

Companies House copy

MULTOS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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MULTOS LIMITED

COMPANY INFORMATION

DIRECTORS

H Berg
L S Smith

COMPANY NUMBER

06556367

REGISTERED OFFICE

GPS House
1st Floor
215 Great Portland Street
London
W1W 5PN

INDEPENDENT AUDITOR

Rawlinson & Hunter Audit LLP
Chartered Accountants & Statutory Auditor
Eighth Floor
6 New Street Square
New Fetter Lane
London
EC4A 3AQ

MULTOS LIMITED

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MULTOS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their report and the audited financial statements of Multos Limited ("the company") for the year ended 31 December 2016.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards, comprising Financial Reporting Standard 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS 102), and applicable law). 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 for the company's financial statements and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK 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.

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 and other information included in Directors' Reports may differ from legislation in other jurisdictions.

PRINCIPAL ACTIVITIES

The company's principal activities during the year were that of a holding company, owner of patents and other tangible and intangible assets and the design, development and provision of security software in relation to the transit and storage of digital content.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £3,282,337 (2015 - £6,048,002).

The directors declared and paid an interim dividend of £3,500,000 during the financial year (2015 - £Nil).

MULTOS LIMITED

**DIRECTORS' REPORT (CONTINUED)
FOR THE YEAR ENDED 31 DECEMBER 2016**

DIRECTORS

The directors who served during the year were:

H Berg
L S Smith

DISCLOSURE OF INFORMATION TO AUDITOR

Each of the persons who are directors at the time when this Directors' Report is approved has confirmed that:

- so far as the director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- the director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information.

This Directors' Report has been prepared in accordance with the special provisions relating to small companies under section 415A of the Companies Act 2006.

This report was approved by the board and signed on its behalf.



L S Smith
Director

Date: 26/07/2017

MULTOS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTOS LIMITED

We have audited the financial statements of Multos Limited ("the company") for the year ended 31 December 2016, which comprise the Profit and Loss Account, the Balance Sheet, the Statement of Changes in Equity and the related notes. The relevant financial reporting framework that has been applied in their preparation is applicable law and the United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITOR

As explained more fully in the Directors' Responsibilities Statement on page 1, 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 Directors' Report and Financial Statements 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 profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with those financial statements and this report has been prepared in accordance with applicable legal requirements.

MULTOS LIMITED

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF MULTOS LIMITED (CONTINUED)

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

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

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

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

Rawlinson & Hunter Audit LLP

Kulwam Nagra (Senior Statutory Auditor)

for and on behalf of

Rawlinson & Hunter Audit LLP

Chartered Accountants

Statutory Auditor

Eighth Floor

6 New Street Square

New Fetter Lane

London

EC4A 3AQ

Date: 3 August 2017

MULTOS LIMITED

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

	Note	2016 £	2015 £
TURNOVER	5	4,245,826	4,991,246
Administrative expenses		(698,986)	(2,072,743)
Exceptional administrative expenses		-	(305,373)
OPERATING PROFIT	6	3,546,840	2,613,130
Income from shares in group undertakings		320,000	4,000,000
Interest receivable and similar income	8	36,691	4,812
Interest payable and similar charges	9	(7,847)	(195)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,895,684	6,617,747
Taxation on profit on ordinary activities	10	(613,347)	(569,745)
PROFIT FOR THE YEAR		<u>3,282,337</u>	<u>6,048,002</u>

There were no recognised gains and losses for 2016 or 2015 other than those included in the profit and loss account.

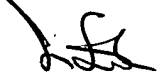
The notes on pages 8 to 25 form part of these financial statements.

MULTOS LIMITED
REGISTERED NUMBER: 06556367

BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Intangible assets	12	131,646	391,046
Tangible assets	13	25,991	8,146
Investments	14	149,017	149,017
		<u>306,654</u>	<u>548,209</u>
CURRENT ASSETS			
Debtors: amounts falling due within one year	15	5,438,508	6,267,046
Cash at bank and in hand	16	260,325	84,528
		<u>5,698,833</u>	<u>6,351,574</u>
Creditors: amounts falling due within one year	17	(806,596)	(1,181,595)
NET CURRENT ASSETS		<u>4,892,237</u>	<u>5,169,979</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>5,198,891</u>	<u>5,718,188</u>
Provisions for liabilities	20	(10,000)	(311,634)
		<u>(10,000)</u>	<u>(311,634)</u>
NET ASSETS		<u><u>5,188,891</u></u>	<u><u>5,406,554</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	1,700,100	1,700,100
Retained earnings	22	3,488,791	3,706,454
TOTAL SHAREHOLDERS' FUNDS		<u><u>5,188,891</u></u>	<u><u>5,406,554</u></u>

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



L S Smith
Director

Date: 26/07/2017

The notes on pages 8 to 25 form part of these financial statements.

MULTOS LIMITED

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

	Called up share capital	Retained earnings	Total shareholders' funds
	£	£	£
At 1 January 2016	1,700,100	3,706,454	5,406,554
COMPREHENSIVE INCOME FOR THE YEAR			
Profit for the financial year	-	3,282,337	3,282,337
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	3,282,337	3,282,337
Dividends: Equity capital	-	(3,500,000)	(3,500,000)
AT 31 DECEMBER 2016	<u>1,700,100</u>	<u>3,488,791</u>	<u>5,188,891</u>

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Retained earnings	Total shareholders' funds/(deficit)
	£	£	£
At 1 January 2015	1,700,100	(2,341,548)	(641,448)
COMPREHENSIVE EXPENSE FOR THE YEAR			
Loss for the financial year	-	6,048,002	6,048,002
TOTAL COMPREHENSIVE EXPENSE FOR THE YEAR	-	6,048,002	6,048,002
AT 31 DECEMBER 2015	<u>1,700,100</u>	<u>3,706,454</u>	<u>5,406,554</u>

The notes on pages 8 to 25 form part of these financial statements.

MULTOS LIMITED

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

1. GENERAL INFORMATION

Multos Limited ("the company") is a private company and is incorporated and domiciled in the United Kingdom. The address of the registered office is GPS House, 1st Floor, 215 Great Portland Street, London, W1W 5PN.

2. STATEMENT OF COMPLIANCE

The individual financial statements of Multos Limited have been prepared in compliance with United Kingdom Accounting Standards, including Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland" ("FRS 102") and the Companies Act 2006.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

3.1 Basis of preparation of financial statements

These financial statements are prepared on the going concern basis, under the historical cost convention, and in accordance with Financial Reporting Standard 102, "The Financial Reporting Standard applicable in the UK and the Republic of Ireland" and the Companies Act 2006.

The preparation of financial statements in conformity with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in "Critical accounting judgements and key sources of estimation uncertainty" section included within Note 4.

3.2 Going concern

On the basis of their assessment of the company's financial position and resources, the directors believe that the company is well placed to manage its business risks. Therefore the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

MULTOS LIMITED

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.3 Exemption for qualifying entities under FRS 102

FRS 102 allows a qualifying entity certain disclosure exemptions, if certain conditions, have been complied with, including notification of and no objection to, the use of exemptions by the company's shareholders. A qualifying entity is defined as a member of a group that prepares publicly available financial statements, which give a true and fair view, in which that member is consolidated. The company is a qualifying entity as its results are consolidated into the financial statements of Gemalto NV which are publicly available.

As a qualifying entity, the company has taken advantage of the following exemptions:

- i) from the requirement to prepare a statement of cash flows as required by paragraph 3.17(d) of FRS 102;
- ii) from the requirement to present certain financial instrument disclosures, as required by sections 11 and 12 of FRS 102;
- iii) from the requirement to present a reconciliation of the number of shares outstanding at the beginning and end of the period as required by paragraph 4.12(a)(iv) of FRS 102; and
- iv) from the requirement to disclose the key management personnel compensation in total as required by paragraph 33.7 of FRS 102.

3.4 Consolidation policy

No consolidated financial statements are submitted, as the company is a wholly-owned subsidiary of Gemalto N.V., a company registered in the Netherlands and is therefore exempt under section 400 of the Companies Act 2006.

3.5 Turnover

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts, during the year. Turnover is recognised upon delivery of the products and/or services to customers and when the appropriate terms and conditions of sale have been met. Where sales invoices have been presented by the company but the related products and/or services have not been provided to the customer in full, a deferral is made for that portion of products and/or services still to be provided to the customer.

3.6 Dividend income

Dividend income is recognised when the right to receive payment is established.

MULTOS LIMITED

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.7 Intangible assets

Intangible assets are initially recognised at cost. After recognition, under the cost model, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Goodwill represents the difference between amounts paid on the cost of a business combination and the fair value of its identifiable assets and liabilities at the date of acquisition. Goodwill is amortised on a straight line basis to the Profit and Loss Account over its useful economic life.

Acquired trademarks, patents and brand names are capitalised as intangible fixed assets.

Amortisation is provided on the following bases:

Patents	-	11 % straight line
Brand names	-	11 % straight line
Goodwill	-	11 % straight line
Software	-	17 % straight line

Where events or changes in circumstances indicate that the carrying amount of an intangible fixed asset may not be recoverable, an impairment review is undertaken and a provision is made to reduce the asset value to its recoverable amount.

3.8 Tangible fixed assets

Tangible fixed assets are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method.

Depreciation is provided on the following basis:

S/Term Leasehold Property	-	25.0% straight line
Fixtures & fittings	-	33.0% straight line
Computer equipment	-	33.0% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised in the Profit and Loss Account.

3.9 Operating leases

Rentals paid under operating leases (net of any incentives received from the lessor) are charged to the Profit and Loss Account on a straight line basis over the period of the lease.

MULTOS LIMITED

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.10 Investments

Investments in subsidiaries are measured at cost less accumulated impairment.

3.11 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

3.12 Financial instruments

The company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other debtors and creditors, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received. However, if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the Profit and Loss Account.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the Balance Sheet when there is an 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.

MULTOS LIMITED

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.13 Foreign currency translation

The company's functional and presentational currency is Pound Sterling.

Monetary assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the date of the balance sheet. Transactions in foreign currency are converted to sterling at the rate ruling on the date of the transaction. All differences on exchange are taken to the Profit and Loss Account.

3.14 Finance costs

Finance costs are charged to the Profit and Loss Account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

3.15 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting. Dividends on shares recognised as liabilities are recognised as expenses and classified within interest payable.

3.16 Pensions

Defined contribution pension plan

The company operates a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the company pays fixed contributions into a separate entity. Once the contributions have been paid the company has no further payment obligations.

The contributions are recognised as an expense in the Profit and Loss Account when they fall due. Amounts not paid are shown in accruals as a liability in the Balance Sheet. The assets of the plan are held separately from the company in independently administered funds.

3.17 Interest income

Interest income is recognised in the Profit and Loss Account using the effective interest method.

3.18 Provisions for liabilities

Provisions are made where an event has taken place that gives the company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and Loss Account in the year that the company becomes aware of the obligation, and are measured at the best estimate at the Balance Sheet date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the Balance Sheet.

MULTOS LIMITED

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

3.19 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in the Profit and Loss Account, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the company operates and generates income.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the Balance Sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

3.20 Exceptional items

Exceptional items are transactions that fall within the ordinary activities of the company but are presented separately due to their size or incidence.

MULTOS LIMITED

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

4. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In preparing the financial statements, management has to make judgements on how to apply the company's accounting policies and make estimates about the future.

Estimates and underlying assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are reasonable under the circumstances. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The critical judgements that have been made in arriving at the amounts recognised in the financial statements and the key areas of estimation uncertainty that have a significant risk of causing a material adjustment to the carrying value of assets and liabilities in the next financial year, are discussed below:

Impairment of tangible and intangible fixed assets

Management assesses annually whether there are indicators of impairment of the company's tangible and intangible assets, including goodwill. Factors taken into consideration in reaching such a decision include the economic viability and expected future financial performance of the asset.

Recoverability of trade and group debtors

Management regularly assess the carrying value of trade debtors and amounts owed from group undertakings. Factors taken in reach such a decision include the financial position of counter parties and the adherence of any payment terms by the counter parties.

5. TURNOVER

The whole of the turnover is attributable to the company's principal activity.

Analysis of turnover by country of destination:

	2016 £	2015 £
United Kingdom	-	63
Far East	469,945	559,711
United States of America	243,971	214,776
Europe (excluding UK)	3,531,910	4,216,696
	<u>4,245,826</u>	<u>4,991,246</u>

All turnover originates from the United Kingdom.

MULTOS LIMITED

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

6. OPERATING PROFIT

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

	2016 £	2015 £
Depreciation of tangible fixed assets	8,677	15,294
Amortisation of intangible assets, including goodwill	259,400	259,397
Fees payable to the company's auditor for the audit of the company's annual financial statements	10,000	11,665
Exchange differences	(148,348)	678,290
Operating lease rentals	28,028	83,803
	<u>28,028</u>	<u>83,803</u>

Exceptional administrative expenses consist of:

	2016 £	2015 £
Restructuring costs	-	305,373
	<u>-</u>	<u>305,373</u>

In 2014 the company's business relocated from Warrington, Cheshire, to Fareham. This resulted in further restructuring costs of £305,373 in 2015 mainly for the duplication of certain roles at two locations and other costs associated with the transfer.

MULTOS LIMITED

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

7. EMPLOYEES

Staff costs were as follows:

	2016 £	2015 £
Wages and salaries	394,376	672,163
Social security costs	43,175	65,503
Other pension costs (Note 23)	28,028	57,801
	<u>465,579</u>	<u>795,467</u>

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

	2016 No.	2015 No.
Directors	2	2
Administration	3	5
Research & Development	5	8
	<u>10</u>	<u>15</u>

During the year no directors received any emoluments in respect of their services to the company (2015 - £Nil) as their remuneration is deemed to be wholly attributable to other group companies.

The company believes that key management personnel are only the statutory directors.

8. INTEREST RECEIVABLE AND SIMILAR INCOME

	2016 £	2015 £
Interest receivable from group undertakings	36,691	4,812
	<u>36,691</u>	<u>4,812</u>

9. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Interest payable to group undertakings	5,960	195
Other interest payable	1,887	-
	<u>7,847</u>	<u>195</u>

MULTOS LIMITED

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

10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2016 £	2015 £
CORPORATION TAX		
UK corporation tax charge on profit for the financial year	653,846	478,646
Adjustments in respect of previous periods	(19,624)	-
	<u>634,222</u>	<u>478,646</u>
Double taxation relief	(18,234)	(27,075)
	<u>615,988</u>	<u>451,571</u>
FOREIGN TAX		
Foreign tax on income for the year	31,942	54,360
	<u>31,942</u>	<u>54,360</u>
TOTAL CURRENT TAX	<u>647,930</u>	<u>505,931</u>
DEFERRED TAX		
Origination and reversal of timing differences	(39,287)	57,955
Changes to tax rates	6,446	19,136
Adjustments in respect of prior periods	(1,742)	(13,277)
TOTAL DEFERRED TAX (Note 19)	<u>(34,583)</u>	<u>63,814</u>
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	<u>613,347</u>	<u>569,745</u>

MULTOS LIMITED

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

10. TAX ON PROFIT ON ORDINARY ACTIVITIES (CONTINUED)**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2015 - *lower than*) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	3,895,684	6,617,747
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	779,137	1,340,094
EFFECTS OF:		
Expenses not deductible for tax purposes	4,783	13,602
Foreign tax not recoverable	13,708	27,285
Adjustments to tax charge in respect of prior periods - deferred tax	(1,742)	(13,277)
Adjustments to tax charge in respect of previous periods - current tax	(19,624)	-
Other tax adjustments, reliefs and transfers	(95,000)	-
Non-taxable group income	(64,529)	(809,863)
Effect of change in tax rate - deferred tax	(3,386)	11,904
TOTAL TAX CHARGE FOR THE YEAR	613,347	569,745

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

Other than the deferred tax asset shown in Note 19 and the changes to the UK main income tax rate detailed below, there are no factors that may affect future tax charges.

A reduction in the UK corporation tax rate from 21% to 20% was substantively enacted on 2 July 2013 and was effective from 1 April 2015.

Further reductions to 19% (effective from 1 April 2017) and then to 17% (effective from 1 April 2020) were substantively enacted on 26 October 2015 and 6 September 2016 respectively. A rate of 17% has therefore been applied to the deferred tax asset at the Balance Sheet date.

MULTOS LIMITED

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

11. DIVIDENDS

	2016 £	2015 £
Dividends declared	3,500,000	-
	<u>3,500,000</u>	<u>-</u>

12. INTANGIBLE ASSETS

	Patents £	Brand names £	Goodwill £	Software £	Total £
COST					
At 1 January 2016	1,822,983	127,208	321,341	454,000	2,725,532
At 31 December 2016	<u>1,822,983</u>	<u>127,208</u>	<u>321,341</u>	<u>454,000</u>	<u>2,725,532</u>
AMORTISATION					
At 1 January 2016	1,518,133	105,900	256,453	454,000	2,334,486
Charge for the year	202,020	14,123	43,257	-	259,400
At 31 December 2016	<u>1,720,153</u>	<u>120,023</u>	<u>299,710</u>	<u>454,000</u>	<u>2,593,886</u>
NET BOOK VALUE					
At 31 December 2016	<u>102,830</u>	<u>7,185</u>	<u>21,631</u>	<u>-</u>	<u>131,646</u>
At 31 December 2015	<u>304,850</u>	<u>21,308</u>	<u>64,888</u>	<u>-</u>	<u>391,046</u>

MULTOS LIMITED

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

13. TANGIBLE FIXED ASSETS

	S/Term Leasehold Property £	Fixtures & fittings £	Computer equipment £	Total £
COST				
At 1 January 2016	252	1,718	40,733	42,703
Additions	-	-	26,522	26,522
At 31 December 2016	<u>252</u>	<u>1,718</u>	<u>67,255</u>	<u>69,225</u>
DEPRECIATION				
At 1 January 2016	252	1,169	33,136	34,557
Charge for the period on owned assets	-	122	8,555	8,677
At 31 December 2016	<u>252</u>	<u>1,291</u>	<u>41,691</u>	<u>43,234</u>
NET BOOK VALUE				
At 31 December 2016	<u>-</u>	<u>427</u>	<u>25,564</u>	<u>25,991</u>
At 31 December 2015	<u>-</u>	<u>549</u>	<u>7,597</u>	<u>8,146</u>

14. INVESTMENTS

	Shares in group undertakings £
COST	
At 1 January 2016	149,017
At 31 December 2016	<u>149,017</u>
NET BOOK VALUE	
At 31 December 2016	<u>149,017</u>
At 31 December 2015	<u>149,017</u>

MULTOS LIMITED

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

14. INVESTMENTS (CONTINUED)

SUBSIDIARY UNDERTAKINGS

The following were subsidiary undertakings of the company:

Name	Class of shares	Holding	Principal activity
StepNexus Limited	Ordinary	100 %	Software design, development and provision
Maosco Limited	Ordinary	100 %	Maintenance of MAOSCO Consortium

The directors believe that the carrying value of the investments is supported by their underlying assets

15. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016 £	2015 £
Trade debtors	199,328	158,368
Amounts owed by group undertakings	5,088,273	5,621,785
Other debtors	61,328	19,430
Prepayments and accrued income	35,722	353,189
Deferred taxation (Note 19)	53,857	114,274
	<u>5,438,508</u>	<u>6,267,046</u>

Amounts owed by group undertakings are unsecured, interest free and repayable on demand.

16. CASH AT BANK AND IN HAND

	2016 £	2015 £
Cash at bank and in hand	260,325	84,528
	<u>260,325</u>	<u>84,528</u>

MULTOS LIMITED

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

17. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	46,016	27,118
Amounts owed to group undertakings	48,090	392,471
Corporation tax	392,977	451,570
Taxation and social security	-	46,011
Other creditors	4,016	22,521
Accruals and deferred income	315,497	241,904
	<u>806,596</u>	<u>1,181,595</u>

Amounts owed to group undertakings are unsecured, interest free and repayable on demand.

18. FINANCIAL INSTRUMENTS

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	260,325	84,528
Financial assets that are debt instruments measured at amortised cost	5,375,501	6,141,927
	<u>5,635,826</u>	<u>6,226,455</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(163,885)	(522,036)
	<u>(163,885)</u>	<u>(522,036)</u>

Financial assets measured at fair value through profit or loss comprise cash at bank and in hand.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings, other debtors and accrued income.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to group undertakings, other creditors and accruals.

MULTOS LIMITED

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

19. DEFERRED TAXATION

	2016 £	2015 £
At beginning of year	114,274	178,088
Credited/(charged) to profit or loss (Note 10)	34,583	(63,814)
Reversal of intra group transfer	(95,000)	-
AT END OF YEAR	53,857	114,274

The deferred tax asset is made up as follows:

	2016 £	2015 £
Accelerated capital allowances	51,475	57,137
Short term timing differences	2,382	57,137
	53,857	114,274

20. PROVISIONS FOR LIABILITIES

	Dilapidations £
At 1 January 2016	311,634
Utilised in year	(301,634)
AT 31 DECEMBER 2016	10,000

DILAPIDATIONS PROVISION

The dilapidation provision relates to the expected cost of returning the leasehold premises formerly occupied by the company at St. Andrew's House, Warrington, Cheshire to their former condition at the end of the lease term in September 2015.

MULTOS LIMITED

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

21. CALLED UP SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
1,700,100 Ordinary shares of £1 each	<u>1,700,100</u>	<u>1,700,100</u>

22. PROFIT AND LOSS ACCOUNT

The Profit and Loss Account represents cumulative profits and losses net of dividends and other adjustments.

23. PENSION COMMITMENTS

The company contributes to a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £28,028 (2015 - £57,801). Contributions totalling £4,016 (2015 - £5,793) were payable to the fund at the balance sheet date.

24. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Not later than 1 year	<u>-</u>	<u>7,724</u>

25. RELATED PARTY TRANSACTIONS

The company, being a wholly owned subsidiary of the ultimate parent undertaking, is exempt from the requirement to disclose details of transactions between the company and the ultimate parent undertaking or its other wholly owned subsidiaries in accordance with Section 33 of FRS 102 'Related Party Disclosures'.

During the year, the company received a dividend of £320,000 (2015 - £4,000,000) from Stepnexus Limited, a subsidiary undertaking.

MULTOS LIMITED

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

26. CONTROLLING PARTY

As at the balance sheet date, the ultimate parent undertaking and ultimate controlling party was Gemalto NV, a company registered in The Netherlands which owns 100% of the issued share capital of the company. Gemalto NV is the smallest and largest group to consolidate these results. The immediate parent undertaking at the balance sheet date was Gemalto UK Limited. Copies of the consolidated financial statements of Gemalto NV can be obtained from Barbara Strozilaan 382, 1083 HN, Amsterdam, The Netherlands.