18,095)	7,265
Fair value gain on digital currencies	<u>(3,536)</u>	<u>-</u>
Directors' remuneration	<u>16,607</u>	<u>7,200</u>

5. INTEREST RECEIVABLE

	2016	2015
	£	£
Loan interest	<u>-</u>	<u>1,703</u>

6. TAXATION

The company manages its affairs from the Isle of Man or otherwise outside the United Kingdom and does not carry on its business in the UK. On this basis, the Company is not liable to UK taxation. The Isle of Man operates a zero rate of tax.

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

7. EARNINGS PER SHARE

The basic loss per share is calculated by dividing the profit/loss for the year attributable to ordinary shareholders by the weighted average number of shares in issue.

Loss for the year - (£80,021) (2015: £52,007).

Weighted average of Ordinary 0.1p Shares in issue – 636,199,814 (2015: 210,061,001).

Loss per share - basic - (0.01p) (2015: loss per share (0.03p)).

The conversion rights attaching to the Deferred Shares are not dilutive for the year.

Weighted average of Ordinary 0.1p Shares in issue for dilutive purposes, including potential ordinary shares on conversion of loan – 636,199,814 (2015: 210,061,001).

Loss per share - dilutive - (0.01p) (2015: 0.03p).

8. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Prepayments and accrued income	<u>2,070</u>	<u>3,150</u>

9. CURRENT ASSET INVESTMENTS

	2016	2015
	£	£
Financial instruments at cost less impairment:		
Publicly traded investments on NEX Growth & AIM markets	5,000	97,263
Debt instrument at amortised cost:		
Loan issued	131,162	113,168
Convertible Loan Notes	<u>80,000</u>	<u>-</u>
	216,162	210,431
Impairment provision on financial instruments at cost less impairment	<u>(3,500)</u>	<u>(45,208)</u>
	<u>212,662</u>	<u>165,223</u>

The loan issued is an interest free EUR denominated loan which does not have fixed repayment terms. The movement on the loan relates wholly to an exchange gain arising in the period.

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

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

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	£	£
Other loans and overdrafts (see note 11)	10,000	20,000
Trade creditors	22,104	18,208
Accrued expenses	<u>5,880</u>	<u>5,880</u>
	<u>37,984</u>	<u>44,088</u>

11. LOANS

An analysis of the maturity of loans is given below:

	2016	2015
	£	£
Amounts falling due within one year or on demand:		
Other loans	<u>10,000</u>	<u>20,000</u>

On 16 April 2014, Starvest plc made a loan of £20,000 to the Company, with interest accruing at 12% per annum and payable in six monthly-intervals. The loan interest has since been forgiven. During the year a share based partial repayment of £10,000 was made. Post year end the outstanding balance was repaid.

12. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid Number:	Class	Nominal Value	2016 £	2015 £
nil (2015: 210,061,001)	Ordinary	0.1p	-	210,061
1,132,394,334 (2015: nil)	New ordinary	0.01p	113,240	-
3,000,000	Deferred A	0.1p	3,000	3,000
3,000,000	Deferred B	0.1p	3,000	3,000
31,411,002	Deferred C	0.9p	282,699	282,699
210,061,001	Deferred D	0.09p	<u>189,054</u>	-
			<u>590,993</u>	<u>498,760</u>

On 8 March 2016, the Company undertook a share capital reorganisation, whereby old ordinary shares of nominal value £0.001 were subdivided into one new ordinary share of £0.0001 nominal value and one Deferred D share of £0.0009 nominal value.

On 14 March 2016, the Company issued a Warrant Instrument entitling the warrant holder to subscribe to ordinary shares of £0.0001 each for a price of £0.0004 each for a number of shares equal to 3% of the Companies issued share capital. The Warrants are exercisable at any time during the subscription period and expire on 14 March 2019. The warrants have not been exercised.

Special rights/constraints attaching to the deferred A and B shares are as follows:

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

12. CALLED UP SHARE CAPITAL - continued

The deferred A shareholders have one vote at general meetings of the company. Until such time as the ordinary shares of the company have traded on the NEX markets or any other facility recognised as a medium for trading shares at a mid-market price of no less than 6p per share for a continuous period of 28 days, these shares carry no rights to dividends or to participation in the assets of the company other than the right to repayment at par on a winding up, such payment to be deferred to repayment at par of the ordinary shares. After the mid-market price has achieved 6p for a continuous period of 28 days each deferred A share will have rights equivalent to ordinary shares.

In the event that on a winding up there is no surplus of assets of the company over the paid-up capital of the company the right to repayment of the ordinary shares will take priority over the repayment of the deferred A Shares.

The deferred B Shareholders have one vote at general meetings of the company. Until such time as the ordinary shares of the company have traded on the NEX markets or any other facility recognised as a medium for trading shares at a mid-market price of no less than 7.5p per share for a continuous period of 28 days, these shares carry no rights to dividends or participation in the assets of the company other than a right to repayment at par on a winding up, such repayment to be deferred to repayment at par of the ordinary shares and deferred A shares. After the mid-market price has achieved 7.5p for a continuous period of 28 days each deferred B share will have rights equivalent to an ordinary share. In the event that on a winding up there is no surplus of assets of the company over the paid-up capital of the company the right to repayment of the ordinary shares and the deferred A shares will take priority over the repayment of the deferred B shares.

On 7 April 2010, the ordinary shares were sub-divided into one ordinary share 0.1 pence per share and one deferred C share of 0.9 pence per share.

Special rights/constraints attaching to the ordinary shares and deferred C shares are as follows:

The ordinary shares will entitle the holders to receive notice of, attend and vote at general meetings of the company. The ordinary shares will carry the right to participate in dividends declared by the company. On a winding up, the ordinary shares will carry the right to repayment at par (£0.001 per share) in priority to deferred A shares, deferred B shares and deferred C shares and the right to participate in any surplus assets of the company.

The deferred C shares do not carry the right to participate in any surplus assets of the Company.

The deferred C shares have very limited rights and will not entitle the holder to receive notice of, attend or vote at general meetings of the company. The deferred C shares will carry no rights to participate in dividends declared by the company. On a winding up, the deferred C shares will carry the right to repayment at par (£0.009 per share), deferred to repayment at par of the ordinary shares, deferred A shares and deferred B shares.

The deferred D shares shall not entitle the holder to receive notice of, attend or vote at general meetings of the Company. Each deferred D share shall carry no rights to dividends or to participation in the assets of the Company other than a right to repayment at par on a winding up, such repayment to be deferred to repayment at par of the ordinary shares, deferred A shares

In the event of any sub division of any part of the shares of the company or in the event of a takeover, amalgamation or any form of reconstruction of the company the price specified above for the deferred A and B shares shall be amended as may be just and equitable in the circumstances in a manner to be determined by the auditors.

The current rights of the deferred A and B Shares, as described above, are still in the process of being amended to reflect that after the mid-market prices stated above for the A and B shares have been achieved for a continuous period of 28 days, each deferred Share will carry the same rights to dividends and to surpluses of the company but will be

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

13. RELATED PARTY DISCLOSURES

On 16 April 2014, Starvest plc made a loan of £20,000 to the Company, with interest accruing at 12% per annum and payable in six monthly-intervals. The loan was repaid on 10 March 2017. R B Rowan has been a significant shareholder in the company and also in Starvest plc. The interest on the Starvest loan was forgiven in the prior year and written off in its books.

Bridgewater (IOM) Limited provides administrative services to the company. Administration charges for these services amounted to £7,097 (2015: £10,177). S Corran is a director of Bridgewater (IOM) Limited. As at the year end the amount owed to Bridgewater was £488 (2015: £6,448).

During the year the Company purchased 536.6 Ethereum at a cost of £5,785 from Smaller Company Capital Limited. R Williams and J Woodgate are also directors of Smaller Company Capital Limited

During the year the Company sold its investment of 3,400,000 shares in V22 plc at 0.5p per share. At the time of sale, the bid price for the V22 plc shares was 0.9p per share, however attempts to sell 90,000 shares resulted in an offer of 0.5 p per share for that volume and hence the private offer of 0.5 p was accepted. The buyer and S Corran are both directors of V22.

14. POST BALANCE SHEET EVENTS

On 10 March 2017, the Company repaid in full the outstanding loan payable to Starvest as detailed in note 11.

On 17 February 2017, the Company completed an investment into the initial coin offering (the "ICO") of Melonport AG investing £99,905 for 25,811 Melonport tokens.

On 27 March 2017, the Company made partial disposal of Golem tokens and Melonport tokens. The Company disposed of 630,000 Golem tokens at an average price of 3 pence per token (average cost 1 pence per token). The company disposed of 3,697 Melonport tokens at £21.58 (average cost £3.87).

On 3 April 2017, the Company announced a Consolidation of share capital whereby every 19 existing ordinary shares of 0.01 pence each would be consolidated into one new ordinary share of 0.19 pence each.

On 18 April 2017, the Company completed an investment into the initial coin offering (the "ICO") undertaken by the Cosmos Project investing £100,000 for 1,279,840 Atom tokens.

15. ULTIMATE CONTROLLING PARTY

There is not deemed to be an ultimate controlling party.

16. NET ASSET VALUE PER SHARE

The company has a net asset value per Ordinary Share of 0.04p (2015: 0.06p).

The net asset value per Ordinary Share is at 0.04p (2015: 0.06p) if the market value of the current asset investments is included within the assessment of the net assets.

DETAILED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016
FOR
KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC)

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 £	2015 £
TURNOVER	1	34,530	11,698
Cost of sales	2	<u>(29,024)</u>	<u>(23,961)</u>
GROSS PROFIT/LOSS		5,506	(12,263)
Administrative expenses			
Administrative expenses	3	(84,759)	(41,144)
Finance costs	4	<u>(768)</u>	<u>(303)</u>
		<u>(85,527)</u>	<u>(41,447)</u>
OPERATING LOSS		(80,021)	(53,710)
Loan interest receivable/(payable)		<u>-</u>	<u>1,703</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(80,021)</u>	<u>(52,007)</u>

KRYPTONITE 1 PLC (FORMERLY GUILD ACQUISITIONS PLC) (REGISTERED NUMBER: 115234C)

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 £	2015 £
1. TURNOVER		
Sales	<u>34,530</u>	<u>11,698</u>
2. COST OF SALES		
Exchanges gain/(loss)	18,095	(7,265)
Losses on trade investments	<u>(47,119)</u>	<u>(16,696)</u>
	<u>(29,024)</u>	<u>(23,961)</u>
3. ADMINISTRATIVE EXPENSES		
Directors' fees	(16,607)	(7,200)
Advertising	-	(810)
Legal and professional fees	(62,152)	(27,134)
Auditors' remuneration	<u>(6,000)</u>	<u>(6,000)</u>
	<u>(84,759)</u>	<u>(41,144)</u>
4. FINANCE COSTS		
Bank charges	<u>(768)</u>	<u>(303)</u>