Registered number: 04606754

POLEMOS PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2018

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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 and was Chief Executive Officer of Nu-Oil and Gas plc until January 2019. Nigel is currently Non-Executive Chairman of AIM listed Remote Monitored Systems 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 (Chairman) John Treacy (Non-Executive Director)
Company Number	04606754
Registered Office	2 Chapel Court London SE1 1HH
Nominated Adviser and Broker	W H Ireland Limited 24 Martin Lane London EC4R 0DR
Joint Broker	Peterhouse Corporate Finance Limited 3rd Floor, New Liverpool House 15 Eldon Street London EC2M 7LD
Joint Broker	Leander Capital Partners Limited 1st Floor 10 Old Burlington Street London W1H 3AG
Bankers	Barclays Bank plc Corporate Banking One Churchill Place London E14 5HP
Independent Auditors	haysmacintyre 10 Queen Street Place London EC4R 1AG
Solicitors	DWF LLP 20 Fenchurch Street London EC3M 3AG

POLEMOS PLC

STRATEGIC REPORT

The Directors are pleased to present the Strategic Report on the Company for the year ended 31 December 2018, including a summary of subsequent events.

Since the Final Results for the Year to 31 December 2017, the Board has continued its efforts to effect a Reverse Takeover as required under the AIM Rules.

Suspension from trading

The Company announced on 8 March 2018 that it had with effect from that date been classified under the AIM Rules as an AIM Rule 15 cash shell and as such was required to make an acquisition or acquisitions which constituted a reverse takeover ("RTO") 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 8 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. Accordingly, the Company's shares were suspended from trading on AIM on 10 September 2018.

Proposed acquisition

On 10 September 2018, the Company announced that the Board had considered a number of potential acquisition targets over the period and had agreed conditional heads of terms (the "Agreement") to acquire the entire issued share capital of Digitalbox Publishing (Holdings) Ltd ("Digitalbox"), subject to certain conditions and due diligence (the "Proposed Acquisition"). The Proposed Acquisition would constitute an RTO pursuant to AIM Rule 14, and the Company's shares would remain suspended pending the publication of the required AIM Admission Document and shareholder approval of the Acquisition.

Pursuant to the Agreement, it was announced that the parties proposed that the Company would acquire Digitalbox for new ordinary shares in the Company. For the purposes of the Agreement, the parties have agreed a valuation of the Company of 1.1p per ordinary share, subject to a cap of £1.1 million on a fully diluted basis, and the existing issued equity of Digitalbox at £10 million (before capitalisation of any existing shareholder loans to Digitalbox, then amounting in aggregate to £355,000).

Issue of Convertible Loan Notes

On 9 November 2018 the Company announced a conditional Placing (the "Placing") of £220,000 via Convertible Unsecured Loan Notes ("CLNs") by the Company's broker, Peterhouse Capital. The CLNs had a term of 3 months, since extended to 31 March 2019, and no coupon.

The issue of the CLNs is conditional on the Company completing a Reverse Takeover and on the Admission of the enlarged ordinary share capital to trading on a Recognised Investment Exchange. When issued, the CLNs will have a conversion price of 25% discount to the price on Re-admission.

The net proceeds of this Placing, combined with the Company's current cash resources and after meeting previously undisclosed liabilities that came to light after the appointment of the current directors, satisfy its commitment as part of the agreed terms with Digitalbox to have a minimum cash balance of £500,000 (before transaction costs) immediately before completion of the proposed RTO with Digitalbox.

Financial Review

During the year, the Company made a comprehensive loss of £250,000 (2017: £1,254,000). There was a weighted loss per share from continuing operations of 0.262p (2017: loss per share of 4.0p).

Cash and cash equivalents at 31 December 2018 amounted to £231,000 (31 December 2017: £46,000).

Events subsequent to the year-end are set out in Note 20.

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.

POLEMOS PLC

STRATEGIC REPORT

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, licences and agreements
- Insurance risks.

The key business risk in 2018 was considered to be the ability of the Company to complete the proposed RTO of Digitalbox, as described above. Based on the progress made during the year, the Directors remained confident that the transaction was likely to succeed. As explained below, admission to AIM is expected to occur on or around 28 February 2019.

Outlook

The Company is required to complete a reverse takeover within 6 months of becoming a rule 15 company.

On 21 January 2019, the Company announced the intention to seek admission to trading following the reverse takeover of Digitalbox Publishing Holdings Limited, a digital media business based in the UK. Following approval of all resolutions at the General Meeting on 27 February 2019, admission to AIM is expected to occur on or around 28 February 2019. On admission, Polemos plc will be renamed Digitalbox plc. The Company intends to complete its first acquisition immediately on admission.

Nigel B

Nigel Burton
Chairman
27 February 2019

POLEMOS PLC

REPORT OF THE DIRECTORS

The Directors present their report and the audited Financial Statements for the year ended 31 December 2018.

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.

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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 5 and 6.

Results and Dividends

The Statement of Comprehensive Income is set out on page 17 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 £250,000 (2017 – £1,471,000 loss).

No dividends have been paid or proposed.

Substantial Shareholdings

At 27 February 2019, 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
Barclays Direct Investing Nominees Limited	15,173,795	12.9%
Hargreaves Lansdown (Nominees) Limited	12,682,567	10.7%
Nigel Burton	11,830,835	10.0%
JIM Nominees Limited	8,954,002	7.6%
Mr Kavi Narendra Dhana	7,823,990	6.6%
Interactive Investor Services Nominees Limited	6,833,441	5.8%
Interactive Investor Services Nominees Limited	6,147,176	5.2%
Vidacos Nominees Limited	6,078,788	5.1%
Alliance Trust Savings Nominees Limited	4,819,258	4.1%
Hargreaves Lansdown (Nominees) Limited	4,809,075	4.1%
Neil Scott	4,750,000	4.0%
Lawshare Nominees Limited	4,273,924	3.6%

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.

The directors served during the period as shown below.

Nigel Burton (appointed 15 May 2018)
John Treacy (appointed 18 May 2018)
Hamish Harris (resigned 15 May 2018)
Spencer Wilson (resigned 18 May 2018)
Daniel Maling (resigned 18 May 2018)
Nicholas Lee (resigned 31 January 2018)

	Number of shares held	Number of options held	Number of shares held	Number of options held
	31 December 2018	31 December 2018	31 December 2017	31 December 2017
Nigel Burton	11,830,835	-	1,000,000	-
John Treacy	-	-	-	-
Hamish Harris	-	-	-	500,000
Spencer Wilson	-	-	-	100,000
Daniel Maling	-	-	-	300,000
Nicholas Lee	-	-	-	300,000

All options held by the board at the beginning of the current financial year expired on 31 December 2018 unexercised.

Corporate Governance

A statement on Corporate Governance is set out on pages 10 – 12.

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 (2017 - £nil).

POLEMOS PLC

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 5 and 6. 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 £250,000 that the Company has made for the Year Ended 31 December 2018. The Directors have prepared cash flow forecasts for the period ending 30 June 2020 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 2018 the Company had cash and cash equivalents of £231,000 (2017: £46,000) and £220,000 (2017: £nil) borrowings. The borrowings consist solely of the Convertible Loan Note and also appear within debtors (see note 16). 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.

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

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

haysmacintyre 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 February 2019 and signed on its behalf.

Nigel B

Nigel Burton
Director

POLEMOS PLC

CORPORATE GOVERNANCE

The Directors recognise the importance of sound corporate governance and have adopted the QCA Code, as published by the Quoted Companies Alliance. The Company is an AIM Rule 15 Cash Shell and as such does not currently comply with all parts of the QCA Code. It is intended that on completion of an RTO, the Company will adopt the QCA Code in full.

The QCA Code sets out 10 principles that should be applied. These are listed below together with a short explanation of how the Company applies each of the principles:

Principle One
Business Model and Strategy
The Company became a Rule 15 Cash Shell on 8 March 2018 and the Company's Ordinary Shares were suspended from trading on AIM pursuant to AIM Rule 40 on 10 September 2018, as it had not made an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 on or before the date falling six months from 8 March 2018, or been re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million). Admission to trading on AIM will be cancelled six months from the date of suspension should the reason for the suspension not have been rectified.

The Board has concluded that the highest value can be delivered to its shareholders by the sourcing and execution of a Reverse Takeover for the Company in accordance with the AIM Rules. Accordingly, the Board's efforts are concentrated on delivery of this strategy.

As announced on 10 September 2018, the Company has agreed conditional heads of terms to acquire the entire issued share capital of Digitalbox Publishing (Holdings) Ltd ("Digitalbox"), subject to certain conditions and due diligence (the "Proposed Acquisition"). The Proposed Acquisition would constitute a Reverse Takeover pursuant to AIM Rule 14, and the Company's shares will remain suspended pending the publication of the required AIM Admission Document and shareholder approval of the Acquisition. The Acquisition is 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. Should the Company not complete the Acquisition or an alternative acquisition pursuant to AIM Rule 14, trading in its Ordinary Shares on AIM will, in accordance with AIM Rule 41, be cancelled six months following suspension.

Principle Two
Understanding Shareholder Needs and Expectations
The Board is committed to maintaining good communication and having constructive dialogue with its shareholders, though the nature of the business in its current form necessitates that updates will be less numerous than that of a trading company.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, http://www.polemos.co.uk, which provides an investor relations ('IR') contact (enquiries@polemos.co.uk) through which to send investor relations enquiries.

Principle Three
Considering wider stakeholder and social responsibilities
The Board recognises that the long term success of the Company is reliant upon the efforts of employees, contractors, regulators and other stakeholders. The Company has close ongoing relationships with a broad range of its stakeholders and provides them with the opportunity to raise issues and provide feedback to the Company.

Principle Four
Risk Management
The Company's Board identifies, evaluates and manages the significant risks faced by the Company. The Company currently has no employees other than the Directors.

The Board considers the principal risk facing the Company to be the consequences of failing to source and execute an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14 on or before 8 March 2019, or be re-admitted to trading on AIM as an investing company under the AIM Rules (which requires the raising of at least £6 million), 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.

An internal audit function is not considered necessary or practical due to the size of the Company, its status as a Cash Shell with no operating business, investments or employees, and the close day to day control exercised by the Board. The following principal risks, which the Directors maintain in lieu of a full risk register, and controls to mitigate them, have been identified:

Activity	Risk	Impact	Control(s)
Financial	Liquidity, market and credit risk Inappropriate controls and accounting policies	Inability to continue as going concern Reduction in asset values Incorrect reporting of assets	Robust capital management policies and procedures. Appropriate authority and investment levels as set by the Board
Strategic	Failure to conclude an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14	Cancellation from trading on AIM	Active consideration by the Board of possible acquisitions

Whilst the above sets out how the Board manages all areas of risk and uncertainties that the Company faces, it does not contain a risk register.

Principle Five

A Well Functioning Board of Directors

As at the date hereof the Board comprised, the Chairman Nigel Burton and Independent Non-Executive Director John Treacy. Biographical details of the current Directors are set out on page 3. The Board considers that this is appropriate given the size and current status of the business as a Cash Shell while recognising that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. However, on completion of an acquisition or acquisitions which constitute a reverse takeover under AIM Rule 14, the Board intends to make such further appointments to the Board at such time in accordance with the recommendations of the QCA to reflect the scale and complexity of the business.

The Directors are subject to re-election at intervals of no more than three years. The letters of appointment of all Directors are available for inspection at the Company's registered office during normal business hours. All the Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board elects a Chairman to chair every meeting.

The Board is in frequent conversation; given the size of the Board it has not established separate Audit and Compliance Committees or a Remuneration Committee. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. Each Director has contractually committed two days per month to the Company and commit more time on an ad hoc basis as the discharge of their duties demand.

Attendance at Board and Committee Meetings

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date in the current financial year the Directors have a 100% record of attendance at such meetings. In order to be efficient, the Directors meet formally and informally both in person and by telephone. There were 11 Board meetings during the year.

Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of two Directors and, in addition, the Company has outsourced services to provide finance support. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Director's has experience in public markets.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal.

As the Company is a Cash Shell with no operating business, no training was thought necessary for the period.

Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committee and individual Directors is to be undertaken on an annual basis in the form of peer appraisal and discussions to determine the effectiveness and performance in various as well as the Directors' continued independence.

The results and recommendations that come out of the appraisals for the directors shall identify the key corporate and financial targets that are relevant to each Director and their personal targets in terms of career development and training. Progress against previous targets shall also be assessed where relevant.

In its current circumstances however, the Company does not have a trading business and there was no meaningful performance to evaluate until an acquisition target had been identified.

Principle Eight

Corporate Culture

The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. However, the Company, as currently constituted comprises of only the two directors and consequently the platform to deliver a more developed corporate culture is limited.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders as practicable for a company of this size. The Board remains keen to allow shareholders to have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board.

The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board.

Audit Committee

Given the Company's status as a Rule 15 Cash Shell with a two-person Board, the Board itself is effectively the Company's Audit Committee, which the Board consider satisfactory for a Company of this size and complexity.

Remuneration Committee

Given the Company's status as a Rule 15 Cash Shell with a two-person Board, the Board itself is effectively the Company's Remuneration Committee, which the Board consider satisfactory for a Company of this size and complexity.

Nominations Committee

Given the Company's status as a Rule 15 Cash Shell with a two-person Board, the Board itself is effectively the Company's Nominations Committee, which the Board consider satisfactory for a Company of this size and complexity.

Non-Executive Directors

The Board comprises two Non-Executive Directors, of whom one is Chairman.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders, though the nature of the business in its current form necessitates that updates will be less numerous than that of a trading company.

In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, http://www.polemos.co.uk, which provides an IR contact (enquiries@polemos.co.uk) through which to send investor relations enquiries.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees.

POLEMOS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 to enable them to ensure that the financial statements comply with the Companies Act 2006 and article 4 of EC Regulation 1606/2002 (the IAS Regulation). 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. In addition, the Directors are responsible the maintenance and integrity of the corporate and financial information included in the Company's website. Legislation in the UK governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

The Directors, as listed, are also responsible for preparing the strategic report, Directors' report and financial statements for the Company in accordance with International Financial Reporting Standards as adopted by the European Union (IFRSs) and the London Stock Exchange's AIM Rules for Companies.

Under company law the Directors must not approve the financial statements unless they are satisfied that they present fairly the financial position, financial performance and cash flows of the Company for that period.

In preparing the financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 (Accounting Policies, changes in Accounting Estimates and Errors) and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- 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;
- provide additional disclosures when compliance with the specific requirements in IFRSs is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and performance; and
- prepare the Financial Statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 2018 which comprise the Statement of Comprehensive Income, Statement of Financial Position, Statements of Changes in Equity, Cash Flow Statement and notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2018 and of the company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter: Convertible loan note valuation

The Company has £220,000 of convertible loan notes as at 31 December 2018. There is a risk that the convertible loans are not appropriately accounted for in accordance with IAS 32.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- Assessment of management's recognition of the instrument between debt and equity split components. From review of the loan agreement and the applicable standard, we considered that management's treatment of the convertible loan entirely as debt is appropriate.
- Consideration of the fair value of the loan. We concluded that share capital to a value of £220,000 would be issued on conversion, and therefore £220,000 was the fair value of the loan.

Key audit matter: Going concern

The Company is seeking investment opportunities and has no revenue generating activity as at 31 December 2018. Should the Company not make an investment, there is a significant risk that the Company may cease to be a going concern.

How the matter was addressed in the audit

Our audit work included, but was not restricted to:

- A review of cash flow forecasts and budgets should the proposed Reverse Takeover Transaction not take place, and we considered whether the Company would have sufficient cash should the transaction be aborted;
- Assessment of the progress of the proposed Reverse Takeover Transaction. We held discussions with the Directors and the Nominated Advisors to assess progress and consider whether this would affect our going concern assessment;
- Review of post year-end management accounts.

Our application of materiality
The scope and focus of our audit was influenced by our assessment and application of materiality. We define materiality as the magnitude of misstatement that could reasonably be expected to influence the readers and the economic decisions of the users of the financial statements. We use materiality to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the financial statements as a whole.

Materiality for the Financial Statements as a whole was set at £9,500, determined with reference to the gross assets of the Company. We report to the Audit Committee any corrected or uncorrected misstatements arising exceeding £475. Performance materiality was set at £7,125, being 75% of materiality. This was considered an appropriate level of materiality given the limited trading activity of the Company, and gross assets are considered to be the most significant amount.

An overview of the scope of our audit
The scope of our audit was the audit of the Company for the year ended 31 December 2018. The audit was scoped by obtaining an understanding of the Company and its environment, including the Company's system of internal control, and assessing the risks of material misstatement. Audit work to respond to the assessed risks was planned and performed directly by the engagement team which performed full scope audit procedures.

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

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

Opinions on other matters prescribed by the Companies Act 2006
In our opinion, based on the work undertaken in the course of the audit:
- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception
In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:
- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent 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.

Responsibilities of directors
As explained more fully in the directors' responsibilities statement set out on page 13, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

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

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

Use of our report

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.

Laura Mott (Senior Statutory Auditor)
For and on behalf of haysmacintyre, Statutory Auditors
Date: 27 February 2019

10 Queen Street Place
London
EC4R 1AG

POLEMOS PLC Company Number: 04606754

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2018

	Note	Year ended 31 December 2018 £'000	Year ended 31 December 2017 £'000
Revenue		-	-
Administrative expenses		(354)	(319)
Investment income	8	-	1
Operating (Loss)	9	(354)	(318)
Realised profit/(loss) on available for sale assets	12	65	(244)
Impairment reversal/(provision) on available for sale assets	12	39	(879)
Share based payment		-	(30)
(Loss) before Taxation		(250)	(1,471)
Taxation	10	-	-
(Loss) for the Year attributable to equity holders of the Company		(250)	(1,471)
Other Comprehensive Income:			
Other comprehensive income Items that may be subsequently reclassified to profit or loss:			
Transfer to income statement		-	217
Total other comprehensive income		-	217
Total Comprehensive (loss) for the Year attributable to equity holders of the Company		(250)	(1,254)

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

	Note	Pence	Pence
Earnings per share – Basic and diluted	11	(0.262)	(4.000)

POLEMOS PLC | Company Number: 04606754

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2018

	Note	31 December 2018 £'000	31 December 2017 £'000
Assets			
Current Assets			
Available-for-sale financial assets	12	-	-
Trade and other receivables	13	437	49
Cash and cash equivalents	14	231	46
Total Assets		**668**	**95**
Current Liabilities			
Trade and other payables	15	(163)	(208)
Borrowings	16	(220)	-
Total Liabilities		**(383)**	**(208)**
Net Assets		**285**	**(113)**
Equity attributable to shareholders			
Share capital	17	20,488	19,823
Share premium	17	19,164	19,181
Share based payment reserve		32	62
Available-for-sale asset reserve		-	-
Retained earnings		(39,399)	(39,179)
Total Equity		**285**	**(113)**

The Financial Statements were approved and authorised for issue by the board of Directors on 27 February 2019 and were signed on its behalf by:

Nigel Burton
Director

John Treacy
Director

STATEMENT OF CHANGES IN EQUITY YEAR ENDED 31 DECEMBER 2018

Attributable to equity shareholders

	Share Capital £'000	Share Premium £'000	Share based Payment reserve £'000	Available for sale asset reserve £'000	Retained Earnings £'000	Total £'000
At 1 January 2017	**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)**
Shares issued	665	25	-	-	-	**690**
Share issue costs	-	(42)	-	-	-	**(42)**
Share options cancelled	-	-	(30)	-	30	**-**
Total contributions by and distributions to owners of the Company	**665**	**(17)**	**(30)**	**-**	**30**	**648**
(Loss) for the year	-	-	-	-	(250)	**(250)**
Total Comprehensive Income for the Year	**-**	**-**	**-**	**-**	**(250)**	**(250)**
At 31 December 2018	**20,488**	**19,164**	**32**	**-**	**(39,399)**	**285**

STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2018

	Note	31 December 2018 £'000	31 December 2017 '000
Cash Flows from Operating Activities			
Operating loss		(354)	(318)
(Increase) in trade and other receivables		(163)	(8)
(Decrease)/increase in trade and other payables		4	82
Net Cash generated from/(used in) Operating Activities		(513)	(244)
Cash Flows from Investing Activities			
Purchases of available-for-sale financial assets		-	(879)
Sales of available for sale financial assets		50	67
Net Cash Used in Investing Activities		50	(812)
Cash Flows from Financing Activities			
Proceeds from share issues		690	995
Share issue costs		(42)	(68)
Net cash generated from Financing Activities		648	927
Net Increase/(decrease) in Cash and Cash Equivalents		185	(129)
Cash and cash equivalents at beginning of year	14	46	175
Cash and Cash Equivalents at End of Year	14	231	46

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 2018 were authorised for issue by the Board on 27 February 2019 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 note the losses of £250,000 that the Company has made for the Year Ended 31 December 2018. The Directors have prepared cash flow forecasts for the period ending 30 June 2020 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 2018 the Company had cash and cash equivalents of £231,000 (2017: £46,000) and £220,000 (2017: £nil) borrowings. The borrowings consist solely of the Convertible Loan Note and also appear within debtors (see note 16). 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.

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 2018 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 3 Business Combinations which will be effective for accounting periods after 1 January 2019.
- 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).
- IAS 12 Income Tax which will be effective for accounting periods after 1 January 2019.
- IAS 23 Borrowing Costs which will be effective for accounting periods after 1 January 2019.

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 subject to interest 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.

Critical Accounting Estimates and Assumptions

Share Based Payments

The Company awarded no options over its unissued share capital to the directors during the year to 31 December 2018 (2017: 1,200,000 share options issued restated on a post-Consolidation basis), no options were cancelled (2017: 160,000 share options cancelled restated on a post-Consolidation basis) and 1,200,000 options expired (2017: nil).

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 £nil share based payment charge (2017: £30,000), £nil options were cancelled (2017: £31,000) and £30,000 options expired (2017: £nil) this was transferred through equity to retained earnings on the expiration of options during the year.

Convertible Loan Note

On 9 November 2018 the Company announced a conditional Placing (the "Placing") of £220,000 via Convertible Unsecured Loan Notes ("CLNs") by the Company's broker, Peterhouse Capital. The CLNs had a term of 3 months, since extended to 31 March 2019, and no coupon.

The Company considered the accounting treatment of the CLNs in accordance with IAS 32. Based on management's review of the loan agreement and the applicable standard it was deemed appropriate not to split the instrument between debt and equity components but to treat the convertible loan entirely as debt. As share capital to a value of £220,000 would be issued on conversion, it was concluded that £220,000 was the fair value of the loan.

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 no options over its unissued share capital to the then directors during the year to 31 December 2018 (2017:1,200,000 share options issued), No options were cancelled (2017: 160,000 share options cancelled) and 1,200,000 share options expired (2017: nil)

During the year, the Company incurred £nil share based payment charge (2017: £30,000), £nil options were cancelled (2017: £31,000) and £30,000 options expired (2017: £nil) this was transferred through equity to retained earnings on the expiration of options during the year.

	2018 No. of share options	Weighted average exercise price	2017 No. of share options	Weighted average exercise price
Outstanding at beginning of year	1,360,000	6.3p	320,000	20.0p
Granted during the year	-	-	1,200,000	4.5p
Cancelled during the year	-	-	(160,000)	20.0p
Expired during the year	(1,200,000)	4.5p	-	-
Outstanding at the end of the year	160,000	20p	1,360,000	6.3p
Exercisable at the end of the year	160,000	20p	1,360,000	6.3p

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

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

	2018	2017
Average number of employees	**No.**	**No.**
Average number of employees (who are all Directors) during the year was:	2	4
	£'000	**£'000**
Emoluments of the Directors	67	74

Directors' Emoluments	Salary and Fees £'000	Termination Fees £'000	Share based payments £'000	2018 Total £'000	2017 Total £'000
Nigel Burton (1)	15	-	-	15	-
John Treacy (2)	15	-	-	15	-
Hamish Harris (3)	1	19	-	20	25
Spencer Wilson (4)	5	3	-	8	15
Daniel Maling (5)	5	3	-	8	17
Nicholas Lee (6)	1	-	-	1	17
	42	25	-	67	74

The Company operates only the basic pension plan required under UK legislation, contributions thereto during the year amounted to £56 (2017: £91).

(1) appointed 15 May 2018
(2) appointed 18 May 2018
(3) resigned 15 May 2018
(4) resigned 18 May 2018
(5) resigned 18 May 2018
(6) resigned 31 January 2018

8. Investment income

	2018 £'000	2017 £'000
Interest receivable on convertible loan notes	-	1
	-	1

9. Operating Loss

	2018 £'000	2017 £'000
Included within the results of operating activities are the following;		
Staff costs (including director's)	67	74
Foreign exchange (gains)	(1)	(3)
Bad debt written-off	-	-
Auditor's remuneration:		
- Fees payable for the audit of the Company	14	8
- Corporation tax services	1	-

10. Income Tax

	2018 £'000	2017 £'000
UK Corporation Tax at standard rate of UK companies		
Corporation Tax rate of 19% (2017 – 19%)	-	-
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:

	2018 £'000	2017 £'000
Loss on ordinary activities before tax	(250)	(1,471)
Current tax at 19% (2017 – 19%)	(48)	(283)
Tax effects of:		
- Expenses not deductible for tax purposes	3	6
- Tax losses for which no deferred income tax asset is recognised	45	277
Tax charge	-	-

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 Note 17.

	2018	2017
(Loss) attributable to equity holders of the Company (£'000)	(250)	(1,471)
Weighted average number of ordinary shares in issue	95,458,229	36,919,613
Basic and diluted (loss) per share (pence)	(0.262)	(4.000)

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

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

	2018 £'000	2017 £'000
Opening balance at 1 January	-	94
Purchase of investments	-	879
Disposal of investments	-	(67)
(Loss) on disposal of investments	-	(244)
Impairment provision against unlisted convertible loan notes	-	(879)
Foreign exchange gains on translation	-	-
Transfers to income statement	-	217
Movement in market value during the year	-	-
Closing balance at 31 December	-	-

The available for sale investments splits are as below:

	2018	2017
Non-current assets – listed – at market value		-
Current assets – unlisted convertible loan notes at cost	-	879
Impairment provision against unlisted convertible loan notes	-	(879)
	-	-

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.

During the year the two unlisted convertible loan notes were sold, resulting in a realised profit of £65,000, £14,000 of which is included in other receivables. A payable of £39,000 included in the prior year accounts relating to one of the borrowers was reversed during the year.

13. Trade and Other Receivables

	2018 £'000	2017 £'000
Other receivables	14	-
Convertible loan note (see note 16)	220	-
VAT recoverable	-	23
Prepayments	203	26
	437	49

14. Cash and Cash Equivalents

	2018 £'000	2017 £'000
Cash at bank and in hand	231	46

15. Trade and Other Payables

	2018 £'000	2017 £'000
Trade payables	1	127
Other payables	-	8
Social security and other taxes	-	1
Accruals	162	72
	163	208

16. Borrowings

Convertible loan notes

On 9 November 2018, the Company issued a conditional Placing of £220,000 via Convertible Unsecured Loan Notes ("CLNs").

The CLNs had an initial term of 3 months, since extended to 31 March 2019, and no coupon.

The issue of the CLNs is conditional on the Company completing a Reverse Takeover and on the Admission of the enlarged ordinary share capital to trading on a Recognised Investment Exchange. When issued, the CLNs will have a conversion price of 25% discount to the price on Re-Admission.

The Company considered the accounting treatment of the CLNs in accordance with IAS 32. Based on management's review of the loan agreement and the applicable standard it was deemed appropriate not to split the instrument between debt and equity components but to treat the convertible loan entirely as debt. As share capital to a value of £220,000 would be issued on conversion, it was concluded that £220,000 was the fair value of the loan.

	2018	**2017**
	£'000	**£'000**
Liability component at 1 January 2018	-	-
Nominal Value of Convertible Loan notes Issued	220	-
Issue Costs	-	-
Liability component at date of issue	220	-
Finance costs charged	-	-
Loan notes converted into shares (including interest)	-	-
Interest paid	-	-
Loan notes repaid	-	-
Liability component at 31 December2018	220	-
Total equity component at 1 January 2018	-	-
Equity component on issue	-	-
Transfer to retained deficit on conversion and repayment of loan notes	-	-
Total equity component at 31 December 2018	-	-

17. Share Capital and Premium

	Ordinary Share capital £'000	Deferred share capital £'000	Total Share capital £'000	Share premium £'000	Total £'000
Totals at 1 January 2017	**152**	**19,307**	**19,459**	**18,618**	**38,091**
On 15 February 2017, placing for cash at 0.04p per share	142	-	142	353	495
On 31 July 2017, placing for cash at 0.02p per share	222	-	222	278	500
Costs of share issues	-	-	-	(68)	(68)
- ordinary shares	364	-	364	19,181	19,697
Totals at 31 December 2017	**516**	**19,307**	**19,823**	**19,181**	**39,004**
Shares issued during the year;					
On 8 March 2018, placing for cash at 0.01p per share	270	-	270	-	270
Shares consolidated (100:1)					
On 12 June 2018, placing for cash at 1p per share	255	-	255	25	280
On 13 June 2018, placing for cash at 1p per share	140	-	140	-	140
Costs of share issues	-	-	-	(42)	(42)
- ordinary shares	665	-	665	(17)	648
Totals at 31 December 2018	**1,181**	**19,307**	**20,488**	**19,164**	**39,652**

	2018 £'000	2017 £'000
118,079,093 (2017: 5,160,915,400 ordinary shares of 0.01p each) ordinary shares of 1p each	1,181	516
386,907,464 deferred shares of 4.99p each.	19,307	19,307
As at 31 December	**20,488**	**19,823**

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.

Movement in ordinary shares	**Pre consolidated number of shares on issue**	**Post consolidated number of share on issues**	**Nominal (£'000)**
As at 1 January 2017 – Ordinary shares of £0.0001 each	1,524,407,464	-	152
Issued on 15 February 2017	1,414,285,714	-	142
Issued on 31 July 2017	2,222,222,222	-	222
As at 31 December 2017– Ordinary shares of £0.0001 each	**5,160,915,400**	**-**	**516**
Issued 8 March 2018	2,700,000,000	-	270
Shares consolidated (100:1) – Ordinary shares of £0.01 each	(7,860,915,400)	78,609,154	-
Issued 12 June 2018	-	25,454,545	255
Issued 13 June 2018	-	14,015,394	140
As at 31 December 2018– Ordinary shares of £0.01 each	**-**	**118,079,093**	**1,181**

160,000 share options were outstanding at 31 December 2018 (2017 – 1,360,000). The Company has no warrants in issue at 31 December 2018 (2017: nil). (See Note 6 for details on the Share Options).

18. Operating Lease Commitments and capital commitments

The Company has no current lease or capital commitments as at 31 December 2018.

19. Related Party Transactions

During the year, consultancy fees were renegotiated and resulted in an over provision of £7,000 in the previous financial year (2017:48,000). This reduced that amount owed to Marlin Atlantic Finance Limited, a company of which Mr Harris is the sole director. Nil was outstanding at the year-end (2017: £30,000).

Key Management Personnel

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

20. Events after the Reporting Period

On 21 January 2019, the Company announced the intention to seek admission to trading following the reverse takeover of Digitalbox Publishing Holdings Limited, a digital media business based in the UK. Admission to AIM is expected to occur on or around 28 February 2019. On admission, Polemos plc will be renamed Digitalbox plc.

On 8 February 2019, the Company announced the proposed acquisition of Mashed Productions ("MP"), a digital media business which owns the online satirical news website "The Daily Mash", for a maximum total consideration of £1.2 million, to be satisfied on completion by the issue of 1,428,571 New Ordinary Shares and payment of up to £1 million in cash.

21. Ultimate Controlling Party

The Directors believe there to be no ultimate controlling party.