Registered number: 04606754

POLEMOS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2017

CONTENTS

BOARD OF DIRECTORS 2

CORPORATION INFORMATION 3

STRATEGIC REPORT 4

REPORT OF THE DIRECTORS 8

CORPORATE GOVERNANCE 12

STATEMENT OF DIRECTORS' RESPONSIBILITIES 14

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLEMOS PLC 12

FINANCIAL STATEMENTS 18

- **STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2017** 18
- **STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017** 19
- **STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2017** 20
- **STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2017** 21
- **NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2017** 22

POLEMOS PLC

BOARD OF DIRECTORS

Dr Nigel Burton – Executive Chairman

Dr Nigel Burton has over 25 years' experience in operational and financial management, debt and equity financing, acquisition and integration of businesses, disposals, IPOs and trade sales. Following over 14 years as an investment banker at leading City institutions including UBS Warburg and Deutsche Bank, including as the Managing Director responsible for the energy and utilities industries, Nigel spent 15 years as Chief Financial Officer of a number of private and public companies, including Navig8 Product Tankers Inc, PetroSaudi Oil Services Limited, Advanced Power AG, and Granby Oil and Gas plc. Nigel is currently Chief Executive Officer of Nu-Oil and Gas plc and a Non-Executive Director of Strat Aero plc, both of which are listed on AIM, and until March was a Non-Executive Director of AIM listed Management Resource Solutions plc.

Nigel is a Chartered Electrical Engineer and a Past President of the IET. He has a B.Sc. (First Class Hons) in Electrical and Electronic Engineering and a Ph.D in Acoustic Imaging from University College London.

John Treacy - Non-Executive Director

Mr Treacy is a London-based experienced small cap financier who specialises in working with growing companies. He qualified as a solicitor in the London office of a major international law firm where he specialised in Capital Markets and Mergers & Acquisitions. From there he moved to practice corporate finance in the advisory teams of several prominent UK brokerages where he acted as an adviser to a number of AIM companies and advised on numerous IPOs, acquisitions, debt restructurings and placings.

POLEMOS PLC

CORPORATION INFORMATION

Company Secretary	John Treacy
Directors	Nigel Burton (Executive Chairman) John Treacy (Non-Executive Director)
Company Number	04606754
Registered Office	2 Chapel Court London SE1 1HH
Nominated Adviser	Beaumont Cornish Limited 2nd Floor, Bowman House 29 Wilson Street London EC2M 2SJ
Broker	Peterhouse Corporate Finance Limited 3nd Floor, New Liverpool House 15 Eldon Street London EC2M 7LD
Joint Broker	Novum Securities Limited 10 Grosvenor Gardens London SW1W 0DH
Bankers	Barclays Bank plc Corporate Banking One Churchill Place London E14 5HP
Independent Auditors	Chapman Davis LLP Statutory Auditors 2 Chapel Court London SE1 1HH
Solicitors	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW

POLEMOS PLC

STRATEGIC REPORT

The Directors are pleased to present the Strategic Report on the Company for the year ended 31 December 2017, including a summary of subsequent events.

Since the 2017 year-end there have been significant changes to the Company, including the Company's categorisation as an AIM Rule 15 company, a Placing, Open Offer and Placing and a complete change of the Board.

The termination of the proposed Reverse Takeover ("RTO") of SecurLinx announced on 8 March 2018resulted in the Company being classified as an AIM Rule 15 cash shell. As explained in more detail below, the principal effect of this is that the Company will be required to make an acquisition or acquisitions which constitute an RTO under AIM Rule 14 on or before 9 September (or raise at least £6million in cash via an equity fundraising to be re-admitted to trading on AIM as an investing company under AIM Rule 8), failing which the Company's Ordinary Shares would then be suspended from trading on AIM, pursuant to AIM Rule 40, with Admission to trading on AIM cancelled six months thereafter pursuant to AIM Rule 41. Whilst this does not change the strategy of seeking an RTO, the deadline creates added urgency to do so as soon as possible.

Activities, Business Review and Strategy

1. Update on investments

Oyster

In June 2017, the Company made a loan to TSXV listed Oyster Oil and Gas Ltd ("Oyster"), an African focused frontier oil and gas exploration company by way of a 10% convertible loan debenture for a principal amount of CAD867,500 (being £500,000 at the date of transfer) ("Loan"). The Loan is expressed to be convertible at the lesser of CAD0.30 per Oyster common share (an "Oyster Share") or at a 20% discount to the first offering price of Oyster's Shares on AIM, subject to compliance with the rules of the TSX-V. The Loan is repayable either one year from issue or five days following the admission of Oyster's Shares to AIM. Polemos also holds 433,750 warrants, whereby each warrant entitles Polemos to subscribe for a new common share for a period of one year from issue at a price of CAD0.55 per Oyster Share. Further information on Oyster can be found at www.oysteroil.com. The Company has included a full provision of £500,000 against the carrying value of the loan note, as a result of the uncertain nature of recoverability in full by the repayment date. Given the forthcoming repayment date the Company is in discussions with Oyster regarding how to proceed and will update investors as and when it has reached agreement.

SecurLinx

On 8 September 2017 the Company announced that it has entered into an agreement (the "Agreement") assigning to the Company the benefit of a binding term sheet to acquire 100% of the issued share capital of SecurLinx Corporation ("SecurLinx"), a US based cyber security company.

As part of this Agreement the Company became the registered holder of US$464,000 of 2% convertible loan notes issued by SecurLinx, convertible at the IPO price for that company and otherwise repayable on 31 December 2018. The Company has included a full provision of £379,000 against the carrying value of the loan note, as a result of the uncertain nature of recoverability in full by the repayment date.

As the Acquisition would have constituted a Reverse Takeover pursuant to AIM Rule 14, the Directors requested that trading in the Company's shares be suspended with immediate effect pending the publication of the required AIM Admission Document.

The Acquisition was subject, inter alia, to the completion of due diligence, documentation, shareholder approval and compliance with all regulatory requirements, including the AIM Rules and Takeover Code.

The Company announced on 8 March 2018 that it had terminated by mutual consent the binding term sheet agreement previously announced on 8 September 2017 and will not, therefore, be proceeding with the reverse acquisition of SecurLinx Corporation. As a result, Suspension from trading on AIM was lifted on 9 March 2018.

The Company understands that both Securlinx and Oyster continue to look at London Listing options.

2. Convertible loan debentures

On 31 January 2018, Polemos issued convertible loan debentures for a principal amount of £50,000, which accrue interest at 5% per annum and are convertible into Polemos Ordinary Shares at a price of 0.01p per Ordinary Share (pre-Consolidation) or were repayable in 6 months and include a 1:1 warrant exercisable at the same price for a period of 12 months post issue. The loan was specifically to fund the Securlinx RTO and as this was terminated the Company and investor mutually agreed to the early repayment of the loan on 10 May 2018, though without any interest being payable.

3. Classification as cash shell

As outlined above, as a result of the termination of the SecurLinx transaction, the Company is with effect from 9 March 2018 classified under the AIM Rules as an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from 9 March 2018 or be re-admitted to trading on AIM as an investing company under AIM Rule 8 (which requires the raising of at least £6 million in cash via an equity fundraising on, or immediately before, re-admission) failing which, the Company's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified pursuant to AIM Rule 41.

4. Placing and appointment of Joint Broker

The Company also announced on 8 March 2018 a placing (the "Placing") of 2,700,000,000 new Ordinary Shares of 0.01 pence each (the "Placing Shares") at a price of 0.01 pence per Placing Share (Placing Price") to raise in aggregate gross proceeds of £270,000.

The Placing was undertaken with Novum Securities Limited and Turner Pope Investments (TPI) Limited ("Turner Pope") on behalf of certain private investors and was conditional, inter alia, on admission of the Placing Shares to trading on AIM which occurred on 14 March 2018. For the avoidance of doubt, the Placing was done on a pre-Consolidation basis (as described further below) and within the Company's then existing authorities to issue shares.

Novum Securities Limited was appointed as Joint Broker to the Company with immediate effect from 8 March 2018.

At the same time a Conditional Placing of a further 1,400,000,000 new Ordinary Shares of 0.01 pence each on a pre-Consolidation basis (the "Conditional Placing") at a price of 0.01 pence per Placing Share (Placing Price") to raise in aggregate gross proceeds of £270,000 was announced.

5. Withdrawal of Proposals at proposed General Meeting

The Company announced on 29 March that, following discussions with certain Shareholders, it had withdrawn all resolutions to be put to the General Meeting on 3 April and that as a result the proposed Conditional Placing, issue of warrants in connection with both the Placing and Conditional Placing would not proceed.

6. Open Offer, Share Consolidation and Placing

The Company announced on 18 April 2018 that a circular (the "Circular") would be posted to Qualifying Shareholders convening a General Meeting (a "GM") regarding an Open Offer (instead of the Conditional Placing) and Share Consolidation. In addition, resolutions were proposed seeking Shareholder approval for the grant of the Placing Warrants and a general authority to issue new Ordinary Shares up to a nominal value of £150,000 following the GM. The GM was adjourned until 18 May following discussions with a number of shareholders.

Following the GM on 18 May, which approved the Open Offer, general authority and Consolidation but rejected the Placing Warrants and Open Offer Warrants, a Placing in Lieu of the Excess Application Facility was undertaken at a 10% premium to the Open Offer price, raising £280,000.

The Company wrote to Qualifying Shareholders to confirm their wish to take up the Basic Entitlements under the Open Offer without the anticipated Open Offer Warrants, following which 14,015,394 Shares at the Open Offer Price of 1p were issued, raising £140,153, and admitted to trading on AIM on 5 June.

The Consolidation, which brings the Company's share capital into line with the size of the Company, resulted in every 100 Existing Ordinary Share of 0.01p each being consolidated into 1 New Ordinary Share of 1p each. Such New Ordinary Shares have the same rights and are subject to the same restrictions (save as to par value) as the Existing Ordinary Shares. The Shares began trading on the post-Consolidation basis on 21 May 2018.

The overall effect of the changes made to the initial fund raising proposals announced on 8 March and 18 April is that the funds required by the Company have been raised with significantly lower dilution than initially envisaged.

The Directors intend to use the proceeds of the Open Offer and Placing to:

- provide working capital; and
- fund the costs associated with securing and undertaking (in part or in full) an acquisition in accordance with AIM Rule 14.

7. Board changes

Dr Nigel Burton was appointed as Chairman on 15 May 2018, with Hamish Harris resigning with immediate effect.

On 18 May 2018, John Treacy joined the Board as a Non-Executive Director, and Non-Executive Directors Spencer Wilson and Daniel Maling have both stepped down from the Board.

The new Board is working with the Company’s advisers and brokers to identify a suitable acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14.

Financial Review

During the year, the Company made a comprehensive loss of £1,254,000 (2016: £231,000). There was a weighted loss per share from continuing operations of 4.0p (2016: loss per share of 2.0p). The loss includes the provision of £879,000 against the Company’s two convertible loan note investments.

Cash and cash equivalents at 31 December 2017 amounted to £46,000 (31 December 2016: £175,000).

Subsequent to year end the Company has announced the following:

- On 8 March 2018 a placing (the "Placing") of 2,700,000,000 new Ordinary Shares of 0.01 pence each (the "Placing Shares") at a price of 0.01 pence per Placing Share (Placing Price") to raise in aggregate gross proceeds of £270,000.

- On 18 May 2018 a placing (the "Placing in Lieu of Excess Application Facility") of 28,000,000 new Ordinary Shares of 1.0 pence each (the "Placing in Lieu Shares") at a price of 1.1 pence per Placing in Lieu Share (Placing Price") to raise in aggregate gross proceeds of £280,000.

- On 4 June 2018 confirmation of the issue of 14,015,394 new Ordinary Shares of 1.0 pence each (the "Open Offer Shares") at a price of 1.0 pence per Open Offer Share (open Offer Price") to raise in aggregate gross proceeds of £140,153.

Outlook

The Company is required to complete a reverse takeover within 6 months of becoming a rule 15 company and the board continues to look for a suitable investment to achieve this.

Nigel B

Nigel Burton
Chairman
27 June 2018

POLEMOS PLC

REPORT OF THE DIRECTORS

The Directors present their report and the audited Financial Statements for the year ended 31 December 2017.

Principal Activities and Investment Policy

On 8 March 2018 the Company became an AIM Rule 15 cash shell and as such will be required to make an acquisition or acquisitions which constitutes a reverse takeover under AIM Rule 14 (including seeking re-admission as an investing company (as defined under the AIM Rules)) on or before the date falling six months from that date or be re-admitted to trading on AIM as an investing company under AIM Rule 8 (which requires the raising of at least £6 million in cash via an equity fundraising on, or immediately before, re-admission) failing which, the Company's Ordinary Shares would then be suspended from trading on AIM pursuant to AIM Rule 40. Admission to trading on AIM would be cancelled six months from the date of suspension should the reason for the suspension not have been rectified pursuant to AIM Rule 41.

Business Review and Future Developments

A full review of the Company's performance, financial position and future prospects is given in the Strategic Report on pages 4 - 7.

Results and Dividends

The Statement of Comprehensive Income is set out on page 18 and has been prepared in Sterling, the functional and reporting currency of the Company.

The Company's loss after taxation attributable to equity holders of the Company for the period was £1,471,000 (2016 – £269,000 loss).

No dividends have been paid or proposed.

Key Performance Indicators ("KPIs")

The Board monitors the activities and performance of the Company on a regular basis. Given the current Investing Policy there were no relevant KPIs during the accounting period or at the year end.

Substantial Shareholdings

At 27 June 2018, the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of Shares	% of Issued Capital
JIM Nominees Limited	12,582,564	10.7%
Hargreaves Lansdowne (Nominees) Limited	9,297,229	7.9%
Mr Kavi Narendra Dhana	8,641,450	7.3%
Nigel Burton	8,248,660	7.0%
Barclays Direct Investing Nominees Limited	7,886,285	6.7%
Alliance Trust Savings Nominees Limited	6,819,258	5.8%
Peel Hunt Holdings Limited	4,883,390	4.1%
Neil Scott	4,750,000	4.0%
Vidacos Nominees Limited	4,546,238	3.9%
Fiske Nominees Limited	3,775,000	3.2%
Winterflood Securities Limited	3,673,737	3.1%
Interactive Investor Services Nominees Limited	3,610,882	3.1%
Interactive Investor Services Nominees Limited	3,586,209	3.0%

Directors' Remuneration and interests

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in note 7 to the Financial Statements.

All the directors below served during throughout the period unless otherwise stated;

Hamish Harris (resigned 15 May 2018)
Spencer Wilson (resigned 18 May 2018)
Daniel Maling (appointed 15 February 2017 & resigned 18 May 2018)
Nicholas Lee (appointed 15 February 2017 & resigned 31 January 2018)

Each of the directors at 31 December 2017, held fully vested options ordinary shares each which are exercisable at 4.5p each up until 31 December 2018. H Harris held 500,000, S Wilson 100,000, D Maling 300,000, and N Lee 300,000, total options held by directors is 1,200,000 (all stated on a post-Consolidation basis).

Corporate Governance

A statement on Corporate Governance is set out on pages 12 and 13.

Annual General Meeting ("AGM")

This report and financial statements will be presented to shareholders for their approval at an AGM. The Notice of the AGM will be distributed to shareholders with this Annual Report.

Employees

The Company has no directly employed personnel, apart from the Directors.

Creditor Payment Policy

The policy of the Company is to:

- Agree the terms of payment with suppliers when settling the terms of each transaction;
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- Pay in accordance with its contractual and other legal obligations provided suppliers comply with the terms and conditions of supply.

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.

Charitable Donations

The Company made no charitable donations during the year (2016 - £Nil).

REPORT OF THE DIRECTORS

Financial Reporting

The Board has ultimate responsibility for the preparation of the annual audited Financial Statements. A detailed review of the performance of the Company is contained in the Strategic Report on pages 4 - 7. With the Strategic Report, the Board seeks to present a balanced and understandable assessment of the Company's position, performance and prospects.

Going Concern

The Directors note the losses of £1,471,000 that the Company has made for the Year Ended 31 December 2017. The Directors have prepared cash flow forecasts for the period ending 30 June 2019 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 and the completion of a successful open offer, as detailed below, 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.

It is the prime responsibility of the Board to ensure the Company remains a going concern. As at 31 December 2017 the Company had cash and cash equivalents of £46,000 and no borrowings. The Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements.

In the period March to June 2018 the Company raised £565,435 through the issue of further equity capital and the Directors are confident of raising further equity capital should the need arise. The Directors consider this funding demonstrates the Company's capacity to continue as a going concern despite the Net Liabilities position of £113,000 as at 31 December 2017.

For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

Risks and Uncertainties

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system.

Financial Risk

The risks faced by the Company include interest rate, credit risk and liquidity risk. Directors have in place a process of regularly reviewing risks to the business and monitoring associated controls, actions and contingency plans. The Company's financial risk management policies are set out in note 3.

Business Risk

The Board regularly evaluates and reviews all business risks when reviewing project timelines. The types of risks reviewed also include:

- Regulatory and compliance obligations
- Legal risks relating to contracts, licenses and agreements
- Insurance risks.

Internal Control

A key objective of the Directors is to safeguard the value of the business and assets of the Company. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Company's resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

Provision of Information to Auditors

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

Chapman Davis LLP has signified its willingness to continue in office as auditors, and a resolution that they be reappointed will be proposed at the annual general meeting.

This report was approved by the board on 27 June 2018 and signed on its behalf.

Nigel B

Nigel Burton
Director

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance. The Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Corporate Governance Code proportionate to the size and the stage of development of the Company.

From 28 September 2018 as an AIM company, the Company is required to maintain on its website details of a recognised corporate governance code, how the Company complies with this code and an explanation of any departure from the code. The information will need to be reviewed annually and the website should include the date on which the information was last reviewed.

The Directors have sought to address these new requirements in a timely manner and the Board has concluded that it will seek to comply with the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code").

Board of Directors

The Board of Directors currently comprises one Executive Director (who is the Chairman) and one Non-Executive Director. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the UK Corporate Governance Code have been implemented to an appropriate level. The Board maintains regular contact with its advisers and major shareholders in order to ensure that the Board maintains an understanding of their views about the Company.

Board meetings

The Board meets regularly throughout the year in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance.

All Directors have access to the advice of the Company's solicitors and the Company Secretary ensures necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

Board Committees

The Board has established the following committees, each which has its own terms of reference:

Audit Committee

The Audit Committee is responsible for overseeing the Company's financial reporting disclosure process; this also includes the choice of appropriate accounting policies. It also monitors internal financial controls as well as overseeing the hiring and performance of the external auditors. The Audit Committee comprises all of the Directors with Nigel Burton as Chairman.

Remuneration Committee

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration for Directors. It comprises all of the Directors with John Treacy as Chairman. Financial packages for Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognised job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced Director to join the Board from another company.

Nomination Committee

The Directors do not consider that, given the size of the Board, it is appropriate to have a Nomination Committee. The appropriateness of such a committee will however, be kept under regular review by the Board.

CORPORATE GOVERNANCE

Internal Controls

The Directors acknowledge their responsibility for the Company's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

Risk Management

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews of actual performance against forecasts. Project milestones and timelines are regularly reviewed.

Insurance

The Company maintains insurance in respect of its Directors against liabilities in relation to the Company.

Treasury Policy

The Company finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Company. Decisions regarding the management of these assets are approved by the Board.

Securities Trading

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

Relations with Shareholders

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

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

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether the Financial Statements comply with IFRSs as adopted by the European Union, 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 confirm that they have complied with the above requirements in preparing the Financial Statements.

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 the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLEMOS PLC

OPINION

We have audited the financial statements of Polemos plc (the 'Company') for the year ended 31 December 2017 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2017 and of the Company's profits for the year then ended;
- the Company 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.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATING TO GOING CONCERN

We draw attention to Note 2 in the financial statements, which indicates that the Company incurred a net loss of £1,471,000 during the year ended 31 December, 2017 and, as of that date, the Company's current liabilities exceeded its current assets by £113,000. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial report of the current period. These matters were addressed in the context of our audit of the financial report as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit. Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our report.

CARRYING VALUE OF AVAILABLE FOR SALE INVESTMENTS

The Company's Available for Sale Investment assets ('AFS assets') represent the most significant asset on its statement of financial position totalling £879,000 as at 31 December 2017 (prior to impairment provisions), all of which are unlisted investments.

The carrying value of AFS assets represents significant assets of the company and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of these asset may exceed its recoverable amount was considered key to the audit. This assessment involves significant judgement applied by management to the Company's unlisted investments.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLEMOS PLC - CONTINUED

We considered it necessary to assess whether facts and circumstances existed to suggest that impairment indicators were present, and if present, whether the carrying amount of these assets may exceed its recoverable amount.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified across the Company's AFS assets, the indicators being:

- Expiring, or imminently expiring, rights to licences held by the investee Companies
- A lack of flow of information in regards to the investee companies trading or exploration activities and/or production
- Discontinuation of, or a plan to discontinue trading or exploration activities in the areas of interest by the Investee Companies
- Sufficient data exists to suggest carrying value of exploration and evaluation assets is unlikely be recovered in full through successful development or sale by the Investee Companies.
- Sufficient future or current orders exist for a trading company to continue to generate positive income.

We also reviewed Stock Exchange RNS announcements and Board meeting minutes for the year and subsequent to year end for activity to identify any indicators of impairment. The Board, as a result of the factors considered in relation to these assets, has made an impairment provision in full against the £879,000 acquisition cost of the AFS assets.

We also assessed the disclosures included in the financial statements.

MATERIALITY

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on professional judgement, we determined overall materiality for the financial statements as a whole to be £29,000, based on a 5% percentage consideration of the company's adjusted loss for the year (adjustment being that of the AFS asset impairment provision).

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLEMOS PLC - CONTINUED

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

- 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 financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.
-

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

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.

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) or ISA IAASB will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Keith Fulton
(Senior Statutory Auditor)
For and on behalf of Chapman Davis LLP, Statutory Auditor
London
Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).
27 June 2018

FINANCIAL STATEMENTS
STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2017

	Note	Year ended 31 December 2017 £'000	Year ended 31 December 2016 £'000
Revenue		-	-
Administrative expenses		(319)	(269)
Investment income	8	1	-
Operating (Loss)	9	(318)	(269)
Realised (loss) on available for sale assets	12	(244)	-
Impairment provision on available for sale assets	12	(879)	-
Share based payment		(30)	-
(Loss) before Taxation		(1,471)	(269)
Taxation	10	-	-
(Loss) for the Year attributable to equity holders of the Company		(1,471)	(269)
Other Comprehensive Income:			
Other comprehensive income Items that may be subsequently reclassified to profit or loss:			
Increase in value of available for sale assets		-	38
Transfer to income statement		217	-
Total other comprehensive income		217	38
Total Comprehensive (loss) for the Year attributable to equity holders of the Company		(1,254)	(231)

Earnings per Share
Attributable to the Equity Holders of the Company during the Year

	Note	Pence	Pence
Earnings per share – Basic and diluted	11	(4.0)	(2.0)

The accounting policies and notes form an integral part of these Financial Statements.

POLEMOS PLC **Company Number: 04606754**

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
Assets			
Non-Current Assets			
Available-for-sale financial assets	12	-	94
		-	94
Current Assets			
Available-for-sale financial assets	12	-	-
Trade and other receivables	13	49	41
Cash and cash equivalents	14	46	175
		95	216
Total Assets		95	310
Current Liabilities			
Trade and other payables	15	(208)	(126)
Net (Liabilities)/Assets		(113)	184
Equity attributable to shareholders			
Share capital	16	19,823	19,459
Share premium	16	19,181	18,618
Share based payment reserve		62	63
Available-for-sale asset reserve		-	(217)
Retained earnings		(39,179)	(37,739)
Total Equity		(113)	184

The Financial Statements were approved and authorised for issue by the board of Directors on 27 June 2018 and were signed on its behalf by:

Nigel Burton
Director

John Treacy
Director

The accounting policies and notes form an integral part of these Financial Statements.

POLEMOS PLC

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2017

Attributable to equity shareholders

	Share Capital	Share Premium	Share based Payment reserve	Available for sale asset reserve	Retained Earnings	Total
	£'000	£'000	£'000	£'000	£'000	£'000
At 31 December 2015	**19,395**	**18,441**	**63**	**(255)**	**(37,470)**	**174**
Shares issued	64	191	-	-	-	**255**
Share issue costs	-	(14)	-	-	-	**(14)**
Total contributions by and distributions to owners of the Company	64	177	-	-	-	**241**
Increase in value of available for sale assets	-	-	-	38	-	**38**
(Loss) for the year	-	-	-	-	(269)	**(269)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**38**	**(269)**	**(231)**
At 31 December 2016	**19,459**	**18,618**	**63**	**(217)**	**(37,739)**	**184**
Shares issued	364	631	-	-	-	**995**
Share issue costs	-	(68)	-	-	-	**(68)**
Share options issued	-	-	30	-	-	**30**
Share options cancelled	-	-	(31)	-	31	**-**
Total contributions by and distributions to owners of the Company	**364**	**563**	**(1)**	**-**	**31**	**957**
Transfer to income statement	-	-	-	217	-	**217**
(Loss) for the year	-	-	-	-	(1,471)	**(1,471)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**217**	**(1,471)**	**(1,254)**
At 31 December 2017	**19,823**	**19,181**	**62**	**-**	**(39,179)**	**(113)**

The accounting policies and notes form an integral part of these Financial Statements.

POLEMOS PLC

STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2017

	Note	31 December 2017 £'000	31 December 2016 £'000
Cash Flows from Operating Activities			
Operating loss		(318)	(269)
Adjustments for non-cash items:			
Bad debts written-off		-	1
Operating cash flows before movements in working capital		(318)	(268)
(Increase) in trade and other receivables		(8)	(28)
Increase in trade and other payables		82	29
Net Cash Used in Operating Activities		(244)	(267)
Cash Flows from Investing Activities			
Purchases of available-for-sale financial assets		(879)	(4)
Sales of available for sale financial assets		67	
Net Cash Used in Investing Activities		(812)	(4)
Cash Flows from Financing Activities			
Proceeds from share issues		995	255
Share issue costs		(68)	(16)
Net cash generated from Financing Activities		927	239
Net (Decrease) in Cash and Cash Equivalents		(129)	(32)
Cash and cash equivalents at beginning of year	14	175	207
Cash and Cash Equivalents at End of Year	14	46	175

The accounting policies and notes form an integral part of these Financial Statements.

1. General Information

Polemos plc is a public limited company which is quoted on the AIM Market, and incorporated and domiciled in the UK. The business of Polemos plc remains that of an Investment Company, in accordance with the AIM Rules.

The Company's Investing Policy is to invest in any sector which the Directors consider may potentially create value for its Shareholders. The Directors intend initially to seek to acquire a direct or an indirect interest in projects and assets in the natural resources sector, however, they will consider other sectors as, and when, opportunities arise.

This investment may be in either quoted or unquoted companies; be made by direct acquisition or through farm-ins; may be in companies, partnerships, joint ventures; or direct interests in particular assets or projects. The Company's equity interest in a proposed investment may range from a minority position to 100 percent ownership and may comprise one investment or multiple investments.

Investments in early stage and exploration assets are expected to be mainly in the form of equity, with debt being raised later to fund the development of such assets. Investments in later stage assets are more likely to include an element of debt to equity gearing.

The Company intends to deliver Shareholder returns principally through capital growth rather than income distribution via dividends, although it may become appropriate to distribute funds to Shareholders once the investment portfolio matures.

The Company may be both an active and a passive investor depending on the nature of the individual investments in its portfolio. Although the Company intends to be a long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

There is no limit on the number of projects into which the Company may invest or the proportion of the Company's gross assets that any investment may represent at any time and the Company will consider possible opportunities anywhere in the world.

The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including by way of example, and without limit, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems. The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. There are no borrowing limits in the Company’s Articles of Association. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Existing Ordinary Shares.

There are no restrictions in the type of investment that the Company might make nor on the type of opportunity that may be considered.

Authorisation of financial statements
The financial statements of Polemos plc for the year ended 31 December 2017 were authorised for issue by the Board on 27 June 2018 and the balance sheets signed on the Board's behalf by Nigel Burton and John Treacy.

2. Summary of Significant Accounting Policies

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

Basis of Preparation

The Financial Statements of Polemos plc have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in the Financial Statements are disclosed in Note 4.

Going Concern

The Directors noted the losses of £1,471,000 that the Company has made for the Year Ended 31 December 2017. The Directors have prepared cash flow forecasts for the period ending 30 June 2019 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 and the completion of a successful open offer, as detailed below, 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.

It is the prime responsibility of the Board to ensure the Company remains a going concern. As at 31 December 2017 the Company had cash and cash equivalents of £46,000 and no borrowings. The Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements.

In the period March to June 2018 the Company raised £565,435 through the issue of further equity capital and the Directors are confident of raising further equity capital should the need arise. The Directors consider this funding demonstrates the Company's capacity to continue as a going concern despite the Net Liabilities position of £113,000 as at 31 December 2017.

For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

Accounting Policies

New standards, amendments and interpretations adopted by the Company

New and/or revised Standards and Interpretations that have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2017 do not have a material effect on the Company financial statements.

New standards, amendments and interpretations not yet adopted

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 for the year presented:

2. Summary of Significant Accounting Policies (continued)

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

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018.
- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019.
- IFRS 17 Insurance Contracts (effective date 1 January 2021).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Financial Instruments

The Company determines the classification of its financial assets at initial recognition. The subsequent measurement of financial assets depends on their classification as described below.

Available-for-sale financial assets
Available-for-sale financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period. Available-for-sale financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is recognised in equity.

Trade and Other Receivables
Trade and other receivables are initially measured at fair value, based on their invoice value and subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the estimated recoverable amount.

Trade and Other Payables
Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

Cash and Cash Equivalents
Cash and cash equivalents comprise cash on hand and demand deposits.

Foreign Currency Translation

(a) **Functional and Presentation Currency**
Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Financial Statements are presented in Pounds Sterling (£), which is the Company's functional and presentation currency.

(b) **Transactions and Balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement.

2. Summary of Significant Accounting Policies (continued)

Share Capital

Ordinary Shares are classified as equity. Share premium is shown as an additional incremental cost directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

Taxation

The tax expense represents the sum of the tax payable for the current period and deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

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

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 6.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

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

3. Financial Risk Management

Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Directors under policies approved by the Board of Directors which include continuous assessments of interest rate, credit risk and liquidity risk.

(a) **Market Risk**

(i) **Foreign Exchange Risk**

The Company operates mainly in the UK, and has limited exposure to foreign exchange risk. Following the new strategies post re-structure, the Company may have greater currency risk should it develop an international investment portfolio.

(ii) **Interest Rate Risk**

The Company does not have any borrowing at the year end and hence has limited exposure to interest rate risk. Should borrowing become necessary, the Directors will assess the instruments required to meet the Company's financing needs.

(b) **Credit Risk**

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only bank with financial institutes that have a credit rate of A- or better.

(c) **Liquidity Risk**

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Cash is invested in commercial call accounts which provide a modest return on the cash resources whilst ensuring there is limited risk of loss.

There is no difference between the carrying values and fair values of the financial instruments in the current year or prior year.

(d) **Market/Price Risk**

The Company is exposed to equity securities market/price risk because of investments held by the Company and classified on the Statement of Financial Position as available-for-sale assets. To manage this risk, the Company diversified its portfolio.

Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

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

(i) Critical Accounting Estimates and Assumptions

Share Based Payments

The Company awarded 1,200,000 options (restated on a post-Consolidation basis) over its unissued share capital to the directors during the year to 31 December 2017 (2016: nil share options issued) and 160,000 options (restated on a post-Consolidation basis) were cancelled (2016: nil share options cancelled).

The fair value of share based payments is calculated by reference to a Black Scholes model. Inputs into the model are based on management's best estimates of appropriate volatility, dividend yields, discount rate and share price growth.

During the year, the Company incurred a £30,000 share based payment charge (2016: £nil charge), and £31,000 (2016: £nil) was transferred via equity to retained earnings on the cancelling of options during the year.

5. Segment Information

The Company is operating as a single UK based segment with a single primary activity to invest in businesses so as to generate a return for the shareholders. No segmental analysis has been disclosed as the Company has no operating segments. The Directors will review the segmental analysis on a regular basis, and update accordingly.

6. Share Based Payments (stated on a post-Consolidation basis)

The Company awarded 1,200,000 options over its unissued share capital to the then directors during the year to 31 December 2017 (2016: nil share options issued) and 160,000 options were cancelled (2016: nil share options cancelled)

During the year, the Company incurred a £30,000 share based payment charge (2016: £nil charge), and £31,000 (2016: £nil) was transferred via equity to retained earnings on the cancelling of options during the year.

	2017 No. of share options	Weighted average exercise price	2016 No. of share options	Weighted average exercise price
Outstanding at beginning of year	320,000	20.0p	320,000	20.0p
Granted during the year	1,200,000	4.5p	-	-
Cancelled during the year	(160,000)	20.0p	-	-
Outstanding at the end of the year	1,360,000	6.3p	320,000	20.0p
Exercisable at the end of the year	1,360,000	6.3p	320,000	20.0p

160,000 options are exercisable at 20.0p and expire on 31 December 2020
1,200,000 options exercisable at 4.5p and expire on 31 December 2018.

6. Share Based Payments (continued)

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.

For those options granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	Risk free rate	**Share price volatility**	**Expected life**	**Share price at date of grant**
15 February 2017	0.49%	135.8%	1.87 years	£0.0004

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model is the term of the options.

7. Directors and Employees

Average number of employees	**2017 No.**	**2016 No.**
Average number of employees (who are all Directors) during the year was:	4	3
	£'000	**£'000**
Emoluments of the Directors	74	36

Directors' Emoluments	**Salary and fees £'000**	**Share based payments £'000**	**2017 Total £'000**	**2016 Total £'000**
Hamish Harris (1)	12	13	25	12
Spencer Wilson (2)	12	3	15	12
Daniel Maling (3)	10	7	17	-
Nicholas Lee (4)	10	7	17	-
Donald Strang (5)	-	-	-	1
Jason Berry (6)	-	-	-	11
	44	30	74	36

The Company operates only the basic pension plan required under UK legislation, contributions thereto during the year amounted to £91 (2016: £nil).

(1) resigned 15 May 2018
(2) resigned 18 May 2018
(3) appointed 15 February 2017 and resigned 18 May 2018
(4) appointed 15 February 2017 and resigned 31 January 2018
(5) resigned on 18 January 2016
(6) ceased on 16 November 2016

8. Investment income

	2017 £'000	**2016 £'000**
Interest receivable on convertible loan notes	1	-
	1	-

9. Operating Loss

	2017 £'000	2016 £'000
Included within the results of operating activities are the following;		
Staff costs (including director's)	74	36
Audit fees	8	8
Foreign exchange (gains)	(3)	-
Bad debt written-off	-	1
Auditor's remuneration:		
- Fees payable for the audit of the Company	8	8
- Audit related assurance services	-	-

10. Income Tax

	2017 £'000	2016 £'000
UK Corporation Tax at standard rate of UK companies		
Corporation Tax rate of 19/20% (2016 - 20%)	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-

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

	2017 £'000	2016 £'000
Loss on ordinary activities before tax	(1,471)	(269)
Current tax at 19/20% (2016 – 20%)	(283)	(54)
Tax effects of:		
- Expenses not deductible for tax purposes	6	-
- Tax losses for which no deferred income tax asset is recognised	277	54
Tax charge/(credit)	-	-

11. Earnings per Share

Basic (loss) per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year. This is calculated below on the post share consolidated basis as detailed in Notes 16 & 19.

	2017	2016
(Loss) attributable to equity holders of the Company (£'000)	(1,471)	(269)
Weighted average number of ordinary shares in issue	36,919,613	13,757,053
Basic and diluted (loss) per share (pence)	(4.0)	(2.0)

The impact of the share options is considered to be anti-dilutive.

12. Available-for-sale financial assets – Listed & Unlisted Investments

	2017 £'000	2016 £'000
Opening balance at 1 January	94	51
Purchase of investments	879	4
Disposal of investments	(67)	-
(Loss) on disposal of investments	(244)	-
Impairment provision against unlisted convertible loan notes	(879)	-
Foreign exchange gains on translation	-	1
Transfers to income statement	217	-
Movement in market value during the year	-	38
Closing balance at 31 December	-	94
The available for sale investments splits are as below:		
Non-current assets – listed – at market value	-	94
Current assets – unlisted convertible loan notes at cost	879	-
Impairment provision against unlisted convertible loan notes	(879)	-
	-	94

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

13. Trade and Other Receivables

	2017 £'000	2016 £'000
Other receivables	-	10
VAT recoverable	23	24
Prepayments	26	7
	49	41

14. Cash and Cash Equivalents

	2017 £'000	2016 £'000
Cash at bank and in hand	46	175

15. Trade and Other Payables

	2017 £'000	2016 £'000
Trade payables	127	50
Other payables	8	22
Social security and other taxes	1	-
Accruals	72	54
	208	126

16. Share Capital (stated on a pre-Consolidation basis) and Premium

	Number of shares (thousands)	Share capital £'000	Share premium £'000	Total £'000
At 1 January 2016- Ordinary shares	886,907	88	18,441	18,529
Shares issued during the year;				
On 18 February 2016, placing for cash at 0.04p per share	200,000	20	60	80
On 11 April 2016, placing for cash at 0.04p per share	437,500	44	131	175
Costs of share issues	-	-	(14)	(14)
- ordinary shares	1,524,407	152	18,618	18,770
- deferred shares	386,907	19,307	-	19,307
Totals at 31 December 2016	1,911,314	19,459	18,618	38,091
On 15 February 2017, placing for cash at 0.04p per share	1,414,286	142	353	495
On 31 July 2017, placing for cash at 0.02p per share	2,222,222	222	278	500
Costs of share issues	-	-	(68)	(68)
- ordinary shares	5,160,915	516	19,181	19,697
- deferred shares	386,907	19,307	-	19,307
Totals at 31 December 2017	5,547,822	19,823	19,181	39,004

The issued share capital at 31 December 2017 consisted of 5,160,915,400 ordinary shares of 0.01p each and 386,907,464 deferred shares of 4.99p each.

3,636,507,936 shares were issued during the year ended 31 December 2017 (2016: 637,500,000 shares issued).

The deferred shares do not entitle their holders to receive dividends or other distributions, receive notice of or to attend and vote at any general meeting or receive a return of capital on a winding up. The deferred shares are redeemable at the option of the Company at any time on giving 7 days written prior notice.

136 million share options were outstanding at 31 December 2017 (2016 – 32 million). The Company has no warrants in issue at 31 December 2017 (2016: nil). (See Note 6 for details on the Share Options).

On 18 May 2018 a 1:100 share Consolidation was approved by Shareholders. The figures above in this note 16 are stated prior to this Consolidation.

17. Operating Lease Commitments and capital commitments

The Company has no current lease or capital commitments as at 31 December 2017.

18. Related Party Transactions

During the year, consultancy fees of £48,000 (2016 - £36,000) were charged to the Company by Marlin Atlantic Finance Limited, a company of which Mr Harris is the sole director. £30,000 was outstanding at the year end (2016: £36,000).

Key Management Personnel

The only key management personnel are the directors, whose remuneration is detailed in Note 7.

19. Events after the Reporting Period

On 31 January 2018, the Company announced the following:

- The issue of convertible loan debentures for a total principal amount of £50,000.
- The Loans will accrue interest at 5% per annum.
- The Loans are convertible into Polemos ordinary shares at a price of 0.01p per ordinary share in Polemos or are repayable in 6 months.
- The Loans include a 1:1 warrant exercisable at the same price for a period of 12 months post issue.
- Nicholas Lee, Non-Executive Director, resigned from the Board of Directors.
- The Convertible Loans above were repaid in full on 10 May 2018.

On 8 March 2018, the Company announced:

- A placing of 2,700,000,000 new Ordinary Shares of 0.01 pence each at a price of 0.01 pence per Share and raised in aggregate gross proceeds of £270,000.
- The termination of the proposed reverse acquisition of SecurLinx.
- The restoration of trading of its shares on AIM.

On 18 April 2018, the Company announced the issue of an Open Offer Circular to raise up to £787,000 from existing qualifying shareholders, and a share consolidation, subject to approval at a General Meeting scheduled for 11 May 2018, subsequently adjourned to 18 May.

On 15 May 2018, the Company announced Dr Nigel Burton was appointed as Chairman and a Director of the Company. On the same day Hamish Harris resigned as a Director of the Company.

On 18 May 2018, the Company announced that the General Meeting had approved the Open Offer, general authority and 1:100 ordinary share Consolidation, but rejected the Placing Warrants and Open Offer Warrants. A Placing in Lieu of the Excess Application Facility was undertaken at a 10% premium to the Open Offer price, raising £280,000 at 1.1p per share on a post-Consolidation basis. These Shares were admitted to trading on AIM on 21 May.

On 18 May 2018, the Company announced that John Treacy had joined the Board as a Non-Executive Director, and that Non-Executive Directors Spencer Wilson and Daniel Maling have both stepped down from the Board.

On 4 June 2018, following confirmation by Qualifying Shareholders of their wish to take up the Basic Entitlements under the Open Offer without the anticipated Open Offer Warrants, 14,015,394 Shares at the Open Offer Price of 1.0p were issued, raising £140,153. These Shares were admitted to trading on AIM on 5 June.

20. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.