Halogen Holdings P.L.C.

Report and Accounts

For the year ended

31st March 2012

Registered No. 5351276

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Halogen Holdings P.L.C.

Directors

D.C. MARSHALL, *Chairman,* age 68

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, Finsbury Food Group plc, MWB Group Holdings Plc and Northbridge Industrial Services plc.

E.J. BEALE, ACA, age 51

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 corporate secretaries. He is a Chartered Accountant and is a non-executive director of Western Selection P.L.C., Finsbury Food Group plc and Heartstone Inns Limited. He is a former Chairman of the Corporate Governance Committee of the Quoted Companies Alliance (a U.K. pressure group acting on behalf of smaller quoted companies) and a member of the Accounting Council of the Financial Reporting Council (the UK's independent regulator responsible for promoting confidence in corporate reporting and governance).

L. H. MARSHALL, age 41

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. 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 2012
Annual General Meeting	Wednesday 26th September at 3.00 p.m. 30 City Road, London, EC1Y 2AG, U.K.

Registered Office and Registrars

30 City Road,
London, EC1Y 2AG
United Kingdom

Tel: +44 20 7448 8950
E-mail: Halogen@city-group.com

Independent Auditors

Steele Robertson Goddard
Statutory Auditors
28 Ely Place,
London, EC1N 6AA

Principal Bankers

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

Chairman's Review

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.

Heartstone
The directors of Heartstone reported on its performance in its annual report for the year ended 31st December 2011 as follows:

The principal activity of Heartstone Inns Limited (the "company") continued to be the management of five quality freehold managed public houses based in the South West of England. Despite the difficult economic conditions in the UK and the continual flow of depressing business and licensed trade news the company managed to grow sales in 2011 by 6% over the year before and improved the loss on ordinary activities after taxation by £8,937.

Whilst the company did not make any acquisitions during the year it continued to benefit from refurbishment projects completed in previous years and improvements in purchasing and operations with the result that all the company's public houses traded profitably before central costs during the year and achieved key performance indicators in line with industry norms, for example pub profits of 15.8% of sales were achieved.

Turnover improved by £194,723 to £3,422,967 in 2011 whilst the company achieved earnings before interest, taxation, depreciation, amortisation and exceptional items of £296,861 which represents a margin of 8.7% over sales. The company was in compliance with its debt covenants throughout the year and ended 2011 with cash resources of £209,868 after having invested a total of £178,918 in its estate.

During 2011 the company secured planning permission to extensively develop the Hare & Hounds public house in Devon. The project started in January 2012 and was successfully completed on time and on budget in June 2012. The development included the construction of a new 110 seat restaurant (to replace a marquee of a similar capacity which had been in place for 5 years) as well as many back of house and infrastructure improvements. To date customer reaction has been excellent and sales have exceeded expectation. Funding for the development came from a new loan facility from the company's bankers and from the issue of new preference share capital to Halogen and the company's other shareholders.

Heartstone Inns 2 Limited, in which the company has an investment of £50,000 acquired a further public house during the year and by the year end had an estate of four quality freehold managed public houses in the South and South West of England. The company has a management contract with Heartstone Inns 2 Limited and during 2011 earned management charge income of £28,795.

Funding
To enable us to contribute to the funding requirements of Heartstone, repay borrowings from Marshall Monteagle PLC, and provide funds for future operating expenses, shareholders approved an issue of preference shares last year. The Company raised £502,431 by the issue of 502,431 convertible preference shares at a subscription price of £1 each. The convertible preference shares will pay a cumulative dividend at a rate equivalent to twelve month Sterling LIBOR plus 2%.

Future
The trading results from Heartstone are encouraging. It is generating cash which is being used to reduce its borrowings. The company is also benefiting from managing a further four pubs which are owned by an EIS vehicle, Heartstone Inns 2 Limited, and fees earned in this respect look likely to increase in the medium term. On the basis of current projections, Heartstone does not anticipate needing another fundraising.

D.C. Marshall
Chairman
30th August 2012

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 2012.

Activity and Business Review
The Company is an investment holding company and continues to hold the investment in Heartstone Inns Limited. A detailed review of the activities of the Company and its associate and principal risks and uncertainties is included in the Chairman's Review.

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

Financial Instruments
The principal financial instrument of the Company is cash and the Company has no borrowings at 31st March 2012. 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 risk. There is limited credit risk from monies held by independently rated banks. The Board reviews and agrees policies for managing both of these risks. The policies are summarised below.

Interest Rate Risk - The Company finances its operations through a mixture of share capital, share premium, preference shares and reserves. The Company's policy is to keep any of its borrowings at floating rates of interest.

Market Price Risk - The Company is not exposed to market risk.

Liquidity Risk - The Company's policy is that any borrowings should be flexible and available over the medium term.

Principal Risks and Uncertainties
The associate is exposed to the uncertainties of reduced leisure spending and the threat of further adverse government legislation on the leisure industry.

Directors
The following served during the year:

Mr. D.C. Marshall
Mr. E.J. Beale
Mr. L.H. Marshall

The interests in ordinary and preference shares at 31st March 2012 of the Directors who held office during the year were as below. There were no changes in Directors' share interests between the year end and the date of this report.

	Beneficial		Non-beneficial	
Ordinary shares	**2012**	2011	**2012**	2011
D.C. Marshall	**-**	-	**1,177,420 ***	1,177,420 *
E.J. Beale	**7,083**	7,083	**-**	-
L.H. Marshall	**-**	-	**1,177,420 ***	1,177,420 *
Preference shares				
D.C. Marshall	**-**	N/A	**235,484 ***	N/A *
E.J. Beale	**1,416**	N/A	**-**	N/A
L.H. Marshall	**-**	N/A	**235,484 ***	N/A *

* These non-beneficial holdings arise because the individuals concerned are directors of Marshall Monteagle PLC and/or directors and trustees of other entities that hold shares in the Company.

Directors (continued)
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:-

	2012	2011
	£	£
D C Marshall	**1,750**	1,750
E.J. Beale	**1,125**	1,125
L.H. Marshall	**1,125**	1,125
Total	**4,000**	4,000

The services of Mr. D.C. Marshall are supplied by an overseas company in which none of the Directors are beneficially interested. Both Mr Beale and Mr L.H. Marshall cede their fees to their primary employer.

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

The Articles of Association do not require the Directors to retire annually.

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
City Group Nominees Limited *	262,046	10.4	-	-

* City Group Nominees Limited holds the shares 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.

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

Statement of Directors' Responsibilities
Company law requires the Directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. Under that law the Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU). In preparing those financial statements, the Directors are required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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.

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 Steele Robertson Goddard 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 3,332 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

30 City Road,
London, EC1Y 2AG
30th August 2012

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 2012, 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 4, 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.

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 2012 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.

David Skeet FCA (Senior Statutory Auditor)
For and on behalf of Steele Robertson Goddard,
Chartered Accountants and Statutory Auditors
London, United Kingdom

30th August 2012

Comprehensive Income Statement

For the year ended 31st March	Notes	**2012 £000**	2011 £000
Operating Income		**-**	-
Administrative expenses		**(20)**	(16)
Interest payable		**-**	(4)
Preference dividend payable		**(9)**	-
Interest receivable		**4**	-
Operating loss		**(25)**	(20)
Share of result of associated undertaking - normal		**(177)**	(184)
Loss on ordinary activities before taxation		**(202)**	(204)
Tax on result of ordinary activities		-	-
Loss on ordinary activities after taxation for the financial year attributable to members		**(202)**	(204)
Other Comprehensive Income		**-**	-
Costs of issue of preference shares		**(36)**	-
Decrease in share of associates losses on change in interest		**2**	-
Total Comprehensive Income		**(236)**	(204)
Basic loss per share	**2**	**(8)p**	(8)p

Statement of Changes in Shareholders' Equity

	Share Capital £000	Share premium account £000	Warrant Reserve £000	Share of undistributed results of subsidiaries & associates £000	Retained reserves £000	Total shareholders' equity £000
Year ended 31st March 2011						
Balances at 1st April 2010	126	1,763	88	(1,182)	1,489	2,284
Total Comprehensive Income	-	-	-	(184)	(20)	(204)
Balances at 31st March 2011	126	1,763	88	(1,366)	1,469	2,080
Year ended 31st March 2012						
Balances at 1st April 2011	**126**	**1,763**	**88**	**(1,366)**	**1,469**	**2,080**
Total Comprehensive Income	**-**	**-**	**-**	**(175)**	**(61)**	**(236)**
Release to retained earnings	**-**	**-**	**(88)**	**-**	**88**	**-**
Balances at 31st March 2012	**126**	**1,763**	**-**	**(1,541)**	**1,496**	**1,844**

Statement of Financial Position

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

at 31st March	Notes	2012 £000	2011 £000
Non-current Assets			
Investment in associate	**4**	**2,016**	2,151
Current Assets			
Trade and other receivables	**5**	**329**	53
Cash and cash equivalents		**24**	2
		353	55
Current Liabilities			
Trade and other payables	**6**	**(23)**	(126)
Net Current Assets/(Liabilities)		**330**	(71)
Total Assets less Current Liabilities		**2,346**	2,080
Non-Current Liabilities			
Preference shares	**7**	**(502)**	-
		1,844	2,080
Capital and Reserves			
Called up share capital	**9**	**126**	126
Share premium account	**10**	**1,763**	1,763
Warrants reserve	**11**	**-**	88
Share of undistributed profits and losses of subsidiaries and associates	**4**	**(1,541)**	(1,366)
Company's retained reserves		**1,496**	1,469
	8	**1,844**	2,080

Approved by the Board on 30th August 2012

L.H. Marshall
Director

Statement of Cash Flows

For the year ended 31st March	Notes	2012 £000	2011 £000
Cash flows from operating activities			
Loss before taxation		**(202)**	(204)
Adjustments for :			
Share of losses of associate		**177**	184
Net decrease in working capital			
(Increase) in accounts receivable		**(277)**	(1)
(Decrease) in accounts payable		**(102)**	(4)
Net cash (absorbed) by operations		**(404)**	(25)
Cash flows from investing activities			
Investment in associate		**(40)**	-
Non-current asset loan advanced		**-**	(40)
Net cash flows from investment activities		**(40)**	(40)
Cash flows from financing activities			
Preference shares issued		**502**	-
Costs of issue		**(36)**	-
Loan advanced by associated company		**-**	46
Net cash flows from financing activities		**466**	46
Net increase/(decrease) in cash and cash equivalents		**22**	(19)
Cash and cash equivalents at the beginning of the year		**2**	21
Cash and cash equivalents at the end of the year		**24**	2

1. ACCOUNTING POLICIES

These financial statements have been prepared under the Historical Cost basis, in accordance with 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 International Financial Reporting Standards, 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 2012, as set out in note 15. 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. LOSS PER SHARE

	2012	2011
Loss per share is based on the loss on ordinary activities after taxation of £202,000 (2011 - £204,000) and on 2,512,154 (2011 - 2,512,154) shares being the weighted average of number of shares in issue during the year.	**8p**	8p

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 £3,000 (2011 - £3,000).

4. INVESTMENT IN ASSOCIATE

	2012 £000	2011 £000
Balance at start of year	**3,517**	3,517
Preference shares acquisition during year – at cost	**40**	-
	3,557	3,517
Company share of results		
At start of year	**(1,366)**	(1,182)
Share for the year	**(177)**	(184)
Adjustment for decrease in interest	**2**	-
Cumulative share	**(1,541)**	(1,366)
	2,016	2,151

On 13th August 2007 the Company acquired a substantial interest in Heartstone, a company incorporated and operating in England and Wales with a 31st December financial year end. In August 2008 the Company exercised an option to acquire further shares at a cost of £500,000. In the current year Heartstone issued 80,267 Preference shares at 75p each, of which the Company accepted 53,333 in satisfaction of a loan of £40,000 and converted 15,360 A Ordinary shares into Ordinary shares to equal Ordinary shares subscribed for by local management. Heartstone is the owner and manager of a growing chain of U.K. country pubs. The business plan reflects that a certain level of acquisitions would be required before a break even point was reached. Progress of acquisitions has been slower than anticipated but the estate of five pubs has shown trading results for the year ended 31st December 2011. A limiting factor to growth at present is the general state of the credit market but at this stage the Board do not believe that the investment has been impaired and a fair value is not required to be assessed under IAS 39.

The Company holds 49.99% of Heartstone’s 1,785,265 (2011 – 1,754,545) Ordinary 10p shares and all of their 2,289,185 (2011 – all of 2,304,545) A Ordinary 10p non-voting shares. The investment is therefore 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	2011 £000	2010 £000
Turnover	**3,423**	3,228
Loss before and after tax	**(225)**	(234)
Fixed assets	**5,894**	6,093
Net current (liabilities)/assets	**(349)**	(202)

5. TRADE AND OTHER RECEIVABLES

	2012 £000	2011 £000
Prepayments and accrued income	**2**	1
Loan to associate	**-**	40
Deposit re subscription for preference shares in associate (see note 16)	**324**	-
Other debtors - City Group P.L.C.	**-**	12
Other debtors - Marshall Monteagle PLC	**3**	-
	329	53

6. TRADE AND OTHER PAYABLES

	2012 £000	2011 £000
Other creditors – Marshall Monteagle PLC *	-	124
Other creditors – City Group PLC	10	-
Preference share dividend	9	-
Accruals	4	2
	23	126

* Following the receipt of funds arising from the issue of preference shares, the Marshall Monteagle PLC loan was repaid in full on 24th October 2011.

7. NON-CURRENT LIABILITIES

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

Holders of Preference Shares will be 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 29 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. WARRANTS RESERVE

	2012	2011
	£000	£000
Arising on 985,584 warrant units issued at 102p brought forward	**88**	88
Released to retained earnings on warrants lapsing	**(88)**	-
Carried forward	**-**	88

Each Warrant gave the holder the right to subscribe for one share of 5p each in the Company at a fixed price of 85p each on 31st May 2011. On that date no Warrants were exercised, resulting in no new shares being issued, and the unexercised Warrants lapsed and ceased to be of any value. On 31st May 2011 the balance of £88,000 in respect of unexercised warrants was transferred to the Profit and Loss Account.

12. RELATED PARTY DISCLOSURES

The Directors are also directors of City Group P.L.C. ("CGL"). CGL provides office, accounting and 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 was charged secretarial and management fees of £4,000 (2011 - £4,000) and £2,000 (2011 - £2,000) for acting as the share registrar and £11,000 in connection with the preference share issue. At 31st March 2012 £9,846 was due to CGL (2011 - £11,154 owed from) and £3,647 was due to Marshall Monteagle PLC (2011 - nil).

The loan from Marshall Monteagle PLC, advanced under an agreement dated 17th February 2010, was repaid in full on 24th October 2011 (31st March 2011- balance due to Marshall Monteagle PLC - £124,000).

13. 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.

14. FINANCIAL INSTRUMENTS

The Directors' 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:

	2012	2011
	£000	£000
Financial assets		
Loans and receivables		
Trade and other receivables	**329**	53
Cash at bank	**24**	2
Financial liabilities		
Other		
Trade and other payables	**23**	126

15. 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 2012. The Directors do not expect that the adoption of these, where applicable, would have an impact, other than on presentation, on the Company's financial statements in the period of initial application. The relevant standards are as follows;

	Mandatory for periods beginning	**Description**	**Endorsed by EU**
IFRS 9	1 January 2013	Classification and measurement of financial assets - replacing part of IAS 39	No
IFRS 7	1 January 2013	Disclosures - offsetting financial assets and liabilities	Yes
IFRS 10	1 January 2013	Consolidated financial arrangements	Yes
IFRS 11	1 January 2013	Joint arrangements	Yes
IFRS 12	1 January 2013	Disclosure of interests in other entities	Yes
IFRS 13	1 January 2013	Fair value measurement	Yes
IAS 1	1 January 2013	Presentation of items in Other Comprehensive Income	Yes
IAS 12	1 January 2013	Income taxes (amendments) - deferred taxes - recovery of underlying assets	Yes
IAS 19	1 January 2013	Amendments to Employee benefits	Yes
IAS 27	1 January 2013	Consequential amendments arising from the issue of IFRS 10, 11 and 12	Yes
IAS32	1 January 2015	Amendments to disclosure of set off	Yes

16. POST REPORTING DATE EVENTS

The Company paid its associate £324,074 in March 2012 for 432,098 preference shares which were issued in May 2012.

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., 30 City Road, London, EC1Y 2BQ on Wednesday 26th September 2012 at 3.00 p.m. for the following purposes:-

1. To receive the Directors' Report and Accounts for the year ended 31st March 2012.

2. To re-appoint the auditors Steele Robertson Goddard and to authorise the Directors to fix their remuneration.

By Order of the Board,

30 City Road,
London EC1Y 2AG.

CITY GROUP P.L.C.
Secretaries

30th August 2012

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 Secretaries, City Group P.L.C. at 30 City Road, London, EC1Y 2AG, 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 9.15 a.m. until the conclusion thereof.

Change of Address

Members are requested to advise the Registrars, whose address 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 26th September 2012 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 adopt the reports and accounts.			
2. To re-appoint the auditors and to authorise the Directors to fix their remuneration			

Dated ....2012. Signature..

NOTES

1. This proxy must be lodged with City Group P.L.C., 30 City Road, London, EC1Y 2AG, 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.
2. 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.
3. 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.
4. 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.
5. A proxy need not be a shareholder.