

Pentagon Protection Plc

("Pentagon" or the "Company")

Unaudited Interim Financial Statements for the period ended 31 March  
2014

## CHAIRMAN'S STATEMENT

### Introduction

These are the results for Pentagon Protection Plc for the interim period ended 31 March 2014.

### Financial review

Turnover of £596,412 for the six months to 31 March 2014 and a loss after tax of £380,201 represents a significantly poorer performance compared to the same period last year. As a result, the statement of financial position shows total equity attributable to the shareholders of the parent as negative £108,451.

### Post balance sheet events

It was announced on 14 April 2014, despite a relatively healthy sales pipeline for each of the Company's three divisions, the lack of working capital and the Company's cash constraints meant that management were in discussions regarding short term financing.

On 6 May 2014, the Board requested that trading of the ordinary shares of the Company on the AIM Market be temporarily suspended pending clarification of the Group's financial position. It also confirmed that the financial condition and prospects of the Group had not improved and it was likely the Board would need to appoint administrators to the Company.

On 22 May 2014, the Company disposed of the entire issued share capital of SDS Group Limited ("SDS"), the Group's security division for a total consideration of £190,000 on an intercompany debt free basis, to Mr Haytham ElZayn, former chairman and existing 29.5% shareholder of the Company.

Consideration of £110,000 for the shares in SDS was settled by way of reduction of a loan payable by the Company to Mr ElZayn. In addition, intercompany balances of £43,963 payable by SDS to International Glass Solutions LLC, a wholly owned subsidiary of the Company, and £38,683 payable by SDS to the Company have been assigned to Mr ElZayn for an aggregate consideration of £80,000, settled similarly by way of reduction of the loan payable by the Company to Mr ElZayn.

On 24 June 2014, the Company posted a circular to shareholders ("Circular") containing a notice convening a general meeting of the Company ("General Meeting") to be held on 11 July 2014. The Circular contained proposals (the "Proposals") for, inter alia:

- a Company Voluntary Arrangement ("CVA"),
- the disposal of its trading subsidiaries,

- the adoption of an Investing Policy under AIM Rule 15,
- the conditional appointment of Peterhouse Corporate Finance Limited ("Peterhouse") as Sole Broker,
- placing by Peterhouse of Ordinary Shares at a price of £0.013 to raise £611,600,
- the issue of warrants, and
- the change of name to YOLO Leisure and Technology plc.

The Circular was issued because the Board had not been able to secure additional short-term financing for the Company and therefore the Directors considered that, if the Proposals are not approved at the General Meeting, it would be likely that the only alternative would be the cessation of trading and the realisation of assets, which the Directors believed would deliver very little or no value to its Shareholders.

The Directors therefore made a proposal to creditors under a CVA process, which provided an opportunity for the unsecured creditors to make a partial recovery of their debt, which was based on realising a value for the existing AIM listing status of the business. The Directors also proposed disposing of the Company's remaining businesses, as part of a CVA process, to Mr Haytham ElZayn in consideration for the balance of loan amounts due to him.

In order to recapitalise the Company and to provide funding for the CVA and working capital, Peterhouse conditionally raised £611,600 at £0.013 per Subscription Share, through the Subscription of 47,046,148 new Ordinary Shares. The Subscription Shares will be issued subject to the passing of certain Resolutions as set out above.

Subject to the passing of Resolutions at the General Meeting, Peterhouse Corporate Finance Limited will be appointed as sole broker to the Company and Simon Lee Robinson will join the Board as Chief Executive Officer and Mohammed Sohail Bhatti as Finance Director and that Cecil O'Brien and I will resign from office.

Steven Chambers

Chairman

10 July 2014

For further enquiries please contact:

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Eran Zucker

Unaudited ended 2013	Notes	Unaudited	
		six months ended 31 March 2014	six months 31 March
£	£		
Revenue 1,746,801		596,412	
Cost of sales		(443,470)	(1,171,362)
GROSS PROFIT 575,439		152,942	
Distribution costs		-	(10,944)
Administrative expenses		(532,992)	(553,843)
(LOSS)/PROFIT FROM OPERATIONS BEFORE FINANCING ACTIVITIES		(380,050)	
10,652			
Finance income		-	
-			
Finance costs		-	(7,864)
(LOSS)/PROFIT BEFORE TAX 2,788		(380,050)	
Tax		(151)	(46)
(LOSS)/PROFIT FOR THE PERIOD 2,742		(380,201)	
Other comprehensive income/(expense) 6,638		-	
TOTAL COMPREHENSIVE (EXPENSE)/INCOME FOR THE PERIOD 9,380		(380,201)	

(Loss)/profit before tax and total comprehensive (expense)/income for the period are all attributable to the equity shareholders of the parent.

(Loss)/profit per share

Basic 0.00p 0.00p

Diluted 0.00p 0.00p

Revenue and operating (loss)/profit for the period all derive from continuing operations.

ASSETS	Notes	Unaudited	Audited
		31 March 2014	30 September 2013
		£	£

Non-current assets			
Intangible assets		3,838	-
Goodwill		434,536	434,536
Property, plant and equipment		29,259	30,742
		467,633	465,278
Current assets			
Inventories		134,799	144,023
Trade and other receivables		277,649	821,558
Cash and cash equivalents	4	10,433	9,529
		422,881	975,110
TOTAL ASSETS		890,514	1,440,388

#### EQUITY AND LIABILITIES

Equity			
Share capital	5	905,065	905,065
Share premium account		7,160,948	7,160,948
Share based payment reserve		76,874	81,415
Other reserves		25,040	11,198
Retained earnings		(8,276,378)	(7,896,177)
Total equity attributable to equity holders of the parent		(108,451)	262,449
Current liabilities			
Trade and other payables		668,021	840,051
Shareholder loan		330,944	337,888
Total liabilities		999,965	1,177,939
TOTAL EQUITY AND LIABILITIES		890,514	1,440,388

		Share capital	Share Premium account	Share based payments reserve	Other reserves
Retained earnings	Total				
£	£	£	£	£	£
Audited at 1 October 2012		905,065	7,160,948	80,146	9,696
(8,285,704)	(129,849)				
Total comprehensive income/(expense) for the period		-	-	-	6,638
2,742	9,380				
Unaudited at 31 March 2013		905,065	7,160,948	80,146	16,334
(8,282,962)	(120,469)				
Total comprehensive expense for the period		-	-	-	(5,136)
386,785	381,649				
Transactions with owners:					
Shares issued				-	-
-	-				
Share based payments		-	-	1,269	-
-	1,269				

Audited as at 1 October 2013	905,065	7,160,948	81,415	11,198
(7,896,177)	262,449			

Total comprehensive income for the period	-	-	(4,541)	13,842
(386,201)	(370,900)			

Unaudited at 31 March 2014	905,065	7,160,948	76,874	25,040
(8,276,378)	(108,451)			

All equity is attributable to equity shareholders of the parent.

#### Share premium

Represents amounts subscribed for share capital in excess of its nominal value, net of directly attributable issue costs.

#### Share based payment reserve

Represents the reserve account, which is used for the corresponding entry to the share based payment charge through the Statement of Comprehensive Income.

Group - Other reserves	Merger reserve	Currency reserve	Shares held by ESOP	Total
	£	£	£	£
Audited At 1 October 2012	16,000	(1,763)	(4,541)	9,696
Transactions with owners:				
Total comprehensive income for the period	-	-	-	-
Unaudited at 31 March 2013	16,000	(1,763)	(4,541)	9,696
Total comprehensive income for the period	-	1,502	-	1,502
Audited as at 30 September 2013	16,000	(261)	(4,541)	11,198
Total comprehensive income for the period	-	13,842	-	13,842
At 31 March 2014	16,000	13,581	(4,541)	25,040
Merger reserve				

Represents the difference between the fair value and nominal value of the equity consideration provided in exchange for 90% or more of the equity instruments acquired in another entity.

#### Foreign currency translation reserve

The translation reserve represents the exchange gains and losses that have arisen on the retranslation of overseas operations.

#### Shares held by ESOP

These relate to shares held by the Pentagon Employee Share Ownership Plan and are used to assist in meeting the Group's obligations under employee

remuneration schemes.

Unaudited	Unaudited	six months
ended six months ended	ended	
March 2014	31 March 2013	31
£	£	
Operating activities		
(Loss)/profit before tax		
(380,050)	2,788	
Depreciation of property, plant and equipment		
38,688	1,243	
Share based payments		
-	-	
Exchange adjustment		
(11,910)	6,638	
Changes in working capital:		
Decrease in inventories		
9,224	540	
(Increase)/decrease in trade and other receivables		
543,909	(1,069,196)	
Increase/(decrease) in trade and other payables		
(172,031)	1,038,146	
Net finance cost/(income)		
-	7,864	
Net cash used in operating activities		
27,930	(11,977)	
Investing activities		
Payments to acquire property, plant and equipment		
(19,931)	-	
Net cash used in investing activities		
(19,931)	-	
Financing activities		
Decrease in shareholder loan		
(6,944)	(49,381)	
Interest paid		
-	(7,864)	
Net cash used in financing activities		
(6,944)	(57,245)	
Taxation		
(151)	(46)	
Net increase/(decrease) in cash and cash equivalents		
904	(69,268)	
Cash and cash equivalents at the start of the period		
9,529	114,954	
Cash and cash equivalents at the end of the period		
10,433	45,686	

1 General information

Pentagon Protection Plc ('the Company') and its subsidiaries (together 'the Group') specialise in the supply and installation of anti-shatter/safety films, bomb blast protection, security and solar control films as well as opaque privacy films and manifestation graphics and the provision of bespoke security consultancy for high risk project management. They are also involved in Assessment and Examination (A&E) projects.

The Company is a publicly quoted company incorporated and domiciled in England. The address of its registered office is Solar House, Amersham Road, Chesham, Buckinghamshire HP5 1NG.

The Company is quoted on AIM.

This consolidated interim financial information was approved for issue on 10 July 2014.

## 2 Accounting policies

### 2.1 Basis of preparation

The interim consolidated financial information comprises the consolidated Statements of Financial Position at 31 March 2014 and 30 September 2013 and the consolidated Statements of Comprehensive Income, Changes in Equity and Cash Flows for the periods ended 31 March 2014 and 31 March 2013 and the related notes of Pentagon Protection Plc, (hereinafter referred to as 'the interim financial information'.)

The interim financial information has been prepared in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. In preparing this information, management have used the accounting policies set out in the Group's annual financial statements as at 30 September 2013.

This interim financial information does not constitute a set of statutory accounts under the requirements of the Companies Act 2006 and is neither audited nor reviewed. The comparative figures for the financial year ended 30 September 2013 are an extract from the Group's 2013 financial statements, which have been reported on by the Group's auditors and delivered to the Registrar of Companies. The report of the auditors was unqualified.

This document (the Interim Statement 2014) will be published on the company's website and will be publicly available from the London Stock Exchange regulatory publications.

The maintenance and integrity of the Pentagon Protection Plc website is the responsibility of the directors. Legislation in the UK governing the preparation and dissemination of accounts may differ from legislation in other jurisdictions.

## 2.2 Going concern

The Group has net liabilities of £108,451 as at 31 March 2014. The financial statements have been prepared on the going concern basis and take in to account the disposal of 22 May 2014 and the assumption that the shareholder resolutions are passed on 11 July 2014 and that the subsequent placing of shares is successful.

## 3 Business and geographical segments

Based on the risks and returns the directors consider that the primary reporting format is by business segment. Results by business segment are as follows:

	Unaudited six months ended 31 March 2014 £	Unaudited six months ended 31 March 2013 £
Protective Film and Anchoring		
Turnover	235,204	1,053,643
Cost of sales	(216,999)	(687,637)
Gross profit	18,205	366,006
Overheads (net)	(283,156)	(294,249)
Operating (loss)/profit	(264,951)	71,757
Security Products and Services		
Turnover	361,208	693,158
Cost of sales	(226,470)	(483,725)
Gross profit	134,738	209,433
Overheads	(124,975)	(242,596)
Operating profit/(loss)	9,763	(33,163)
Group Operating Expenses (net)		
Overheads	(124,860)	(27,942)
Totals		
Turnover	596,412	1,746,801
Cost of sales	(443,470)	(1,171,362)
Gross profit	152,942	575,439
Overheads	(532,992)	(564,787)
Operating (loss)/profit	(380,050)	10,652

Assets and liabilities by business segment are as follows:

	Unaudited 31 March 2014 £	Audited 30 September 2013 £
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Protective Film and Anchoring		
Total assets	694,649	995,179
Total liabilities	(855,974)	(1,003,754)
Depreciation and amortisation in period	3,035	2,755
Capital expenditure	-	22,289
Security Products and Services		
Total assets	195,865	445,209
Total liabilities	(142,991)	(174,185)
Depreciation and amortisation in period	825	10,906
Capital expenditure	-	200
TOTAL ASSETS	890,514	1,440,388
TOTAL LIABILITIES	(998,965)	(1,177,939)

All of the business assets are located in the United Kingdom. The secondary reporting format is by geographic segment based on location of customers. External revenue by segment is as follows:

	Unaudited six months ended 31 March 2014	Unaudited six months ended 31 March 2013
	£	£
United Kingdom	412,456	554,188
Americas	163,741	291,857
Europe	3,238	569,548
Africa and Middle East	7,937	295,288
Far East	9,040	35,920
	596,412	1,746,801

#### 4 Cash and cash equivalents

For the purpose of the consolidated interim cash flow statement, cash and cash equivalents are comprised of the following:

	Unaudited 31 March 2014	Unaudited 31 March 2013
	£	£
Cash at bank and in hand	10,433	9,529

#### 5 Share capital

Unaudited	Unaudited	six
months	six months	months
ended	ended	ended
2014	31 March 2013	31 March

£	£
Issued and fully paid	
As at 30 September 2013 and at 31 March 2014	
Ordinary shares (11,133,908 shares of 1p each)	

111,339                      111,339  
Deferred shares (8,819,181 shares of 9p each)  
793,726                      793,726

905,065                      905,065

6 Dividends paid and proposed

Equity dividends on ordinary shares:

No interim dividend was paid or is proposed for the half year ended 31 March 2014.

7 (Loss per share)/Profit

The calculations of (loss)/profit per share are based on the following results and number of shares:

Unaudited	Unaudited	
six months	six months	
ended	ended	
March 2013	31 March 2014	31
£	£	
(loss)/profit for the financial period 9,380	(380,201)	
Weighted average number of shares for diluted loss per share 10,575,836	10,575,836	
Weighted average number of shares for basic loss per share 10,575,836	10,575,836	

At 31 March 2014, the number of ordinary shares in issue was 11,133,908.

In accordance with the provisions of IAS 33 for the periods ended 31 March 2014, 30 September 2013 and 31 March 2013, shares under option were not regarded as dilutive in calculating earnings per share.

8 Seasonality of interim operations

Pentagon Protection Plc does not operate in a seasonal or cyclical business environment.