TOOPLE PLC

Unaudited Interim Report for the Six Month Period Ended 31 March 2018

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Company Information

Directors
Richard Horsman *(Chairman & Non-Executive Director)*
Geoffrey Wilson *(Non-Executive Director)*
Andrew Hollingworth *(Chief Executive Officer)*
Adrian Andrews *(Chief Financial Officer. Appointed 4th October 2017)*

Company Secretary
WKH Company Secretary Services

Registered Office
PO Box 501
The Nexus Building
Broadway
Letchworth Garden City
Hertfordshire
SG6 9BL

Registered Number
10037980 (England and Wales)

Interim Management Report

Chairman's Statement

Summary

The last six months have seen the continued growth of Toople in the UK small business communications market. The Board believes that Toople is increasingly being recognised by SMEs as a trusted, reliable and competitively-priced provider of communications solutions, covering the full spectrum of their business needs from broadband to hosted telephony to mobile. Whilst we recognise that we operate in a constantly evolving market place, with buyers of communications services becoming increasingly cost sensitive, we believe that we distinguish ourselves from our competitors with our transparent pricing, our UK-based customer support desks and our carrier agnostic products. By driving the quality of our service we have the potential to achieve our ambition of becoming one of the leading providers of bespoke telecom services to UK SMEs. As a Board, our focus is on supporting management to capitalise on the opportunity we see in the five million-strong UK SME market and delivering long-term value to our shareholders.

Balance Sheet

Our cash balance as at 31 March 2018 was £374,042 and net current assets were £404,263. Like any growing business we manage our debtor levels very stringently and currently over 90% of our customers pay by direct debit. Where a customer falls into arrears or fails to pay, we immediately implement our client care policy whereby we engage with them by telephone to determine the reason for non-payment, e.g. service issues, cash flow problems etc. and work with them to resolve, wherever possible, without recourse to formal debt collection.

Board and Senior Management Update

In October, we announced that Adrian Andrews had been appointed as a part time Chief Financial Officer to take over from Geoff Wilson (Non-Executive Director) who had held the role on an interim basis. In December, Duncan Ward was appointed as Chief Operating Officer, to provide experienced leadership, on a day-to-day basis, to our sales, marketing and support teams. We now have a fully-rounded senior management team in place, combining all the necessary skills required to lead and develop our business.

I would like to take this opportunity to thank our all our employees for their hard work, our professional advisers for their valuable input and our shareholders for their continued support.

Richard Horsman
Chairman

Chief Executive Officer's Review

Summary

Over the last six months, we have constantly reviewed our business offerings to ensure that the Toople name remains associated with quality of service at a highly competitive price. We are pleased that we consistently receive 5 star ratings from Trustpilot ® reviews and have endeavoured to differentiate ourselves from our competitors by focussing very heavily on the overall customer experience; from the moment of first contact, either via our website or directly with our sales team, to the eventual go-live of their services. Although, like others in the market space, we are dependent on third party broadband infrastructure providers and telephony carriers, we believe that we can provide a better service by employing our own people based on shore in the UK, all focussed on the needs of the customer.

Looking at the key metrics we use to measure our performance, we can report:

1. 63% increase in the sales of Revenue Generating Units ("RGUs"), one Unit being a broadband connection or a hosted telephony seat or a mobile SIM sale, in the six months to March 2018, compared with the total number at the end of September 2017.
2. 38% increase over the same period in the total number of customer invoices raised.
3. 74% increase in the gross profit on our direct business customers for the period, compared with the previous six months.
4. 10% increase in total revenues compared with the previous six months.
5. 54% increase in direct SME revenue between the two half years.
6. 113% increase in RGU orders taken in the first three months of 2018 compared with 2017.

As a result of this growth in the higher margin direct business and a review of the lower margin wholesale business, the gross profit rose from £77,271 for the six months to September 2017 to £82,953 for the six months to March 2018, an increase of 7%.

During November and December 2017, as previously reported, we transitioned our sales teams from an outsource partnership agreement and established our own in-house sales team based in the North West of England. In January this year the Company opened an office in Warrington and began the recruitment of its own dedicated sales team. The strategic reasoning behind this move was:

- better control over the sales experience,
- a more consultative sale rather than a transactional one,
- more RGUs per customer as a result.

The transformation project ran to plan and the Board believes that the second half of our financial year will show a significant increase in sales revenues. Indeed, when comparing the first three months of 2018 against the same period in 2017, we have delivered a 113% increase in RGU orders taken. Moreover, having the sales team in-house is expected to realise a material cost saving, thereby delivering an overall reduction in cost per customer acquisition.

Another factor expected to boost second half income will be the greater focus on the commercialisation of the Company's proprietary Merlin platform to support the needs of other resellers of telephony businesses to manage their client bases. A number of other telecoms companies buy, and are looking to buy, services from Toople, white label the propositions and resell to their own customers. Furthermore, the Merlin software platform gives access to wholesalers who want to interconnect with carriers for provisioning and billing services for their own customers, where a monthly licence fee is paid to access Merlin. Over time, the proportion of revenues we achieve from wholesale will reduce as we focus on the higher margin retail business. Although wholesale is not a strategic priority for the Company, we expect to redress the first half decline in wholesale revenues, with the added benefit of higher overall gross margin, through Merlin software licenses.

Whilst the Operating Loss of £687,944 for the six months was greater than the corresponding period of 2017, it has reduced by 6% when compared with the second half of 2017. A complete review of supplier contracts, particularly in respect of the effectiveness of marketing, brand awareness and sales spending, has delivered a reduction in administrative expenses, without impacting revenues. These savings are expected to flow through into the second half of the financial year.

Market

Although the business telephony market remains competitive, we believe that the niche that Toople is carving out for itself will deliver the expected financial returns. The commitment by H.M. Government to expand the availability of superfast broadband to all parts of the country, the cash offer by Connect Infrastructure for the entire share capital of CityFibre (at a 42% premium) and the continued growth of the independent infrastructure providers such as Gigaclear are all indications that the demand for broadband and broadband solutions will continue to grow as more end users gain access to high speed, fibre networks. Whilst the price of connectivity and usage may level out, volumes will increase as businesses look to providers to deliver an efficient, cost effective solution to their needs for data, voice and hardware in a single package at a fixed price, where available.

Accordingly, we continue to see increasing demand for our cloud-based technology solutions which we see as a key driver for new customer acquisitions. Ease of use, features such as single number reach, transparent pricing, unlimited call packs, out of hours support and free office moves are just some of the benefits that are attracting new customers, all at a fixed monthly price typically over a 36 month contract period.

All Toople products are delivered and managed through Merlin, the Group's proprietary software platform. Merlin provides an end-to-end automated process that allows customers to place orders easily and enables their business to grow its customer base, without the need to scale expensive resources. This helps support one of our key differentiators - quality of customer service.

Customer acquisition and service

As previously mentioned, we continue to grow our SME customer base through focussed marketing and the development of our own in-house sales team. Toople’s approach to customer acquisition is to deploy a marketing and advertising strategy aimed at delivering high-levels of online market penetration, either directly or via comparison sites in order to increase brand awareness. The focus is on attracting customers through the quality and transparency of Toople’s products and retaining them through their service experience once they are live. This provides opportunities for us to progressively grow the number of solutions they purchase.

Having our own, dedicated sales resource means that we can monitor commercial activity in real time, allowing us to not only respond quickly to changes in market strategy by our competitors but also improve the initial customer contact through consistency of our sales message. We continue to see month on month sales increases and a significant reduction in pre go-live cancellations.

Whilst brand recognition is still primarily being driven by Toople's presence on comparison sites, we are expanding awareness of the Toople name through our own direct digital marketing strategy, achieving a reach of over one million business owners and decision makers every month. We are continuing further development of our website to provide a more seamless customer experience and conversion, as well as pushing our proposition through affiliate and partnership programmes.

Outlook

The last six months have seen solid progress. Having a range of telephony solutions covering broadband, SIM and to hosted cloud telephony solutions has allowed Toople to be disruptive and competitive in the market and grow market share and Toople will continue to tier its offering by quality at various price points rather than focussing solely on functionality. As we have noted, the roll out of broadband infrastructure across the UK is still ongoing and with the impending advent of 5G it will be possible to serve more mobile users with more solutions in a given area. To capitalise on this growing market, Toople will remain customer focussed and continue to build on its reputation for great customer experience.

Over the next six months we plan to continue to invest in direct digital marketing to drive further growth in customer numbers and RGUs across all our propositions, while keeping the cost of customer acquisition as low as possible.

We remain upbeat about the economic conditions for the UK and believe that SMEs will continue to seek out and buy the best technology in order to run their operations at a fixed price where possible. It is a given that broadband is now the lifeblood of most organisations and when coupled with voice capabilities can provide them with a real competitive advantage and lower costs.

Finally, I would like to thank the shareholders, the Board, the Toople team and most importantly our customers who have all contributed to the continued progress of Toople over the last 6 months.

Andrew Hollingworth
Chief Executive Officer

Principal risks and uncertainties relating to the Company's business strategy

The Group is subject to a number of risk factors. The Company's prospectus published at the time of its Standard Listing and the further prospectus published in June 2017 included detailed assessments of the risks facing the business. The Directors have remained cognisant of the following key risks in the first six months of this financial year. Other risk factors not presently known or currently deemed immaterial may also apply.

- The Company is dependent on the ability of the Directors to implement the Company's strategy and significantly increase customer numbers. There is no assurance that the Company's business strategy will ultimately be successful;
- The Company may not be able to secure capital to provide working capital for the Group to drive the growth of the business on terms acceptable to the Group, or at all;
- The Group operates in a competitive market and may not be able to sell multiple products to customers;
- The Group is currently dependent on marketing spend to generate customers. The Group may not be able to acquire customers at a cost that will generate sufficient gross profit margins for the Group, particularly if competition in the market increases;
- The loss of, or inability to attract, key personnel could adversely affect the Group;
- The technology upon which the Group's products and services are based may become obsolete; in particular, the Group is reliant on the technical robustness of its software platform;
- An increase in supplier costs could result in significantly reduced gross profit margins;
- The ownership and use of intellectual property by the Group may be challenged by third parties or otherwise disputed;
- From time to time the Group may be subject to complaints or claims in the normal course of business;
- The Company is exposed to the risk that third parties that owe the Group money, securities or other assets may not fulfil their obligations. These parties may default on their obligations due to bankruptcy, lack of liquidity, operational failure or other reasons;
- The Group's performance could be adversely affected by poor economic conditions;
- The Group's infrastructure and systems could be targeted by cyber attacks;
- The pricing environment in the telecoms industry could become more difficult;
- The UK telecoms market is subject to regulation by Ofcom and subject to high incidence of fraud and bad debt risk;
- New data protection legislation ("GDPR") will become effective on 25th May 2018. The Group relies on assurances from its data suppliers that such data will be compliant.

The Directors seek to mitigate these risks by applying their considerable experience of operating businesses in the sector and by devising trading and operating strategies designed to seek out and exploit profitable trading opportunities whilst seeking to protect the business from downside risks.

Responsibility Statement

The Directors are responsible for preparing the Interim Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority ('DTR') and with International Accounting Standard 34 on Interim Financial Reporting (IAS 34).

The Directors confirm that the interim financial statements have been prepared in accordance with IAS 34 and that as required by DTR 4.2.7 and DTR 4.2.8, the Interim Report includes a fair review of:

- important events that have occurred during the first six months of the year;
- the impact of those events on the financial statements;
- a description of the principal risks and uncertainties for the remaining six months of the financial year;
- details of any related party transactions that have materially affected the Company's financial position or performance in the six months ended 31 March 2018; and
- any changes in the related parties transactions described in the last annual report that could have a material effect on the financial position or performance of the enterprise in the first six months of the current financial year.

The Directors who served during the period and up to the date of signing the interim financial statements were:

Richard Horsman
Geoffrey Wilson
Andrew Hollingworth
Adrian Andrews

Company Secretary:
WKH Company Secretary Services

By Order of the Board
Andrew Hollingworth
Chief Executive Officer
9 May 2018

Condensed Consolidated Statement of Comprehensive Income

The condensed consolidated statement of comprehensive income of the Group for the six month period from 1 October 2017 to 31 March 2018 is set out below.

	NOTE	Period ended 31 Mar 18	Period ended 31 Mar 17
Continuing Operations		£	£
Revenue		689,769	654,721
Cost of Sales		(606,816)	(572,687)
Gross Profit		82,953	82,034
Administrative Expenses		(770,897)	(661,983)
Operating loss		(687,944)	(579,949)
Interest Payable and Similar Charges		(26,455)	(23,947)
Interest Receivable		366	133
Loss Before Taxation		(714,033)	(603,763)
Taxation		-	0
Loss for the Period		(714,033)	(603,763)
Other Comprehensive Loss for the Period		(714,033)	(603,763)
Total Comprehensive Loss for the Period Attributable to the Equity Owners		(714,033)	(603,763)
Loss Per Share			
Earnings/(Loss) Per Share	**5**	(0.35)	(0.60)

Condensed Consolidated Statement of Financial Position

The condensed consolidated statement of financial position as at 31 March 2018 is set out below:

	NOTE	As at 31 Mar 18 (Unaudited) £	As at 30 Sep 17 (Audited) £
ASSETS			
Non-current Assets			
Intangible Assets		1,196	5,646
		1,196	5,646
Current Assets			
Trade and Other Receivables		382,528	316,173
Cash and Cash Equivalents		374,042	820,767
		756,570	1,136,940
Total Assets		757,766	1,142,586
EQUITY and LIABILITIES			
Share Capital	6	136,011	117,084
Share Premium		3,519,856	3,261,279
Merger Reserve		(25,813)	(25,813)
Share Based Payment Reserve		145,992	114,417
Capital Contribution Reserve		62,045	88,499
Retained Earnings		(3,976,928)	(3,289,351)
Total Equity		(138,838)	266,115
Current Liabilities			
Trade and Other Payables	7	352,307	358,629
		352,307	358,629
Non-current Liabilities			
Financial Liabilities - Borrowings	7	544,296	517,842
		544,296	517,842
Total Equity and Liabilities		757,766	1,142,586

Condensed Consolidated Statement of Changes in Equity

The unaudited condensed consolidated statement of changes in equity of the Group for the period to 31 March 2018 is set out below:

	NOTE	Share Capital	Share Premium	Merger Reserve	Share Based Payment Reserve	Capital Contribution Reserve	Accumulated Deficit	Total
CURRENT YEAR		£	£	£	£	£	£	£
Brought Forward at October 2017	1	117,084	3,261,279	(25,813)	114,417	88,499	(3,289,350)	266,116
Loss for the Period							(714,033)	(714,033)
Total Comprehensive Loss for the Year							(714,033)	(714,033)
Transactions with Owners								
Share Based Payment Charge Credited to Equity					31,575			31,575
Issue of Share Capital Net of Share Costs		18,927	258,577					277,504
Equity Component of Interest Free Loan								
Transfer of Interest Accrued						(26,455)	26,455	
At 31 March 2018		136,011	3,519,856	(25,813)	145,992	62,044	(3,976,928)	(138,838)

PRIOR PERIOD	**NOTE**	**Share Capital**	**Share Premium**	**Merger Reserve**	**Share Based Payment Reserve**	**Capital Contribution Reserve**	**Accumulated Deficit**	**Total**
		£	**£**	**£**	**£**	**£**	**£**	**£**
Brought Forward at October 2016	1	66,700	1,900,245	(25,813)	24,130	137,616	(1,975,364)	127,514
Loss for the Period							(603,763)	(603,763)
Total Comprehensive Loss for the Year							(603,763)	(603,763)
Transactions with Owners								
Share Based Payment Charge Credited to Equity					31,575			31,575
Issue of Share Capital Net of Share Costs								
Equity Component of Interest Free Loan								
Transfer of Interest Accrued						(23,947)	23,947	
At 31 March 2017		66,700	1,900,245	(25,813)	55,705	113,669	(2,555,180)	(444,674)

Condensed Consolidated Statement of Cash Flows

The condensed consolidated cash flow statement of the Group from 1 October 2017 to 31 March 2018 is set out below:

	Period Ended 31 Mar 18	Period Ended 31 Mar 17
	£	£
Cash Flows from Operating Activities		
Operating Loss	(687,943)	(579,949)
Depreciation and Amortisation	4,450	4,450
Share Based Payment Charge	31,575	31,575
Changes in Working Capital		
Increase in Receivables	(66,354)	31,753
Decrease in Payables	(6,322)	(40,201)
Taxation		
Net Cash Outflow from Operating Activities	(724,594)	(552,372)
Cash Flows from Financing Activities		
Proceeds from Issues of Share Capital	277,504	
Finance Costs		
Finance Income		
Net Cash from Financing Activities	277,504	
Cash Flows from Investing Activities		
Finance Income	366	132
Net Cash from Investing Activities	366	132
Net Increase in Cash and Cash Equivalents	(446,724)	(522,240)
Cash and Cash Equivalents at Start of Period	820,767	743,824
Cash and Cash Equivalents at End of Period	374,043	191,584

Notes to the Condensed Consolidated Interim Report

1. GENERAL INFORMATION

The Company was incorporated in England and Wales on 2 March 2016 as a public limited company. The Company's registered office is located at PO Box 501, The Nexus Building, Broadway, Letchworth Garden City, Hertfordshire, SG6 9BL.

The Group provides a range of telecoms services primarily targeted at the UK SME market. Services offered by the Group include business broadband, fibre, Ethernet First Mile and Ethernet data services, business mobile phones, cloud PBX and SIP Trunking and traditional services (calls and lines) all of which are delivered and managed through Merlin, the Group's proprietary software platform.

On 15 April 2016, the Company entered into four share for share exchange agreements with David Breith pursuant to which the Company acquired the entire issued share capital of each of Toople.com Limited, Toople Finance Limited, Toople Management Services Limited and AskMerlin Limited (together the "Subsidiaries") in consideration for the issue and allotment to David Breith of 39,000,000 ordinary shares in the Company.

The Directors consider the substance of the acquisition of the Subsidiaries by the Company to have been a reverse asset acquisition by the Subsidiaries and that the substance of the Subsidiaries was that of a single business under common ownership and control. Further, the Directors consider that the Company did not meet the definition of a business set out in IFRS3 'Business combinations'. As a consequence, the Directors consider that the transaction which gave rise to the formation of the Group fell outside the scope of IFRS3 and have applied the business reorganisation principles of UK GAAP to account for the combination. The consolidated financial statements therefore present the combination as a continuation of the combined financial information of the Subsidiaries with no goodwill arising on the transaction.

2. BASIS OF PREPARATION

The interim, condensed, unaudited financial statements for the period ended 31 March 2018 have been prepared in accordance with IAS 34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at the year ended 30 September 2017. The results for the period ended 31 March 2018 are unaudited.

The condensed unaudited consolidated financial statements for the period ended 31 March 2018 have adopted accounting policies consistent with those followed in the preparation of the Group's annual consolidated financial statements for the year ended 30 September 2017

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgment in applying the group's accounting policies.

This note provides an overview of the areas that involved a higher degree of judgment or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be wrong. Detailed information about each of these estimates and judgments is included together with information about the basis of calculation for each affected line item in the financial statements.

The area involving significant estimates or judgments is:

- Going concern

  At 31 March 2018 the Group had £374,042 of cash and net assets of £405,459 excluding the non-current liability owed to a shareholder that (at the option of the company) is not payable until 2019, and then only at the Boards discretion with reference to liquidity of the business.

  In order to continue growing our customer base, further investment is required. To ensure the Company has the resources to take advantage of the market opportunity the Board is reviewing funding options to provide additional working capital. The Directors have therefore sought shareholder authorities to provide the Company with the flexibility to raise these further funds in the future and are confident that the necessary further investment will be forthcoming. There can, however, be no assurance that this will be the case.

  Should the company be unable to continue trading, adjustments would have to be made to reduce the value of the assets to their reasonable amounts, to provide for further liabilities which might arise, and to classify fixed assets as current.

  The going concern basis of accounting has been applied based on management's consideration of financial projections and business plan for the business. These include a number of forward looking assumptions about the future growth in the customer base.

  Estimates and judgments are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

4. BUSINESS SEGMENTS

For the purpose of IFRS 8 the chief operating decision maker ("CODM") is the board of Directors. The Directors are of the opinion that the business comprises a single economic activity, being the provision of telephony services and that currently this activity is undertaken solely in the United Kingdom. All of the income and non-current assets are derived from the United Kingdom. The Company has a single customer that, in the reporting period, amounted to more than 10% of the Company's revenue; revenue generated from this customer amounted to £347,890. At meetings of the Directors, income, expenditure, cash flows, assets and liabilities are reviewed on a whole Group basis. Based on the above considerations there is considered to be one reportable segment only, namely telephony services.

Therefore, the financial information of the single segment is the same as that set out in the consolidated statement of comprehensive income, consolidated statement of financial position, consolidated statement of changes to equity and the consolidated statement of cash flows.

5. LOSS PER SHARE

The calculation of loss per share is based on the following loss and number of shares:

	Period Ended 31 Mar 18 £	Period Ended 31 Mar 17 £
Loss for the Period from Continuing Operations	(714,033)	(603,763)
Number of Shares in Issue	203,913,894	100,000,000
Earnings/Loss per Share (Pence)	(0.35)	(0.60)

As detailed in note 1, the consolidated financial statements present the combination as a continuation of the combined financial information of the Subsidiaries with no goodwill arising on the transaction. Basic loss per share is calculated by dividing the loss for the period from continuing operations of the Company by the number of ordinary shares in issue during at the period end.

The Company has in issue 11,330,625 warrants at 31 March 2018. The inclusion of the warrants in the number of shares in issue would be anti-dilutive and therefore they have not been included.

6. SHARE CAPITAL

On incorporation, the Company had an unlimited authorised share capital and an issued share capital of 36,000,000 ordinary shares of par value 0.0667 pence each.

Ordinary shares of 0.0667p each	**No**	**Nominal Value £**
On incorporation	36,000,000	24,012
Shares issued on acquisition of Subsidiaries	39,000,000	26,013
Share placing	25,000,000	16,675
Share placing	75,537,732	50,384
Share placing	24,462,268	16,316
Shares for fees	3,913,894	2,610
Share Capital at 31 March 2018	203,913,894	136,010

On 15 April 2016, 39,000,000 ordinary shares were issued and allotted to David Breith in accordance with the terms of the share exchange agreements in relation to the acquisition of the subsidiaries

On 10 May 2016 following the Company's listing on the London Stock Exchange, 25,000,000 ordinary shares of par value 0.0667 pence each were issued, fully paid at £0.08 per share. A commission of £80,000 was payable to the brokers and this has been recognised against the share premium account.
On 12 June 2017 the company placed 70,537,732 ordinary 0.0667p shares at a subscription price of 2p per share. Commission of £72,000 was payable to the brokers at the time and this has been recognised against share premium. At the same time the company issued 5,000,000 shares at the same subscription price to the Directors of the company to settle £100,000 of unpaid fees owed to them.

On 13 March 2018 the company placed 24,462,268 ordinary 0.0667p shares at a subscription price of 1.022p per share. Commission of £12,500 was payable to the brokers at the time and this has been recognised against share premium. At the same time the company issued 3,913,894 shares at the same subscription price to the Brokers of the company in lieu of the £40,000 annual fees jointly due to them.

On 10 May 2016 following the Company's listing on the London Stock Exchange, the Company issued warrants over 8,100,000 ordinary shares as follows:

- 3,000,000 warrants to the Non-Executive Directors to subscribe for one new ordinary share at £0.08 per share at any time during the period commencing on the second anniversary of admission ("Vesting Date") and at the second anniversary of the Vesting Date. A vesting condition of the warrants is that the holder is a director of the Company on the date of vesting;

- 5,000,000 warrants to the subscribers to the placing to subscribe for one new ordinary share at £0.16 per share at any time during the period commencing on admission and expiring at midnight on the second anniversary thereof save that in the event that the closing price of the ordinary shares is equal to or in excess of £0.24 pence for 10 consecutive trading days then the Company may serve notice on the warrant holders requesting that they exercise their warrants within 14 days in lieu of which they shall lapse; and

- 100,000 warrants to Cairn Financial Advisers to subscribe for one new ordinary share at £0.08 per share at any time during the period commencing on admission and expiring at midnight on the second anniversary thereof

The ordinary shares have attached to them full voting, dividend and capital distribution rights (including on a winding up). The ordinary shares do not confer any rights of redemption.

The fair value of the 3,000,000 warrants issued to the Non-Executive Directors and of the 100,000 warrants issued to Cairn Financial Advisers have been determined using the Black-Scholes option pricing model. The fair value at the date of grant per warrant was £0.04 for the 3,000,000 tranche and £0.03 for the 100,000 tranche. The fair value of the warrants issued to

the Non-Executive Directors has been charged to the income statement evenly over the vesting period resulting in a charge in the current period of £31,575. The fair value of the warrants issued to Cairn Financial Advisers of £3,080 was included in the costs of the Company and therefore debited to share premium in the year ended 30 September 2017.
The inputs to the Black-Scholes model were as follows:

Warrants granted	3,100,000
Stock price	8p
Exercise price	8p
Risk free rate	1%
Volatility	70%
Time to maturity	4 years/2 years

The fair value of the 5,000,000 warrants issued to subscribers to the placing is considered to comprise a component of the fair value of the ordinary shares issued in the placing. The Directors do not consider the fair value of the warrants to be a material component of the fair value of the shares issued in the original placing.

7. TRADE AND OTHER PAYABLES

	As at 31 Mar 18	As at 30 Sep 17
	£	£
Trade payables	143,765	158,787
Social Security and other taxes	27,908	37,867
Other payables	22,613	22,613
Accruals and deferred income	158,022	139,362
	352,307	358,629

	As at 31 Mar 18	As at 30 Sep 17
Non – current liabilities		
Shareholder loan account	544,296	517,842

Financial liabilities, with the exception of the shareholder loan included within trade and other payables, are all considered to be repayable within 30 days.

On 3 May 2016, the Company put in place formal documentation relating to the balance owed to David Breith, the majority shareholder. The balance cannot be recalled by the shareholder until the third anniversary of the agreement and after this anniversary only repayable if the board consider the Company in a position to service the debt. Therefore, the balance has been classified as non-current in the financial statements but is shown as current in the comparative.

The loan is interest free and has a cash value of £606,756, the Directors consider the market rate of interest that they may be able to obtain for a similar borrowing from a 3rd party to be 10%. The present value of the loan is £544,296 and the present value adjustment has been recognised as a capital contribution within equity. The value of the interest that has been recognised in the statement of comprehensive income at 31 March 2018 is £26,455.

8. RELATED PARTY TRANSACTIONS

	6 months to 31 Mar 18	6 months to 31 Mar 17
	£	£
Goods/services purchased from Vitrx Limited	5,843	4,599
Goods/services purchased from Diffrenet Limited	-	8,368
Goods/services purchased from Dotfusion Limited	30,330	30,780
Goods/services supplied to Vitrx Limited	5,481	9,489
Goods/services supplied to Diffrenet Limited	-	240
	41,655	53,476

The above companies are disclosed as related parties due to the nature of the business relationship with Mr David Breith, a major shareholder of Toople PLC. Mr David Breith is a Director or co-owner of the above companies, excluding Dotfusion.

Mr Breith resigned from Vitrx Limited on 19 February 2018 and from Diffrenet Limited on 10 March 2017.

Mr Piotr Kwiatowski is the owner of Dotfusion and is a shareholder in Toople PLC.

9. SUBSEQUENT EVENTS

The Board does not believe there are any subsequent events requiring further disclosure or comment.