

Company number: 06214926

OCTAGONAL PLC

**Report of The Directors and Consolidated Financial Statements
for The year ended 31 March 2015**

OCTAGONAL PLC
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FOR THE YEAR ENDED 31 MARCH 2015

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**OCTAGONAL PLC
COMPANY INFORMATION
FOR THE YEAR ENDED 31 MARCH 2015**

| | |
|--|---|
| DIRECTORS: | Donald Strang Jason Berry David Lenigas |
| SECRETARY: | Donald Strang |
| REGISTERED OFFICE: | Suite 3B 38 Jermyn Street London SW1Y 6DN |
| REGISTERED NUMBER: | 06214926 |
| AUDITORS: | Chapman Davis LLP 2 Chapel Court London SE1 1HH |
| NOMINATED ADVISOR AND BROKER: | Beaumont Cornish Limited 2 nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ |

OCTAGONAL PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

I am pleased to present the annual report and accounts for the year ended 31 March 2015.

Overview

Octagonal Plc has a strong balance sheet with no debt and current assets including cash as at 31 March 2015 amounting to £549,000.

This has been a period of considerable change for the Company. After significant work from the directors and its advisors, the Company has re-emerged as Octagonal Plc ("Octagonal") with a specific focus on acquiring interests in valuable project opportunities whereby returns can be achieved and with potential for growth. The board had previously raised approximately £1.5 million to strengthen the Company's balance sheet and provide funds that are to be invested in accordance with the Company's investing policy. The Company has made several new investments.

On 1 October 2014, the Company announced it had substantially implemented its investing policy in accordance with Rule 15 of the AIM Rules for Companies.

On 7 November 2014, the Company announce that it had raised £500,000 through the subscription for 166,666,667 new ordinary shares of 0.05 pence each in the Company (the "Subscription Shares") at a price of 0.30 pence per Subscription Share by existing shareholders and new investors.

Investments

On 10 April 2014, the Company announced that it had completed the acquisition of a 9.97% interest in Global Investment Strategy UK Limited ("GIS") which is a London headquartered financial services company trading in the Global Markets, including equities, fixed income, commodities, currency and futures, using its proprietary online trading platforms and clearing and safe custody systems.

GIS's global settlement and safe custody clearing business alone transacts for over 300 global hedge funds and family wealth offices. GIS manage on average over 6,000 transactions per month with monthly settlement values exceeding £400 million on behalf of global institutional accounts. GIS is a London Stock Exchange member firm and is regulated by the FCA.

GIS offer a broad scope of settlement, custody, banking, broking and advisory services to professional, retail, corporate and eligible counterparty clients. GIS have over 100 counterparty relationships including most of the major local and international investments banks transacting in the UK. In addition to its core business of global settlement and custodial settlement services, GIS has an Investment Management Division, managing funds for both domestic and overseas clients on a discretionary basis.

On 30 September 2014, the Company announced that it had acquired, on-market, a 3.05% interest in Hume Capital plc, a boutique London Stockbroker admitted to trading on AIM. In March 2015, Hume Capital plc advised that Leonard Curtis Recovery Limited had been appointed as special administrators. On 17 April 2015, Hume Capital plc announced the cancellation of admission to trading on AIM. As a consequence the full value of this investment has been provided for in the current year's accounts.

On 1 October 2014, the Company announced it had invested approximately £60,000 in various quoted financial services businesses in accordance with the Company's stated investing policy.

OCTAGONAL PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

Proposed Acquisition

On 12 June 2015, the Company announced it had entered into conditional agreements to acquire the issued share capital of GIS that it does not currently own. The acquisition, which is in line with the Company's investing policy will, however, result in a fundamental change in the business of the Company and will constitute a reverse takeover under the AIM Rules. As a consequence, the Directors are seeking Shareholder approval for the Acquisition at the General Meeting on 29 June 2015. The Company's Admission document has been posted to Shareholders on 12 June 2015.

Should the acquisition complete, the Enlarged Group will become a financial services company, which provides settlement and safe custody services to smaller institutional funds, family wealth offices and high net worth investors along with other ancillary services.

Principal Terms of the Acquisition

On 11 June 2015, the Company entered into various acquisition agreements, pursuant to which it has conditionally agreed to acquire the entire issued share capital of GIS (not already owned by the Company) for a purchase price comprising:

- £1.5 million in cash; and
- the issue of 336,136,132 ordinary shares in the Company at a price of 2p per share.

The purchase price is payable in full on Admission and is payable to the remaining GIS shareholders ("Vendors") in proportion to their respective holdings in GIS. The acquisition agreements contain warranties from each of the Vendors confirming unencumbered title to the shares in GIS held by them and from John Gunn in relation to the business, assets and operations of GIS.

The acquisition is conditional upon, inter alia:

- the passing of various resolutions at the General Meeting;
- FCA Approval; and
- Admission.

Capital Re-organisation

As part of the Proposals, the Company is proposing to undertake a capital re-organisation of its issued existing ordinary shares as shown on the Register of Members at 6.00pm on 25 June 2015. This will be achieved by undertaking a 1 for 11 share consolidation whereby the existing ordinary shares become 0.55p new ordinary shares. These 0.55p new ordinary shares are then sub-divided and reclassified into one new ordinary share of 0.05p and one deferred share of 0.50p each.

In addition, following the Capital Re-organisation, the exercise price of all existing warrants will increase by a factor of 11.

Share Placement

The Company has conditionally raised £1,700,000 gross pursuant to the terms of a subscription by the issue of the ordinary shares at 2p per share following the consolidation ("Subscription shares"). The Subscription shares will rank pari passu in all respects with the new ordinary shares (following the consolidation) including the right to receive all dividends and other distributions declared, paid or made after the date of issue. The Subscription shares, which are not underwritten or guaranteed, is conditional, inter alia, upon the acquisition completing and Admission becoming effective. The net proceeds from the Subscription shares will be used to part fund the acquisition and for the general working capital requirements of the Enlarged Group following Admission.

OCTAGONAL PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

Admission to AIM and Dealings

Application will be made to the London Stock Exchange for the Enlarged Issued Share Capital to be admitted to trading on AIM, Subject to the passing of the various resolutions and FCA Approval. It is expected that Admission will take place, and dealings in the issued ordinary shares on AIM will commence, on 30 June 2015.

Share options and warrants

The Company has outstanding warrants to subscribe for an aggregate of 3,666,666 existing ordinary shares. Immediately following the Capital Re-organisation and assuming the various resolutions are passed, there will be outstanding warrants and options to subscribe for an aggregate of 333,333 new ordinary shares assuming no existing warrants or existing options are exercised following the date of this document.

Investors should note that the Company has agreed the following exercise of various options and warrants, conditional on Admission:

Exercise of existing 0.1p warrants

The holders of the existing 0.1p warrants have each exercised those warrants on the terms of a notice of exercise conditional only upon Admission occurring. The total number of existing 0.1p warrants exercised subject to Admission is 4,272,730 warrants at 1.1p per warrant on the basis that the Capital Re-organisation has been effected. The notice of exercise of the existing 0.1p Warrants dated 29 May 2015 provides that the exercise price for those warrants, amounting in aggregate to £47,000, is payable on Admission by the holders and that where holders have elected to receive their new ordinary shares in CREST that the respective CREST accounts will be credited on 19 June or where they have elected to receive their new ordinary shares in certificated form that such certificates will be despatched within fourteen days of Admission. In the event that Admission has not occurred by 31 July 2015 then the notice of exercise provides that it automatically lapses and is of no further force and effect. Following Admission there will be no existing 0.1p warrants outstanding and capable of exercise.

Cancellation of existing options

The holders of the existing options have agreed, on the terms of individual agreements dated on or about 29 May 2015 and entered into by each holder of an existing option and the Company, that conditional only upon Admission occurring they have agreed to the cancellation of their existing options in consideration for the issue to them of an aggregate amount of 5,848,485 new ordinary shares being a ratio of 1 new ordinary share issued for every 16.5 existing options cancelled. The total number of existing options cancelled under these agreements is 96,500,001 (being 8,772,730 options on the basis that the Capital Re-organisation has been effected).

The terms of the agreements entered into between the holders of the existing options and the Company provide for the cancellation of the existing options in consideration for an issue of new ordinary shares in the ratios as set out above and further provide that: with effect from Admission the existing options are terminated and rendered null and void and that all past, current or future obligations of either the Company or the holders of existing options are extinguished in full and final settlement. The holders of existing options give certain warranties to the Company as to title, ownership, authority and confirmation of no encumbrances as regards the existing options.

Cancellation of existing 0.3p warrants

The holders of the existing warrants have agreed, on the terms of individual agreements dated on or about 29 May 2015 and entered into by each holder of an existing warrant and the Company, that conditional only upon Admission occurring they have agreed to the cancellation of their existing warrants in consideration for the issue to them of an aggregate amount of 18,206,069 new ordinary shares being a ratio of 1 new ordinary share issued for every 22 existing Warrants cancelled. The total number of existing warrants cancelled under these

OCTAGONAL PLC
CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 MARCH 2015

agreements is 401,200,001 (being 36,472,727 warrants on the basis that the Capital Re-organisation has been effected). The terms of the agreements entered into between the holders of the existing warrants and the Company provide for the cancellation of the existing warrants in consideration for an issue of new ordinary shares in the ratio as set out above and further provide that: with effect from Admission the existing warrants are terminated and rendered null and void and that all past, current or future obligations of either the Company or the holder of existing warrants are extinguished in full and final settlement and the holders of existing warrants give certain warranties to the Company as to title, ownership, authority and confirmation of no encumbrances as regards the existing warrants.

The conversion ratio in respect of this conversion of options and warrants as detailed above, is based on a Black-Scholes valuation of the existing options and warrants.

Further details of the proposed acquisition and capital re-organisation can be found in the circular to shareholders dated 11 June 2015 a copy of which is available on the Company's website: www.octagonalplc.com

Directors

On 5 June 2014, David Lenigas joined the board as a non-executive director and Dan Maling stepped down from board on 16 July 2014, Jason Berry joined the board as an executive director. On 14 April 2015, Hamish Harris stepped down from the board.

Results for the period

During the period, the Group made a loss after taxation of £1,128,000 (2014: £188,000). This loss included a share based payment charge of £234,000 (2014: £84,000) and a loss provision on AFS assets of £84,000 (2014: nil). There was a weighted loss per share of 0.13p (2014: loss per share 0.08p).

Current assets including cash at 31 March 2015 amounted to £549,000 (2014: £1,336,000).

Outlook

The Board is confident that the investments made by the Company are both encouraging and potentially rewarding. We will look to realise this potential over the future years in addition to continuing to review other investment opportunities.

We believe the Company is now best placed to move forward and to enhance future shareholder value.

The Board would like to take this opportunity to thank all our shareholders for their continued support.

Donald Strang
Chairman
26 June 2015

OCTAGONAL PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015

The directors present their report with the financial statements of the Company for the year ended 31 March 2015.

PRINCIPAL ACTIVITY

The principal activity of the Company in the period under review was that of an investing company.

REVIEW OF BUSINESS

The results for the year and financial position of the Company are shown in the financial statements. In summary, the Company has made a loss for the period of £1,128,000 (2014: loss £188,000).

DIVIDENDS

No dividends will be distributed for the period ended 31 March 2015 (2014: £nil).

FUTURE DEVELOPMENTS

Future Developments are outlined in the Chairman's Statement on pages 2 – 5.

DIRECTORS

The directors shown below have held office during the period from 1 April 2014 to the date of this report.

Donald Strang (Executive Chairman)

Hamish Harris (Executive Director) (resigned 14 April 2015)

Dan Maling (Executive Director) (resigned 5 June 2014)

David Lenigas (Non-executive Director) (appointed 5 May 2014)

Jason Berry (Executive Director) (appointed 16 July 2014)

Directors' remuneration

Directors' remuneration is disclosed in note 3 of the financial statements.

Directors Share Options

As at 31 March 2015 directors retained the following rights to acquire shares:

| Director | Rights over shares | Option price | Expiry Date |
|-----------------|---------------------------|---------------------|--------------------|
| D Strang | 5,166,667 | 0.30p | 06/02/2019 |
| H Harris | 5,166,667 | 0.30p | 06/02/2019 |
| D Maling | 5,166,667 | 0.30p | 06/02/2019 |

EVENTS AFTER REPORTING PERIOD

Events after the Reporting Period are outlined in Note 18 to the Financial Statements.

CHARITABLE CONTRIBUTIONS

During the year the Company made charitable donations amounting to £Nil (2014 - £Nil).

OCTAGONAL PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015

SUBSTANTIAL SHAREHOLDINGS

As at 26 June 2015, the Company had been notified of the following substantial shareholdings in the ordinary share capital:

| | Number of Ordinary Shares | Percentage of issued Ordinary Share Capital |
|-------------------------------|------------------------------|---|
| Beaufort Nominees Limited | 123,481,223 | 10.35 % |
| Mrs Viktoria Maslennikova | 88,000,000 | 7.38 % |
| Vidacos Nominees Limited | 78,666,667 | 6.59 % |
| Redmayne (Nominees) Limited | 76,100,000 | 6.38 % |
| Forest Nominees Limited | 75,020,454 | 6.29 % |
| Principal Nominees Limited | 60,522,076 | 5.07 % |
| W B Nominees Limited | 59,308,333 | 4.97 % |
| Barclayshare Nominees Limited | 51,719,810 | 4.34 % |
| Fitel Nominees Limited | 43,334,000 | 3.63 % |
| SVS (Nominees) Limited | 36,678,000 | 3.07 % |

COMPANY'S POLICY ON PAYMENT OF CREDITORS

It is the Company's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Company does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

RISKS AND UNCERTAINTIES

The Group faces a difficult time in an unstable economic environment, listed below are the key risks facing the company;

Market risk

The directors assess the overall business environment to monitor the level of market risk on the trading performance of the Company. Since the company became an investment company the market risk will be that of finding suitable investments for the company to invest in and the returns that those investments will return given the markets that in which investments are made.

Financial risk management objectives and policies

The Company's principal financial instruments are available for sale assets, trade receivables, trade payables and cash at bank. The main purpose of these financial instruments is to fund the Company's operations.

It is, and has been throughout the period under review, the Company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the Company's financial instruments is liquidity risk. The board reviews and agrees policies for managing this risk and this is summarised below.

OCTAGONAL PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015

Liquidity risk

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of equity and its cash resources. Further details of this are provided in the principal accounting policies, headed 'going concern'.

CORPORATE GOVERNANCE STATEMENT

Audit and Remuneration Committees have been established and in each case comprise D Strang and D Lenigas.

The role of the Remuneration Committee is to review the performance of the executive Directors and to set the scale and structure of their remuneration, including bonus arrangements. The Remuneration Committee also administers and establishes performance targets for the Company's employee share schemes and executive incentive schemes for key management. In exercising this role, the terms of reference of the Remuneration Committee require it to comply with the Code of Best Practice published in the Combined Code.

The Audit Committee is responsible for making recommendations to the Board on the appointment of the auditors and the audit fee, and receives and reviews reports from management and the Company's auditors on the internal control systems in use throughout the Company's year and its accounting policies.

KEY PERFORMANCE INDICATORS

Due to the current status of the Company, the Board has not identified any performance indicators as key.

ANNUAL GENERAL MEETING

Notice of the forthcoming Annual General Meeting will be enclosed separately.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards as adopted for use in the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss 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 that the financial statements comply with IFRS;
- 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.

**OCTAGONAL PLC
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2015**

GOING CONCERN

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Review of Business on page 4, and is the financial position of the Company and its cash flows and liquidity position.

In addition, note 1 to the financial statements includes the Company's objectives, policies and processes for managing its capital and its exposures to credit and liquidity risk.

The Directors have prepared cash flow forecasts and budgets that show that, for a period of at least twelve months from the date of signing these Financial Statements, the Company expects to have sufficient resources to continue its business. Accordingly, the Directors believe that it is appropriate to prepare the Financial Statements on a going concern basis.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITOR

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.

AUDITOR

The auditor, Chapman Davis LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

Donald Strang
Director
26 June 2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF OCTAGONAL PLC

We have audited the financial statements of Octagonal plc for the year ended 31 March 2015 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Cash Flow Statements, the Statement of Changes in Equity and the related notes numbered 1 to 18. 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.

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 auditors

As explained more fully in the Statement of Directors' Responsibilities, 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

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

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 March 2014 and of the Company's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements 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 the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

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

Keith Fulton
Senior Statutory Auditor
For and on behalf of Chapman Davis LLP
Statutory Auditor, Chartered Accountants
London
26 June 2015

OCTAGONAL PLC
FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2015

| | <i>Note</i> | Year ended 31 March 2015 | Year ended 31 March 2014 |
|---|-------------|------------------------------------|-----------------------------|
| | | £'000 | £'000 |
| Administrative expenses | | (819) | (132) |
| Loans to subsidiaries recovered | | - | 28 |
| Unrealised gain on AFS assets | 9 | 9 | - |
| Loss provision on AFS assets | 9 | (84) | - |
| Share based payment charge | | (234) | (84) |
| Total administrative expenses | | (1,128) | (188) |
| | | | |
| Loss from operations | 5 | (1,128) | (188) |
| | | | |
| Finance revenue | 4 | - | - |
| | | | |
| Loss before taxation | | (1,128) | (188) |
| | | | |
| Taxation | 6 | - | - |
| | | | |
| Loss before and after taxation, and loss attributable to the equity holders of the Company | | (1,128) | (188) |
| | | | |
| Loss per ordinary share | | | |
| Basic and diluted loss per share (pence) | 7 | (0.13) | (0.08) |

The Company has no other comprehensive income or losses for the year, other than the retained loss for the year.

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

OCTAGONAL PLC
FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2015

| | Notes | As at 31 March 2015 £'000 | As at 31 March 2014 £'000 |
|-------------------------------------|-------|------------------------------------|------------------------------------|
| NON-CURRENT ASSETS | | | |
| Investment in subsidiaries | 8 | - | - |
| Available for sale investments | 9 | 804 | 100 |
| | | 804 | 100 |
| CURRENT ASSETS | | | |
| Trade and other receivables | 10 | 334 | 24 |
| Available for sale investments | 9 | 69 | - |
| Cash and cash equivalents | 11 | 146 | 1,312 |
| | | 549 | 1,336 |
| TOTAL ASSETS | | 1,353 | 1,436 |
| EQUITY | | | |
| SHAREHOLDERS' EQUITY | | | |
| Called up share capital | 12 | 878 | 640 |
| Share premium | | 1,713 | 1,148 |
| Share based payment reserve | 14 | 318 | 84 |
| Retained earnings | | (1,699) | (571) |
| TOTAL EQUITY | | 1,210 | 1,301 |
| LIABILITIES | | | |
| CURRENT LIABILITIES | | | |
| Trade and other payables | 13 | 143 | 135 |
| TOTAL LIABILITIES | | 143 | 135 |
| TOTAL EQUITY AND LIABILITIES | | 1,353 | 1,436 |

The financial statements were approved and authorised for issue by the Board of Directors on 26 June 2015 and were signed on its behalf by:

Donald Strang
Director

Jason Berry
Director

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

OCTAGONAL PLC
FINANCIAL STATEMENTS

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2015

| | Share capital £'000 | Share premium £'000 | Share Based Payment Reserve £'000 | Profit and loss account £'000 | Total equity £'000 |
|---|------------------------|---------------------------|---|-------------------------------------|--------------------------|
| Balance at 31 March 2013 | 309 | - | - | (383) | (74) |
| Transactions with owners | | | | | |
| Shares issued | 331 | 1,159 | - | - | 1,490 |
| Share issue costs | - | (11) | - | - | (11) |
| Share based payment charge | - | - | 84 | - | 84 |
| Total transactions with owners | 331 | 1,148 | 84 | - | 1,563 |
| Loss & total comprehensive income for the year | - | - | - | (187) | (188) |
| Balance at 31 March 2014 | 640 | 1,148 | 84 | (571) | 1,301 |
| Transactions with owners | | | | | |
| Shares issued | 238 | 599 | - | - | 837 |
| Share issue costs | - | (34) | - | - | (34) |
| Share based payment charge | - | - | 234 | - | 234 |
| Total transactions with owners | 238 | 565 | 234 | - | 1,037 |
| Loss & total comprehensive income for the year | - | - | - | (1,128) | (1,128) |
| Balance at 31 March 2015 | 878 | 1,713 | 318 | (1,699) | 1,210 |

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

OCTAGONAL PLC
FINANCIAL STATEMENTS

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2015

| | 2015 £'000 | 2014 £'000 |
|---|----------------|---------------|
| Cash flow from operating activities | | |
| Loss after taxation | (1,128) | (188) |
| Unrealised gain on AFS assets | (9) | - |
| Loss provision on AFS assets | 84 | - |
| Equity settled share based payments | 234 | 84 |
| (Increase) in trade and other receivables | (310) | (13) |
| Increase/(decrease) in trade and other payables | 8 | (65) |
| Net cash (outflow) from operating activities | (1,121) | (182) |
| Cash flows from investing activities | | |
| Payments to acquire AFS assets | (848) | - |
| Net cash (outflow) from investing activities | (848) | - |
| Cash flows from financing activities | | |
| Proceeds from issue of share capital | 837 | 1,470 |
| Share issue costs | (34) | (11) |
| Net cash inflow from financing activities | 803 | 1,459 |
| Net (decrease)/increase in cash and cash equivalents | (1,166) | 1,277 |
| Cash and cash equivalents at beginning of period | 1,312 | 35 |
| Cash and cash equivalents at end of period | 146 | 1,312 |

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

OCTAGONAL PLC

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES

Background information

Octagonal plc is incorporated and domiciled in Great Britain. The address of Octagonal plc's registered office is Suite 3B, 38 Jermyn Street, London, SW1Y 6DN which is also the Company's principal place of business. Octagonal plc's shares are listed on the AIM of the London Stock Exchange.

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards as adopted for use in the European Union and IFRIC interpretations 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, except that they have been modified to include the presentation of certain non-current financial assets and liabilities at fair value.

The financial statements of Octagonal plc are presented in pounds sterling, which is also the functional currency of the company.

Going Concern

The financial statements have been prepared on a going concern basis as outlined in the Directors Report.

The Directors note the losses that the Company has made for the Year ended 31 March 2015. The Directors have prepared cash flow forecasts for the period ending 30 April 2016 which take account of the current cost and operational structure of the Company. The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding. These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements.

Accordingly, the financial statements have been prepared on a going concern basis.

Adoption of new or amended IFRS

In the current year, no new or revised Standards and Interpretations have been required to be adopted and therefore there are no new effects to the amounts reported in these financial statements.

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective (and in some cases had not yet been adopted by the EU):

| | |
|------------------|---|
| IFRS9 (revised) | Financial Instruments |
| IFRS10 (revised) | Consolidated Financial Statements |
| IFRS12 (revised) | Joint Arrangements |
| IFRS 15 | Revenue recognition |
| IAS27 (revised) | Investment Entities |
| IAS28 (revised) | Investments in Associates and Joint Ventures |
| IAS32 (revised) | Offsetting Financial Assets and Financial Liabilities |

The directors do not expect that the adoption of the Standards and Interpretations listed above will have a material impact on the financial statements of the Company in future periods, except as that IFRS9 will impact both the measurement and disclosures of Financial Instruments.

OCTAGONAL PLC

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES – continued

Adoption of new or amended IFRS (continued)

Beyond the information above, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed. The directors do not expect that the adoption of the standards listed above will have a material impact on the financial statements of the Company in future periods, however, it is not practicable to provide a reasonable estimate of the effect of these standards until a detailed review has been completed.

Revenue recognition

The Company has no revenue for the years ended 31 March 2015, and 31 March 2014.

Investments in subsidiary undertakings

Investments in subsidiary undertakings are held as a non-current asset and are shown at cost less any provision for impairment.

Available-for-Sale Financial Assets

Available-for-sale financial assets include non-derivative financial assets that are either designated as such or do not qualify for inclusion in any of the other categories of financial assets. All financial assets within this category are measured subsequently at fair value, with changes in value recognised in other comprehensive income. Gains and losses arising from investments classified as available-for-sale are recognised in the income statement when they are sold or when the investment is impaired. In the case of impairment of available-for-sale assets, any loss previously recognised in equity is transferred to the income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

The available for sale asset, held by the Company which is not traded in an active market, and its fair value is therefore determined by using valuation techniques. The Company uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each balance sheet date. The Company has used discounted cash flow analysis for this financial assets.

An assessment for impairment is undertaken at least at each Statement of Financial Position date.

Financial Instruments

Financial instruments are initially recognised at fair value. Fair value is the amount at which such an instrument could be exchanged in an arm's-length transaction between informed and willing parties.

Unquoted investments with no reliable measure of fair value are stated at cost less impairment. Income from these investments is recognised in the income statement when entitlement is established.

De-recognition of financial assets occurs when the rights to receive cash flows from the investments expire or substantially all of the risks and rewards of ownership have been transferred. An assessment for impairment is undertaken at least at each statement of financial position date whether or not there is objective evidence that a financial asset is impaired.

Trade and other receivables are recognised initially at fair value and subsequently restated for any impairment. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

OCTAGONAL PLC

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES – continued

Financial Instruments - continued

Cash and cash equivalents comprise cash at bank and in hand as well as short term bank deposits.

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the company becomes party to the contractual provisions of the instrument. All financial liabilities are recorded initially at fair value, net of direct issue costs and subsequently measured at amortised cost using the effective interest method, less settlement payments. Interest related charges are recognised as an expense in finance costs in the income statement.

Finance charges, including premiums payable on settlement or redemption and direct issue costs are charged to the income statement on an accruals basis using the effective interest method. They are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

Trade payables are obligations to pay for goods, services and fees that have been either acquired or incurred in the ordinary course of business. Amounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not they are presented as non-current liabilities.

A financial liability is derecognised only when the obligation is discharged, cancelled or expires.

Income Tax

Current tax liabilities and assets for the current and prior periods are measured at the amount expected to be paid to or recovered from the taxation authorities using the tax rates and laws that have been enacted and substantively enacted by the balance sheet date.

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity. Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: The initial recognition of goodwill, the initial recognition of assets and liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investment in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates 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 result.

OCTAGONAL PLC

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES – continued

Share based payments

The Company operates equity settled share based compensation plans for remuneration of its Directors and employees. All share-based payment arrangements are recognised in the financial statements in accordance with IFRS 2 'Share based payments'.

All services received in exchange for the grant of any share-based payment are measured at their fair values. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the instrument granted to the employee. This fair value is appraised at the grant date and excludes the impact of non-market vesting conditions (for example, profitability and sales growth targets).

All equity-settled share-based payments are ultimately recognised as an expense in the income statement with a corresponding credit to equity.

If vesting periods or other non-market vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates. Any cumulative adjustment prior to vesting is recognised in the current period. No adjustment is made to any expense recognised in prior periods if share options ultimately exercised are different to that estimated on vesting. Upon exercise of share options the proceeds received net of attributable transaction costs are credited to share capital, and where appropriate, share premium.

Where the equity settled award is cancelled it is treated as if it had vested on the date of cancellation and any cost not recognised in the income statement for the award is expensed immediately. Any compensation paid up to the fair value of the award is deducted from equity with any excess over fair value being treated as an expense in the income statement.

Critical accounting estimates and judgements

The preparation of the financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of turnover, expenses, assets and liabilities. The estimates and judgements are based on historical experience and other factors, including expectations of future events that are believed to be reasonable and constitute management's best judgement at the date of the financial statements. In the future, actual experience could differ from those estimates.

The principal estimates and assumptions that could have a significant effect upon the company's financial results relate to impairment matters of investments.

Further details of estimates and assumptions are set out in each of the relevant accounting policies and detailed notes to the financial statements.

The principal judgements made by management that could have a significant impact upon the company's financial results relate to the following:

- the assertions in the preparation of the financial statements on a going concern basis;
- the assessment and appropriateness of recognition of deferred tax assets;
- the assessment of investments and receivables for impairment.

OCTAGONAL PLC

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

1. ACCOUNTING POLICIES – continued

Reserves

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

| Reserve | Description and purpose |
|-----------------------------|---|
| Called up share capital | Share capital is determined using the nominal value of shares that have been issued |
| Share premium | Amount subscribed for share capital in excess of nominal value |
| Share based payment reserve | The share based payment reserve represents the cumulative amount which has been expensed in the income statement in connection with share based payments, less any amounts transferred to retained earnings on the exercise of share options. |
| Retained earnings | Cumulative net gains and losses recognised in the consolidated income statement and consolidated statement of comprehensive income |

2. SEGMENTAL REPORTING

An operating segment is a distinguishable component of the Company that engages in business activities from which it may earn revenues and incur expenses, whose operating results are regularly reviewed by the Company's chief operating decision maker to make decisions about the allocation of resources and assessment of performance and about which discrete financial information is available. The chief operating decision maker has defined that the Company's only reportable operating segment during the period administrative.

Following the disposal of the Company's major trading business subsidiary in 2013/2014 the Company is now operating as a single UK based segment, represented as continuing operations in the income statement. The single reporting entity's primary activity is to invest in businesses so as to generate a return for the shareholders.

Subject to further acquisitions the Company expects to further review its segmental information during the forthcoming financial year.

The Company has not generated any revenues from external customers during the period.

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

3. EMPLOYEES AND DIRECTORS

| | 2015 | 2014 |
|--|--------------|-------|
| | £'000 | £'000 |
| Wages and salaries | 394 | 36 |
| Share based payment charge - Directors | - | 84 |
| | 394 | 120 |

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

| | 2015 | 2014 |
|----------------|-------------|------|
| | No. | No. |
| Directors | 4 | 3 |
| Administration | - | - |
| | 4 | 3 |

| | £'000 | £'000 |
|-------------------------|--------------|-------|
| Directors' remuneration | 394 | 120 |

The following table provides details of the remuneration and fees excluding share options of all the directors holding office at 31 March 2015:

| Executive Directors | 2015 | 2014 |
|--|--------------|-------|
| | £'000 | £'000 |
| D Strang | 126 | 6 |
| J Berry (appointed 16 July 2014) | 56 | - |
| H Harris (resigned 14 April 2015) | 126 | 6 |
| D Maling (resigned 5 June 2014) | 18 | 6 |
| | | |
| Non-Executive Directors | | |
| D Lenigas (appointed 5 May 2014) | 68 | - |
| S Barrell* (resigned 19 December 2013) | - | 12 |
| B Wise* (resigned 2 October 2013) | - | 6 |
| | 394 | 36 |
| | | |
| Key Management | 394 | 36 |

*The services of S Barrell were provided through a consultancy agreement with SGB Consulting dated 3 August 2010. Mr Barrell did not receive any fees as a director of the company.

*The services of B Wise were provided through a consultancy agreement with Belton Consulting Limited dated 3 August 2010. Mr Wise did not receive any fees as a director of the company.

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

4. FINANCE REVENUE

| | 2015 | <i>2014</i> |
|--------------------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Finance income: | | |
| Deposit account interest | - | - |
| | - | - |

5. LOSS BEFORE INCOME TAX

The loss before income tax is stated after charging/(crediting):

| | 2015 | <i>2014</i> |
|--------------------------------------|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Share based payment charge - options | 234 | 84 |
| Auditors' remuneration | 14 | 15 |
| Loans to subsidiaries written-off | - | (28) |
| | - | (28) |

6. INCOME TAX

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the year ended 31 March 2015 nor for the period ended 31 March 2014.

Factors affecting the tax charge

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The difference is explained below:

| | 2015 | <i>2014</i> |
|---|----------------|--------------|
| | £'000 | <i>£'000</i> |
| Loss on ordinary activities before tax | (1,128) | (188) |
| Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 21/23 % | (237) | (43) |
| Effects of: | | |
| Disallowed items | 65 | 13 |
| Unutilised losses | 172 | 30 |
| | - | - |
| Total income tax | - | - |

Factors that may affect future tax charges

The Company has tax losses in the UK, subject to HMRC approval, available for offset against future operating profits. The Company has not recognised any deferred tax asset in respect of those losses, due to there being insufficient certainty regarding its recovery.

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

7. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the period.

The diluted earnings per share is calculated using the weighted average number of shares adjusted to assume the conversion of all dilutive potential ordinary shares.

The diluted loss per share is the same as the basic loss per share as the conversion of share options decreases the basic loss per share, thus being anti-dilutive.

| | Earnings £'000 | 2015 Weighted average number of shares | Per-share amount pence |
|---|---------------------------|---|---------------------------------------|
| Basic EPS | | | |
| Earnings attributable to ordinary shareholders from continuing operations | (1,128) | 882,270,390 | (0.13) |
| | | <i>2014</i> | |
| | <i>Earnings £'000</i> | <i>Weighted average number of shares</i> | <i>Per-share amount pence</i> |
| Basic EPS | | | |
| Earnings attributable to ordinary shareholders from continuing operations | (188) | 227,895,130 | (0.08) |

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

8. INVESTMENTS IN SUBSIDIARIES

| | £ |
|---|--------------------|
| COST | |
| At 31 March 2013 | 1,697,272 |
| Disposal | <u>(1,697,272)</u> |
| At 31 March 2014 and as at 31 March 2015 | <u>-</u> |
| IMPAIRMENT | |
| At 31 March 2013 | 1,697,272 |
| Reversed on disposal | <u>(1,697,272)</u> |
| At 31 March 2014 and as at 31 March 2015 | <u>-</u> |
| NET BOOK VALUE | |
| At 31 March 2015 | <u><u>-</u></u> |
| At 31 March 2014 | <u><u>-</u></u> |

The investment in IBP Limited was impaired to nil in the year ending 31 March 2013, on the basis of the company's proposed disposal for consideration of £1. This was the Company's only subsidiary and the disposal was completed on 2 October 2013 following approval at a General Meeting of Shareholders on that date.

The Company's has no investments/interest in over 20% of the share capital of companies at the balance sheet date.

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

9. AVAILABLE FOR SALE INVESTMENTS

| Listed & Unlisted Investments | 2015 | 2014 |
|--|--------------|-------|
| | £'000 | £'000 |
| Balance at the beginning of the year | 100 | - |
| Acquired during the year | 848 | 100 |
| Unrealised gain on market value movement | 9 | - |
| Loss Provision on investment | (84) | - |
| Balance at the end of the year | 873 | 100 |
| | | |
| The available for sale investments splits are as below: | 2015 | 2014 |
| | £'000 | £'000 |
| Non-current assets - Unlisted | 804 | 100 |
| Current assets - Listed | 69 | - |
| | 873 | 100 |

On 26 March 2014 the Company completed the signing of a Binding Term Sheet to acquire a 9.97% interest (294,000 ordinary shares) in Global investment Strategy UK Limited. The initial cost on signing the agreement was a cash payment of £100,000, followed by a further cash payment of £700,000 on signing the Sale and Purchase Agreement, and Shareholders' Agreement, which completed by 10 April 2014.

Available-for-sale investments comprise investments in unlisted and listed securities which are traded on stock market throughout the world, and are held by the Company as a mix of strategic and short term investments.

10. TRADE AND OTHER RECEIVABLES

| Current Trade and other receivables | 2015 | 2014 |
|--|--------------|-------|
| | £'000 | £'000 |
| Other debtors | 78 | 16 |
| Prepayments and accrued income | 256 | 8 |
| | 334 | 24 |

The directors consider that the carrying amount of trade and other receivables approximates to their value.

11. CASH AND CASH EQUIVALENTS

The amounts disclosed on the cash flow statement in respect of cash and cash equivalents are in respect of these balance sheet amount:

| | 2015 | 2014 |
|-------------------------------|--------------|-------|
| | £'000 | £'000 |
| UK Sterling (£) bank accounts | 146 | 1,312 |

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

12. SHARE CAPITAL

| Ordinary Shares | Number of ordinary share | Nominal Value £ | Total Value £'000 |
|---|-------------------------------------|----------------------------|----------------------------------|
| Issued at 31 March 2013 | 618,808,861 | 0.0005 | 309 |
| Capital Reorganisation on 2 October 2013 (see (1) below); Consolidation on 11:1 basis, ordinary shares of 0.55p each | 56,255,351 | 0.0055 | 309 |
| - Sub-division into deferred shares of 0.50p | 56,251,351 | 0.0050 | 281 |
| - Sub-division into ordinary shares of 0.05p | 56,251,351 | 0.0005 | 28, |
| Ordinary shares carried forward at 2 October 2013 | 56,251,351 | 0.0005 | 28 |
| On 2 October 2013, placing for cash at 0.1p per share | 250,021,404 | 0.0005 | 125 |
| On 3 January 2014, issue of shares for services | 4,000,000 | 0.0005 | 2 |
| On 7 February 2014, placing for cash at 0.3p per share | 223,333,334 | 0.0005 | 112 |
| On 28 February 2014, placing for cash at 0.3p per share | 183,333,333 | 0.0005 | 91 |
| Issued at 31 March 2014 | 716,943,422 | 0.0005 | 358 |
| On 15 July 2014, warrants exercised for cash at 0.3p per share | 31,466,666 | 0.0005 | 16 |
| On 22 September 2014, issue for shares for cash at 0.05p per share | 74,000,000 | 0.0005 | 37 |
| On 7 November 2014, placing for cash at 0.3p per share | 166,666,667 | 0.0005 | 83 |
| On 25 November 2014, warrants exercised for cash at 0.3p per share | 1,000,000 | 0.0005 | 1 |
| On 21 January 2015, warrants exercised for cash at 0.3p per share | 203,021,404 | 0.0005 | 102 |
| Issued at 31 March 2015 | 1,193,098,159 | 0.0005 | 597 |

(1) On 2 October 2013, at a General Meeting the shareholders approved a capital reorganisation. The existing ordinary shares of 0.05p were consolidated into 0.55p ordinary shares on an 11:1 basis. These 0.55p ordinary shares were then sub-divided into an ordinary share of 0.05p each and a deferred share of 0.50p each. The rights attached to the new ordinary shares are in all material aspects the same as the rights attaching to the existing ordinary shares.

Deferred shares

As in (1) above, 56,255,351 deferred shares of 0.50p each were issued. These deferred shares do not carry voting rights.

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

12. CALLED UP SHARE CAPITAL (continued)

Total ordinary and deferred shares

The issued share capital as at 31 March 2015 is as follows:

| | Number of shares | Nominal Value £ | Total Value £'000 |
|-----------------|---------------------|--------------------|-------------------------|
| Ordinary shares | 1,193,098,159 | 0.0005 | 597 |
| Deferred shares | 56,255,351 | 0.0050 | 281 |
| | | | <u>878</u> |

Warrants issued

During the year ended 31 March 2014, the following warrants were issued;

- On 2 October 2013 subscribers to the share issue were awarded one warrant per share at an exercise price of 0.1 pence, resulting in the issue of 250,021,404 warrants, with an expiry date of 2 October 2018.
- On 7 February 2014, subscribers to the share issue were awarded one warrant per share at an exercise price of 0.3 pence, resulting in the issue of 223,333,334 warrants, with an expiry date of 28 February 2015.
- On 28 February 2014, subscribers to the share issue were awarded one warrant per share at an exercise price of 0.3 pence, resulting in the issue of 183,333,333 warrants, with an expiry date of 28 February 2015. A further 30,000,000 warrants with the same terms were also issued to a subsequent investor.

As at 31 March 2014, the Company had 686,688,071 warrants in issue.

During the year ended 31 March 2015, no further warrants were issued, and 235,488,070 were exercised. As at 31 March 2015, the Company had 451,200,001 warrants in issue.

Share Options

During the year ended 31 March 2015, the Company granted 81 million options over Ordinary Shares. (31 March 2014: 15.5 million issued)

As at 31 March 2015 the unexercised options in issue were;

| Exercise Price | Expiry Date | Options in Issue 31 March 2015 |
|----------------|-----------------|-----------------------------------|
| 0.3p | 7 February 2019 | 15,500,001 |
| 0.3p | 12 May 2019 | 81,000,000 |
| | | <u>96,500,001</u> |

During the year to 31 March 2015, nil (31 March 2014: 31million) options lapsed and no options were exercised during the period to 31 March 2015 (31 March 2014: no options exercised). No options were cancelled during either reported period.

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NOTES TO THE FINANCIAL STATEMENTS
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12. CALLED UP SHARE CAPITAL (continued)

Employee Benefit Trust

The Company established on 22 September 2014, an employee benefit trust called the Octagonal Employee Benefit Trust ("EBT") to implement the use of the Company's existing share incentive plan over 10% of the Company's issued share capital from time to time in as efficient a manner as possible for the beneficiaries of that plan. The EBT is a discretionary trust for the benefit of directors and employees of the Company and its subsidiaries.

Accordingly, the trustees of the EBT subscribed for 74,000,000 new ordinary shares of 0.05p each in the Company, at par value per share at an aggregate cost to the Company of £37,000, such shares representing 9% of the existing issued share capital of the Company (at that date). The shares held in the EBT are intended to be used to satisfy future awards made by the Company's Remuneration Committee under the share incentive scheme, as detailed in the Company's AIM admission document

13. TRADE AND OTHER PAYABLES

| | 2015 | <i>2014</i> |
|--|--------------|--------------|
| | £'000 | <i>£'000</i> |
| Current trade and other payables: | | |
| Trade payables | 126 | 2 |
| Accruals and deferred income | 17 | 133 |
| | 143 | 135 |

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the balance sheet to be a reasonable approximation of their fair value.

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

14. SHARE BASED PAYMENTS

The expense recognised for employee services received during the period is shown in the following table:

| | | |
|--|--------------|--------------|
| | 2015 | <i>2014</i> |
| Expenses arising from equity settled share-based payments; | £'000 | <i>£'000</i> |
| Share options issued and vested | 234 | <i>84</i> |

Share options held by directors, employees and third parties are as follows:

| Outstanding 1 April 2014 | Granted During period | Exercised during period | Lapsed during period | Outstanding 31 March 2015 | Date of Grant | Expiry date |
|-----------------------------|-----------------------------|-------------------------------|----------------------------|---------------------------------|------------------|-------------|
| 15,500,001 | - | - | - | 15,500,001 | 07/02/2014 | 06/02/2019 |
| - | 81,000,000 | - | - | 81,000,000 | 12/07/2014 | 11/05/2019 |

A modified Black-Scholes model has been used to determine the fair value of the share options on the date of grant. The fair value is expensed to the income statement on a straight line basis over the vesting period, which is determined annually. The model assesses a number of factors in calculating the fair value. These include the market price on the date of grant, the exercise price of the share options, the expected share price volatility of the Company's share price, the expected life of the options, the risk free rate of interest and the expected level of dividends in future periods.

The inputs into the model for the share options issued were as follows:

| Granted | 7 February 2014 | 12 May 2014 |
|------------------------------|------------------------|--------------------|
| Weighted average share price | 0.54p | 0.29p |
| Expected volatility | 337% | 329% |
| Expected life | 5 years | 5 years |
| Risk-free rate | 2.3% | 2.3% |
| Expected dividend yield | 0% | 0% |

OCTAGONAL PLC
FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2015

15. RELATED PARTY TRANSACTIONS

The company had the following amounts outstanding with its disposed subsidiary at the prior period end:

| | 2015 | 2014 |
|--|--------------|----------|
| | £'000 | £'000 |
| IBP Limited | - | 393 |
| Written-off/Provided against amounts due | - | (393) |
| | <u>-</u> | <u>-</u> |

Amounts that were owed from the disposed of subsidiary undertaking in respect of IBP Ltd of £392,779 was fully provided for in 2013, after having regard to the proposed disposal of IBP. In 2014, the Company recovered an amount of £28,516 in respect of IBP Ltd prior to completion of the disposal.

There are no other related party transactions to disclose.

TRANSACTIONS WITH DIRECTORS

There were no other transactions with Directors, other than remuneration or fees as disclosed in note 3.

16. RISK MANAGEMENT

General objectives, policies and procedures

The directors have overall responsibility for the determination of the Company's risk management objectives and operating processes that ensure effective implementation of the policies set out below. Directors receive monthly reports through which they review the effectiveness of the processes put in place and the appropriateness of the objectives and policies they set.

The overall objective of the directors is to set policies that seek to reduce risk as far as possible without unduly affecting the Company's competitiveness and flexibility. Further details of these policies are set out below:-

Financial risk management

Risk management framework

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board is responsible for developing and monitoring the Company's risk management policies.

The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The Company has exposure to the following risks:

- Credit risk
- Liquidity risk
- Market risk

OCTAGONAL PLC

FINANCIAL STATEMENTS

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

16. RISK MANAGEMENT (continued)

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

Credit risk

The Company's exposure to credit risk is limited to the carrying amount of trade receivables. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by Company and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Company's policy is to deal only with creditworthy counterparties.

Liquidity risk

Liquidity risk arises from the Company's management of working capital and the finance charges and principal repayments on its debt instruments. It is the risk that the Company will encounter difficulty in meeting its financial obligations as they fall due.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances (or agreed facilities) to meet expected requirements for a period of at least 45 days.

The directors receive rolling 12 month cash flow projections on a quarterly basis as well as information regarding cash investments. At the period end these projections indicated that the Company expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to secure new facilities with the bank.

Market risks

As the company is now being classed as an investment company, the market risk will be that of finding suitable investments for the company to invest in and the returns that those investments will return given the markets that in which investments are made.

17. CONTROLLING INTEREST

There is no overall controlling party.

18. EVENTS AFTER THE END OF THE REPORTING PERIOD

On 14 April 2015, Hamish Harris resigned as a Director of the Company.

On 12 June 2015, the Company announced it had entered into conditional agreements to acquire the issued share capital of GIS that it does not currently own. Please refer to Chairman's Statement on pages 2 to 5 for further details.