Halogen Holdings P.L.C.

Report and Accounts

For the year ended

31st March 2015

Registered No. 5351276

CONTENTS

Halogen Holdings P.L.C.

Directors

D.C. MARSHALL, *Chairman*, age 71

David Marshall has been a Director and Chairman of Halogen since 2005. He resides in South Africa, where he has extensive interests in listed trading, financial and property companies. In recent years he has taken a leading role in the re-organisation and development of medium sized listed companies in the U.K. and overseas. He is the chief executive of Marshall Monteagle PLC. He is also chairman of London Finance & Investment Group P.L.C. and Western Selection P.L.C.. He is a non-executive director of Creston plc and Northbridge Industrial Services plc.

E.J. BEALE, FCA, age 54

Edward Beale has been a Director of Halogen since 2007. He is the chief executive of City Group P.L.C., Halogen's administrative office and company secretary. He is a Chartered Accountant and is the non-executive chairman of Marshall Monteagle PLC and a non-executive director of Western Selection P.L.C., Finsbury Food Group Plc, Hartim Ltd, Heartstone Inns Limited and Swallowfield PLC. He is a member, and former Chairman, of the Corporate Governance Committee of the Quoted Companies Alliance and a former member of the UK's Accounting Standards Board.

L. H. MARSHALL, age 44

Lloyd Marshall has been a Director of Halogen since 2005. He is the finance director of Marshall Monteagle PLC. He is also a non-executive director of London Finance & Investment Group P.L.C., City Group P.L.C. Hartim Ltd, and Heartstone Inns Limited. He was educated in South Africa and now resides in the U.K.

Shareholder Information

Financial Calendar

Financial period end	31st March 2015
Annual General Meeting	24th September 2015 at 3.00 p.m.
	Fourth Floor, 6 Middle Street, London, EC1A 7JA

Registered Office and Registrars

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London, EC1A 7JA
United Kingdom

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E-mail: Halogen@city-group.com

Independent Auditors
SRG LLP
Statutory Auditors
28 Ely Place,
London, EC1N 6AA

Principal Bankers
HSBC Private Bank (UK) Limited
78 St James's Street
London SW1A 1JB

Strategic Report

Group
Halogen Holdings P.L.C. ("Halogen" or "the Company") is an investment holding company with a substantial stake in Heartstone Inns Limited ("Heartstone"). Halogen's operating costs, incurred to ensure regulatory compliance, are kept to a minimal level.

The Board meets regularly and retain full and effective control of the company throughout the current and preceding year.

Heartstone
Heartstone has a 31 December year end and and an extract from their 31 December 2014 accounts is included below.

Principal activities, trading review and future developments
The principal activity of the Group continues to be the management of good quality freehold managed public houses located in the South and South West of England.

Heartstone Inns has a clear strategy to purchase and develop an estate of high quality mainly food led managed public houses in the South and South West of England. We are continuing to invest in our existing estate of eleven freehold pubs in order to maintain our premium position and are looking to acquire further managed public houses, in either packages or individual sites, to increase the size of our operations.

Financial Key Performance Indicators (KPI's)	***2014***	***2013*** *Full Year Combined*
Revenue	*6,573,605*	*6,429,914*
Gross Profit	*2,083,077*	*2,015,014*
Pub EBITDA	*989'072*	*876,326*
Pub EBITDA Margin	*15.0%*	*13.6%*
Group Adjusted EBITDA	*525,925*	*442,669*
Group EBITDA Margin	*8.0%*	*6.9%*
Property, plant and equipment	*15,409,304*	*13,511,791*
Net debt	*2,050,849*	*2,652,608*
Net debt / Property, plant and equipment	*13.3%*	*19.6%*

I. Group Adjusted EBITDA represents Operating profit before interest, tax, revaluation impairments, depreciation, amortisation, gains on sale of non-current assets and exceptional costs.
II. Pub EBITDA represents Operating profit of the pub estate and has been calculated as Group Adjusted EBITDA after adding back the Group head office costs.

The Group started the year with nine public houses and ended the year with eleven having acquired both the Cockhaven Manor in Devon and the Woodborough Inn in Somerset in November.

2014 was another year of significant progress for the Group and we have built a sound platform to enable the Group to raise additional finance to continue the development of the current estate and to make further acquisitions. Operationally, the Group performed well. Revenue improved by £143,691 to £6,573,605 (2013: £6,429,914 for the full year combined), an increase of 2.2%. However, excluding the impact of acquisitions and disposals the true like-for-like revenues improved by 5.3%, the sixth year of successive growth. Gross profit improved by £68,063 to £2,083,077 (2013: £2,015,014 for the full year combined), an increase of 3.3% and representing 31.7% of revenues compared to 31.3% last year. Pub EBITDA improved by £112,746 to £989,072 (2013: £876,326 for the full year combined), an increase of 12.9% and representing an operating margin of 15.0% compared to 13.6% last year. Finally, Group Adjusted EBITDA improved by £83,256 to £525,925 (2013: £442,669 for the full year combined), an increase of 18.8% and representing 8.0% of revenues compared to 6.9% last year.

Over the course of the last year the Group invested £2.21 million in the estate, £1.68 million on the two recent acquisitions and £0.53 million on the existing estate. The most significant development project in 2014 was a bar, restaurant and toilet block extension at the Butchers Arms in Gloucestershire but investments have also been made at the Bun Penny and Walhampton Arms in Hampshire. We have a number of development opportunities we intend to carry out over the next 12 to 18 months including improvements to the two recent acquisitions. It is this continued investment which has helped us to maintain our premium position in our local markets and to differentiate ourselves from many of our competitors.

During the year, the Group issued 1,966,488 ordinary shares of £1.00 under the Enterprise Investment Scheme ("EIS") at a price of £1.15 per share which combined with the strengthening operating performance enabled us to reduce net debt from £2.65 million to £2.05 million and a reduction in gearing, reflected by the ratio of net debt to property, plant and equipment of 6.3% to 13.3% at the year end, well within the board's self-imposed limit of 40%. Since the year end, we have recently agreed outline terms for enlarged banking facilities of £8.25 million (previously £3.00 million) which will enable continued investment in both new pubs and developments to the existing estate.

Alongside our high quality pub estate we have a dedicated team of licensees and staff who have once again shown great ability in attracting and retaining a loyal customer base and it is a combination of these and other factors which resulted in the Group being recognised in the London Stock Exchange's "1000 Companies to Inspire Britain" report 2015 which identifies the fastest-growing and most dynamic small and medium sized enterprises in the UK. This award is a great accolade for Heartstone Inns and is recognition of the fantastic team of people who all make such a positive contribution to our business.

The Board has a clear strategy to build an estate of 30 or more public houses. Whilst initially targeted at the South and South West, with a focus on freehold and mainly food led pubs, we have an ambition to extend our reach into the Home Counties in affluent market towns and villages outside London.

As you are aware from previous reports, the Board was targeting an initial public offering on AIM during the latter part of 2014. However, we decided in December 2014 to postpone that listing as a result of the instability and lack of liquidity in the financial markets during that period. The Board has decided that shareholders' interests would be better served by building the estate as a private company for the time being but we remain committed to achieving liquidity for the Heartstone shareholders over the coming years. The favourable tax structure for EIS shareholders means that we cannot consider a cash offer for their shares until mid-2017, however, alternative options, such as an AIM listing are being regularly reviewed by the Board.

Since these comments were made in April, the new bank facility has been confirmed.

Following the new share issue mentioned above, our interest in Heartstone has been reduced to 27.4%

Based on the share issue price of £1.15 in the latest EIS fundraising by Heartstone, our holding of 3,088,691 shares in Heartstone has a value of £3,552,000, an excess of £375,000 over its carrying value of £3,177,000

Further information about Heartstone is available from their website: www.heartstoneinns.co.uk.

Net Assets per Share
Based on the share issue price of £1.15 in the latest EIS fundraising by Heartstone, our holding of 3,088,691 shares in Heartstone has a value of £3,552,000 and consequently the Company's net asset value, considering Preference Shares as part of equity is £3,484,000 or 86.7p per share on a fully diluted basis assuming conversion of all Preference Shares to Ordinary shares.

Distribution to shareholders
Accompanying these accounts is a letter from the Directors to Shareholders with proposals for the distribution of the Company's assets, and [notice of a General Meeting] to be held on [date] to consider these plans. The winding up will involve the distribution of Heartstone shares to the Company's Shareholders, with Shareholders having the option to receive a cash payment or Heartstone shares for up to [5,000] shares each.

Principal Business Risks and Uncertainties
As well as normal operational and staffing risks, Heartstone is exposed to the uncertainties of reduced leisure spending and the threat of further adverse government legislation on the leisure industry.

Financial Instruments
The Company finances its operations through a mixture of share capital, share premium, preference shares and reserves. The principal financial instrument of the Company is cash and the Company had no bank borrowings at 31st March 2015. The Company has cumulative preference shares in issue at a floating rate of interest.

The carrying amounts of the accounts receivable and liabilities reported in the Statement of Financial Position approximate their fair values at the year-end.

The only risks arising from the Company's financial instruments are interest rate and, from monies held by regulated financial institutions, limited credit risk. The Company is not exposed to market risk.

Going Concern
The Directors are continuing with their plans for the sale of the shares belonging to the untraced shareholders as set out in their letter to shareholders sent in December 2014. ***Indications are that such as sale will be at a discount to the fully diluted net asset value per share of around 50%. Anyone interested in acquiring some of these shares should contact the Company Secretary without delay.***

The Company does not have sufficient cash to pay all of its liabilities at the balance sheet date, let alone operating expenses for the coming year. The Company's directors, company secretary, and principal shareholder have agreed not to request payment of amounts due to them until after the shares belonging to the untraced shareholders have been sold. These accounts are therefore prepared on a going concern basis.

By Order of the Board

City Group P.L.C.
Company Secretary

6 Middle Street,
London, EC1A 7JA
25th July 2015

Report of the Directors

The Directors submit their report together with the accounts of Halogen Holdings P.L.C. for the year ended 31st March 2015.

Dividend
The Directors do not recommend a dividend in respect of the year.

Directors
A list of the present Directors of the Company is shown on page 1. The interests in ordinary and preference shares at 31st March 2015 of the Directors who held office during the year were as below.

	Beneficial		Non-beneficial	
Ordinary shares	**2015**	2014	**2015**	2014
D.C. Marshall	**-**	-	**1,177,420***	1,177,420 *
E.J. Beale	**7,649**	7,649	**1,177,420***	1,177,420 *
L.H. Marshall	**-**	-	**1,177,420***	1,177,420 *
Preference shares				
D.C. Marshall	**-**	-	**235,484 ***	235,484 *
E.J. Beale	**1,416**	1,416	**235,484 ***	235,484 *
L.H. Marshall	**-**	-	**235,484 ***	235,484 *

* These non-beneficial holdings arise because the individuals concerned are directors of Marshall Monteagle PLC.

There were no changes in Directors' share interests between the year end and the date of this report.

The remuneration payable to, or receivable by, the Directors, all of whom were non-executive, for the year and the previous year, where applicable, are as follows:-

	2015	2014
	£	£
D.C. Marshall	**(3,500)**	1,750
E.J. Beale	**(2,250)**	1,125
L.H. Marshall	**(2,250)**	1,125
Total	**(8,000)**	4,000

No directors' fees were paid during the year.

Other than shown above, no other payments or benefits were payable to, or receivable by, the Directors.

In accordance with the Articles of Association, Mr L.H. Marshall retires by rotation and being eligible offers himself for re-election.

Substantial Interests

At the date of this report, the following holdings represented 5% and over of the issued share capital of the Company:

	Ordinary shares	%	Preference shares	%
Marshall Monteagle PLC	1,177,420	46.9	235,484	46.9
Messina Investments Limited	372,032	14.8	102,466	20.4
City Group Nominees Limited *	209,174	8.3	-	-

* City Group Nominees Limited holds the shares on behalf of those former shareholders of Halogen Holdings S.A. who have not yet surrendered their shares in return for shares in the Company. Any shares not claimed by 22nd December 2014 can be sold for the benefit of the Company.

Statement of Directors' Responsibilities

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

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

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable International Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the 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.

All the current Directors have taken all the steps that they ought to have taken to make themselves aware of any information needed by the Company’s auditors for the purposes of their audit and to establish that the auditors are aware of this information. The Directors are not aware of any audit information of which the auditors should be made aware.

Auditors
In accordance with Section 489 of the Companies Act 2006 a resolution is to be proposed at the forthcoming Annual General Meeting for the re-appointment of SRG LLP as auditors to the Company.

Purchases and Sales of the Company's Shares
The Company's Secretaries, City Group P.L.C. maintain a register of the contact details of persons interested in purchasing or selling shares in the Company. At the date of this report they are aware of shareholders wishing to dispose of a total of 6,221 shares. Anyone interested in buying shares in the Company and shareholders wishing to sell shares in the company should contact City Group who will put them in touch with potential counterparties.

By Order of the Board

City Group P.L.C.
Secretaries

6 Middle Street,
London, EC1A 7JA
25th July 2015

Report of the Independent Auditors

To the members of Halogen Holdings P.L.C.

We have audited the financial statements of Halogen Holdings P.L.C. for the year ended 31st March 2015, which comprise the comprehensive income statement, statement of changes in shareholders' equity, statement of financial position, statement of cashflows and the related notes. These financial statements have been prepared under the accounting policies set out therein.

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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditor
As described on page 5, the Company's directors are responsible for preparing the financial statements in accordance with applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union (EU).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (U.K. and Ireland). Those Standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the Audit
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the directors report and strategic report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on Financial Statements
In our opinion the financial statements:

- give a true and fair view, in accordance with IFRS's as adopted by the EU, of the state of the Company's affairs at 31st March 2015 and of the loss for the year then ended;
- have been prepared in accordance with the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006
In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception
We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption in preparing the directors' report or strategic report.

David Skeet FCA (Senior Statutory Auditor)
For and on behalf of SRG LLP, …………………………………….
Chartered Accountants and Statutory Auditors
London, United Kingdom ………………………….. 2015

Comprehensive Income Statement

For the year ended 31st March	Notes	2015 £000	2014 £000
Operating Income			-
Administrative expenses		**(8)**	(13)
Preference dividend payable		**(15)**	(15)
Interest receivable		**-**	3
Operating loss		**(23)**	(25)
Share of result of associated undertaking – normal		**(29)**	(24)
– exceptional		**(103)**	63
(Loss)/Profit on ordinary activities before taxation		**(155)**	14
Tax on result of ordinary activities		**-**	-
(Loss)/Profit on ordinary activities after taxation for the financial year attributable to members		**(155)**	14
Other Comprehensive Income			
Increase in value of associate		**759**	310
Total Comprehensive Income		**604**	324
Basic (loss)/profit per share	**2**	**(2)p**	**1p**

Statement of Changes in Shareholders' Equity

	Share Capital £000	Share premium account £000	Share of undistributed results of associates £000	Retained reserves £000	Total shareholders' equity £000
Year ended 31st March 2014					
Balances at 1st April 2013	126	1,763	(1,759)	1,490	1,620
Total Comprehensive Income	-	-	349	(25)	324
Balances at 31st March 2014	126	1,763	(1,410)	1,465	1,944
Year ended 31st March 2015					
Balances at 1st April 2014	**126**	**1,763**	**(1,410)**	**1,465**	**1,944**
Total Comprehensive Income			**686**	**(23)**	**663**
Balances at 31st March 2015	**126**	**1,763**	**(724)**	**1,442**	**2,607**

Statement of Financial Position

Halogen Holdings P.L.C.
Registered No. 5351276

at 31st March	Notes	2015 £000	2014 £000
Non-current Assets			
Investment in associate	**4**	**3,177**	2,491
Current Assets			
Trade and other receivables	**5**	**-**	-
Cash and cash equivalents		**3**	11
		3	11
Current Liabilities			
Trade and other payables	**6**	**(71)**	(56)
Net Current Liabilities		**(68)**	(45)
Total Assets less Current Liabilities		**3,109**	2,446
Non-Current Liabilities			
Preference shares	**7**	**(502)**	(502)
		2,607	1,944
Capital and Reserves			
Called up share capital	**9**	**126**	126
Share premium account	**10**	**1,763**	1,763
Share of undistributed profits and losses of subsidiaries and associates	**4**	**(724)**	(1,410)
Company's retained reserves		**1,442**	1,465
	8	**2,607**	1,944

Approved by the Board on 25th July 2015

L.H. Marshall
Director

Statement of Cash Flows

For the year ended 31st March	Notes	**2015 £000**	2014 £000
Cash flows from operating activities			
(Loss)/Profit before taxation		**(47)**	14
Adjustments for :			
Share of (profits)/losses of associate		**24**	(40)
Net decrease in working capital			
Decrease in accounts receivable		**-**	8
Increase in accounts payable		**15**	18
Net cash absorbed by operations and		**(8)**	-
net decrease in cash and cash equivalents			-
Cash and cash equivalents at the beginning of the year		**11**	11
Cash and cash equivalents at the end of the year		**3**	11

1. ACCOUNTING POLICIES

These financial statements have been prepared under the Historical Cost basis, in accordance with International Financial Reporting Standards ("IFRS") and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC), issued by the International Accounting Standards Board (IASB) and adopted by the EU. The principal accounting policies, which are set out below, have been applied consistently and comply with IFRS, as adopted in the EU, in all respects.

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of 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 believed to be reasonable under the circumstances, the results of which form the basis for making judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The most significant estimates related to unquoted investments, which, due to uncertainty, were valued at cost less impairment provisions.

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 in future periods if applicable. The most significant techniques for estimation are described in the accounting policies below. These policies have been applied consistently to all of the years presented, unless otherwise stated.

At the date of authorisation of these financial statements the IASB and the IFRIC have issued new standards and interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st April 2015, as set out in note 14. The Company has not opted for early adoption for those which have been endorsed by the EU and the Directors do not expect that the adoption of these, where applicable, would have a material impact on the Company's financial statements in the period of initial application.

(i) These financial statements include the Company share of the undistributed profit/losses of its associated companies ("equity accounting"). Results of associates are included from their effective date of acquisition to their effective dates of disposal.

(ii) All borrowing costs are recognised in the income statement in the year in which they are incurred.

(iii) Financial assets are classified by category, depending on the purpose for which the asset was acquired. The Company's accounting policy is as follows:

  a) Investments in associated companies. An investment is equity accounted when it meets the definition of an associate under IAS 28, i.e. that the investor has a significant influence.

  b) Trade and other receivables. The carrying amounts approximate to their fair values, the transactions giving rise to these balances arising in the normal course of trade and standard industry terms.

(iv) The carrying amounts of the Company's assets are reviewed at each reporting date to determine whether there in any indication of impairment. If there is any indication that an asset may be impaired, its recoverable amount is estimated and any impairment loss recognised immediately. The recoverable amount is the higher of its net selling price and its value in use.

(v) The charge for taxation is based on the taxable profit for the year. Taxable profit differs from net profit, as reported in the income statement, because it excludes items of income and expense that are never taxable or deductible and items which are taxable or deductible in other years.

Deferred taxation is provided on the full liability method, at tax rates that are expected to apply, for timing differences arising between the treatment of certain items for taxation and accounting purposes. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted. Taxation charges or recoveries are recognised in the income statement, or directly to equity when related to items recognised directly to equity.

1. ACCOUNTING POLICIES (continued)

(vi) An associated company is one in which the Company's interest is substantial and which the Company does not have control but over which it is able to exercise significant influence, having due regard to the disposition of the other shareholdings.

The Statement of Comprehensive Income includes the Company's share of the results of the associate (equity accounting). The carrying value of the associate in the Statement of Financial Position is cost plus share of undistributed reserves.

After application of the equity method, the Company applies IAS39 Financial instruments: Recognition and Measurement to determine whether it is necessary to recognise any additional impairment loss in respect to its net investment.

(vii) Interest and dividends are recognised when the right to receive payment has been established.

(viii) All exchange gains and losses on settlement of foreign currency transactions or the translation of monetary assets and liabilities at the reporting date are included in the income statement.

(ix) For the purposes of the Statement of Cash Flow, cash and cash equivalents comprise cash in hand and deposits held with banks.

2. PROFIT/(LOSS) PER SHARE

	2015	2014
(Loss)/Profit per share is based on the loss on ordinary activities after taxation of £47,000 (2014 - profit - £14,000) and on 2,512,154 (2014 - 2,512,154) shares being the weighted average of number of shares in issue during the year.	**(2)p**	1p

3. COMPREHENSIVE INCOME

a) Segmental reporting - *Primary reporting format – business segments*

The Company is an investment holding company with central operations and holds an investment in an associated company which operates country pubs in the U.K. A segmental analysis is not presented, there being no operating subsidiaries.

b) Employees

The average number of employees of the Company were:		
Management, including Directors	**3**	3

c) Administrative expenses

Administrative expenses include audit fees of £4,320 (2014 - £3,500).

4. INVESTMENT IN ASSOCIATE

	2014 £000	2013 £000
Balance at start of year	**3,900**	3,881
Addition during year- preference interest re-invested	**-**	19
Preference shares acquisition during year – at cost	**-**	-
	3,900	3,900
Company share of results		
At start of year	**(1,409)**	(1,759)
Effect of Heartstone Inns Ltd. capital transactions and property revaluation	**759**	310
Share of profit/(loss) for the year	**(73)**	40
Cumulative share	**(723)**	(1,409)
	3,177	2,491

At 31st March 2015 the Company held 3,088,691 ordinary shares Hearstone Inns Ltd. which was 26.81% of its issued capital. The investment is classified as an associated undertaking and is equity accounted in these financial statements. Extracts from Heartstone's audited reports are given below.

Year ended 31st December	2014 £000	2013 Restated £000
Turnover	**6,474**	5,107
Profit/(Loss) before and after tax	**(273)**	(56)
Fixed assets	**15,409**	13,512
Net current (liabilities)	**(684)**	(396)

5. TRADE AND OTHER RECEIVABLES

Year ended 31st March	2014 £000	2013 £000
Prepayments and accrued income		**-**
		-

6. TRADE AND OTHER PAYABLES

	2015	2014
	£000	£000
Other creditors – Marshall Monteagle PLC	**5**	4
Other creditors – City Group PLC	**5**	1
Preference share dividend	**54**	39
Accruals	**7**	12
	71	56

7. NON-CURRENT LIABILITIES

502,431 convertible preference shares of £1 each issued during year	**502**	502

Holders of Preference Shares are entitled to a cumulative dividend at the rate of LIBOR (as defined in the Company's Articles of Association) plus 2% p.a. At the discretion of the Directors, payment of this dividend may be deferred until the Company has sufficient funds for such payment to be prudent. Each Preference Share will be convertible at the option of the holder(s) into 3 New Shares on 29th July 2016 or on the earlier occurrence of certain other events.

8. EQUITY

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

	Description and purpose
Share capital	Nominal value of issued share capital
Share premium	Amount subscribed for share capital in excess of nominal value.
Share of undistributed profits and losses of associates	The Company's share of cumulative post-acquisition gains and losses of associates recognised in the income statement.
Realised profits and losses	Realised profits of the Company less realised losses and unrealised losses other than on investments.

Capital disclosures in respect of IAS1 are set out in the Directors' Report.

9. SHARE CAPITAL

Ordinary Shares

Authorised - 4,000,000 ordinary shares of 5p each	**200**	200
Issued - 2,512,154 ordinary shares of 5p each	**126**	126

10. SHARE PREMIUM ACCOUNT

Balance brought forward and carried forward	**1,763**	1,763

11. RELATED PARTY DISCLOSURES

The Directors are also directors of City Group P.L.C. ("CGL"). CGL provides office, accounting and company secretarial services to the Company and other companies. The fees are established at an arm's length basis. During the year under review the Company expensed company secretarial and management fees of £4,000 (2014 - £4,000) and £2,000 (2014 - £2,000) for acting as the share registrar. At 31st March 2015 £4,768 was due to CGL (2014 - £716) and £4,639 was due to Marshall Monteagle PLC (2014 – £4,142).

12. GOING CONCERN

The Company has received assurances from its largest shareholder, Marshall Monteagle PLC that it will continue to provide the Company with borrowing facilities on commercial terms to enable payment of the Company's normal operating costs.

13. FINANCIAL INSTRUMENTS

The Strategic Report provides an explanation of the role that financial instruments have had during the period in creating or changing the risks the Company faces in its activities. The explanation summarises the objectives and policies for holding or issuing financial instruments and similar contracts, and the strategies for achieving the objectives that have been followed during the year. The Company monitors its performance against these objectives on a continuous basis.

The categories of financial instruments used by the Company are:

	2015	2014
	£000	£000
Financial assets		
Loans and receivables		
Trade and other receivables		-
Cash at bank	**3**	11
Financial liabilities		
Other		
Trade and other payables	**71**	56

14. INTERNATIONAL FINANCIAL REPORTING STANDARDS

As indicated in note 1, at the date of authorisation of these financial statements the IASB and IFRIC have issued interpretations and amended or revised standards, to be applied to financial statements with periods commencing either on or after 1st April 2015. The Directors do not expect that the adoption of these, where applicable, would have a material impact, other than on presentation, on the Company's financial statements in the period of initial application.

Notice of Annual General Meeting

NOTICE is hereby given that the Annual General Meeting of Halogen Holdings P.L.C. (the “Company”) will be held at the offices of City Group P.L.C., 6, Middle Street, London, EC1A 7JA on [24th September] 2015 at 3.00 p.m. for the following purposes:-

1. To receive the Directors' Report and Accounts for the year ended 31st March 2015.
2. To re-elect Mr D.C. Marshall who retires by rotation in accordance with the Company’s Articles of Association.
3. To re-appoint the auditors SRG LLP and to authorise the Directors to determine their remuneration.

By Order of the Board,

6 Middle Street,
London EC1A 7JA.

CITY GROUP P.L.C.
Company Secretary

25th July 2015

Notes

- A member entitled to attend and vote at the meeting may appoint one or more proxies to attend and, on a poll, to vote on his behalf.
- A proxy need not be a member of the Company.
- A form of proxy is enclosed. To be valid it should be completed and returned so as to reach the Company Secretary , City Group P.L.C. at 6 Middle Street, London, EC1A 7JA, U.K. not less than 48 hours before the time for the meeting. Completion of a form of proxy does not preclude a member from subsequently attending and voting in person.
- The register of directors' shareholdings will be available for inspection by members at the registered office of the Company during usual business hours on any weekday (public holidays excepted), from the date of this notice until the date of the annual general meeting and at the place of the meeting, from 9.30 a.m. until the conclusion thereof.

Change of Address
Shareholders are requested to advise City Group P.L.C., whose contact details can be found on page 1 of any change of address.

Halogen Holdings P.L.C. ____

FORM OF PROXY

I/we ....

of ....

....

being (a) member(s) of the above-named Company hereby appoint the chairman of the meeting, failing whom

....

as my/our proxy to vote for me/us on my/our behalf at the Annual General Meeting of the Company to be held on [24th September] 2015 and at any adjournment thereof.

I/We hereby authorise and instruct my/our proxy to vote as indicated below on the resolutions to be proposed at such meeting. Unless otherwise directed the proxy will vote or abstain from voting as he thinks fit.

RESOLUTIONS	**For**	**Against**	**Abstain**
1. To receive the reports and accounts.			
2. To re-elect Mr D.C. Marshall as a Director			
3. To re-appoint the auditors and to authorise the Directors to determine their remuneration			

Dated ....2015. Signature...

NOTES

1. A proxy need not be a member of the Company. You may appoint as your proxy persons of your own choice by inserting their names in the space provided. If no name is inserted in the space provided, the Chairman will be deemed appointed as the proxy. If the proxy is being appointed in relation to less than your full voting entitlement, please enter in the space provided next to the proxy's name the number of shares in relation to which he or she is authorised to act as your proxy. If left blank your proxy will be deemed to be authorised in respect of your full voting entitlement (or if this proxy form has been issued in respect of a designated account for a shareholder, the full voting entitlement for that designated account).
2. This proxy must be lodged with City Group P.L.C., 6 Middle Street London, EC1A 7JA, United Kingdom not later than 48 hours before the time of the meeting together, if appropriate, with the power of attorney or other authority under which it is signed or a notarially certified copy of such power of authority.
3. In the case of a corporation this proxy should be given under its Common Seal or, if none, should be signed by the attorney or officer duly authorised.
4. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of the other joint holders. For this purpose, seniority is determined by the order in which the names stand in the register of Shareholders in respect of the joint holding.
5. To appoint more than one proxy, you may photocopy this form. Please also indicate by ticking the box provided if the proxy instruction is one of multiple instructions being given. All forms must be signed and should be returned together in the same envelope.
6. Please indicate with a cross in the appropriate box how you wish your votes to be cast. If you do not make a specific direction, the proxy will vote (or abstain from voting) at his or her discretion. On any other business which properly comes before the Meeting (including any motion to amend any resolution or to adjourn the Meeting) the proxy will vote or abstain at his or her discretion.
7. If it is desired to appoint a proxy any person other than the chairman of the meeting, the name and address of such person should be inserted in the relevant place, reference to the chairman deleted, and the alteration initialled.