

**Registered number: 04606754**

**POLEMOS PLC**

**ANNUAL REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 DECEMBER 2013**



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**Company Board****David Lenigas** Executive Chairman

Mr Lenigas was appointed to the Board on 3 April 2013.

Mr Lenigas holds a Bachelor of Applied Science Degree in Mining Engineering. He served as Executive Chairman of London listed Lonrho Plc from 2006 to September 2012 and was in charge of Lonrho Plc's expansion into over 20 countries in Africa. He has experience operating in the public company environment across the UK, African, Canadian and Australian markets. He also serves as a director or chairman of a number of other publicly listed companies including Fastjet plc, Solo Oil plc, Leni Gas and Oil plc, AfriAg Plc and Stellar Resources Plc.

**Donald Strang** Finance Director

Mr Strang stepped down as Chairman on 3 April 2013 and moved to the role of Finance Director on the same date.

Mr Strang is a member of the Australian Institute of Chartered Accountants and has been in business over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. Mr Strang has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently finance director of Stellar Resources Plc and AfriAg Plc.

**Hamish Harris** Non-Executive Director

Mr Harris holds a Bachelor of Commerce from the University of Tasmania. He has held positions within market risk management at a number of financial institutions including Nomura Group, Dresdner Kleinwort Wasserstein, Deutsche Bank AG and Lloyds Banking Group plc in Singapore, Hong Kong and London. Hamish currently holds a position with Nivalis Capital, a private equity vehicle which looks for opportunities in mining and agriculture in Eastern Europe.

**Spencer Wilson** Non- Executive Director

Mr. Wilson is a financier and has been Chief Executive Officer at Markab Capital Limited ("Markab"), a boutique Middle East-focused investment bank and family office since 2010. Mr. Wilson currently oversees deal origination at Markab as well as developing financing and M&A opportunities for the firm. Prior to joining Markab, Mr. Wilson worked as a Managing Partner at Churchill Merchant Capital, Inc. from 2000 to 2002 and then a Senior Managing Director at Newhaven Merchant Bankers from 2002 to 2010.

<b>Company Secretary</b>	Donald Strang
<b>Company Number</b>	04606754
<b>Registered Office</b>	Princes House Suite 3B 38 Jermyn Street London SW1Y 6DN
<b>Nominated Adviser and Broker</b>	Beaumont Cornish Limited 2 <sup>nd</sup> Floor, Bowman House 29 Wilson Street London EC2M 2SJ
<b>Bankers</b>	Bank of Scotland plc Corporate Banking Level 2 Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ
<b>Independent Auditors</b>	PKF Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
<b>Solicitors</b>	Kerman & Co LLP 200 Strand London WC2R 1DJ

The Directors are pleased to present the Strategic Report on the Company for the year ended 31 December 2013.

### **Activities, Business Review and Strategy**

The current board of Directors of the Company (the "Board") considers that the adoption of the investing policy, which was approved by shareholders on 21 November 2012, was and remains in the best interests of the Company and its shareholders as a whole. Furthermore, as announced on 29 May 2013, the investing policy has now been substantially implemented and the Company has satisfied the requirements of AIM Rule 15 of the AIM Rules for Companies.

The Board acknowledges this exciting period for the Company and continues to evaluate new investment opportunities as they arise. In the short term, the Company has made investments in listed securities with, what the Board believes to be, high levels of liquidity within the natural resources sector.

The Company continues to review a number of other investment opportunities in accordance with its investing policy and further announcements will be made as appropriate.

The Board considers this approach to be in the best interest of shareholders as it believes that expected returns will be higher than on cash held at the bank. This approach also allows flexibility to evaluate investments in other opportunities within the natural resources sector.

On 3 April 2013, David Lenigas has been appointed as Executive Chairman and Donald Strang has been moved to the role of Finance Director on the same date.

On 10 July 2013, Spencer Wilson was appointed as a non-executive director.

### **Results and Dividends**

The Statement of Comprehensive Income is set out on page 14 and has been prepared in Sterling, the functional and reporting currency of the Company.

The Company's net loss after taxation attributable to equity holders of the Company for the period was £464,000 (2012 – £96,000 loss).

No dividends have been paid or proposed.

### **Financial Review**

During the year, the Company made a loss before taxation from continuing operations of £464,000 (2012: £96,000). There was a weighted loss per share from continuing operations of 0.12p (2012: loss per share of 0.02p).

Cash and cash equivalents at 31 December 2013 amounted to £26,000 (31 December 2012: £896,000). The Company also holds available for sale investments of £332,000 (31 December 2012: nil).

### **Key Performance Indicators ("KPIs")**

The Board monitors the activities and performance of the Company on a regular basis. Given the current Investing Policy there were no relevant KPIs during the accounting period or at the year end.

**Risks and Uncertainties**

The principal risks facing the Company are set out below. Risk assessment and evaluation is an essential part of the Company's planning and an important aspect of the Company's internal control system.

***Financial Risk***

The risks faced by the Company include interest rate, credit risk and liquidity risk. Directors have in place a process of regularly reviewing risks to the business and monitoring associated controls, actions and contingency plans.

The Company's financial risk management policies are set out in note 3.

***Business Risk***

The Board regularly evaluates and reviews all business risks when reviewing project timelines. The types of risks reviewed also include:

- Regulatory and compliance obligations
- Legal risks relating to contracts, licenses and agreements
- Insurance risks.

**Outlook and Future developments**

Your Board is continuing to review a number of other investment opportunities in accordance with its investing policy and further announcements will be made as appropriate.

The Board would like to take this opportunity to thank our shareholders, staff and consultants for their continued support.

Approved by the Board of Directors

On 26 June 2014

The Directors present their report and the audited Financial Statements for the year ended 31 December 2013.

### Principal Activities and Investment Policy

As at 31 December 2013 the principal activity of the Company was that of an investing company which is seeking to acquire a direct and/or indirect interest in projects and assets in the natural resources sector, as well as opportunities that may arise in other sectors. The Company will focus on opportunities in Europe, Africa and the Middle East but will consider possible opportunities anywhere in the world.

### Business Review and Future Developments

A full review of the Company's performance, financial position and future prospects is given in the Strategic Report on pages 4 to 5.

### Substantial Shareholdings

At 26 June 2014, the following had notified the Company of disclosable interests in 3% or more of the nominal value of the Company's shares:

Shareholder	Number of Shares	% of Issued Capital
JIM Nominees Limited	247,515,424	27.91
RB Rowan	94,552,711	10.66
Amara Dhari Investments Limited	66,666,667	7.52
Beaufort Nominees Limited	61,370,886	6.92
K.Morzaria	60,000,000	6.77
Nomura Clearance & Settlement Nominees Limited	38,000,000	4.28
TD Direct Investing Nominees (Europe) Ltd	34,852,224	3.93
Barclayshare Nominees Ltd	34,177,490	3.85

### Directors' Remuneration

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in note 7 to the Financial Statements.

Donald Strang  
Hamish Harris  
Spencer Wilson (appointed on 10 July 2013)  
David Lenigas (appointed on 03 April 2013)

### Directors' Interests

The interests of the Directors at 31 December 2013 in the ordinary share capital of the Company (all beneficially held) were as follows:

Director	Shares held 31 December 2013	Shares held 31 December 2012 (or later date of appointment)
David Lenigas	Nil	Nil
Donald Strang	Nil	Nil
Hamish Harris	Nil	Nil
Spencer Wilson	Nil	Nil

Each of the directors hold fully vested options over 8,000,000 ordinary shares each (total are 32,000,000) which are exercisable at 0.2p each up until 31 December 2020.

Mr. Wilson is a director of Amara Dhari Investments Limited which, together with Qatar Consulting Company, holds in 70,342,425 shares in the Company.



**Corporate Governance**

A statement on Corporate Governance is set out on pages 9 and 10.

**Annual General Meeting (“AGM”)**

This report and financial statements will be presented to shareholders for their approval at an AGM. The Notice of the AGM will be distributed to shareholders together with the Annual Report.

**Employees**

The Company has no directly employed personnel, apart from the Directors.

**Creditor Payment Policy**

The policy of the Company is to:

- Agree the terms of payment with suppliers when settling the terms of each transaction;
- Ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- Pay in accordance with its contractual and other legal obligations provided suppliers comply with the terms and conditions of supply.

At 31 December 2013 the number of creditor days in respect of trade creditors was 21 days (2012 – 7 days).

**Charitable Donations**

The Company made no charitable donations during the year (2012 - £Nil).

**Financial Reporting**

The Board has ultimate responsibility for the preparation of the annual audited Financial Statements. A detailed review of the performance of the Company is contained in the Strategic Report on pages 4 to 5. With the Strategic Report, the Board seeks to present a balanced and understandable assessment of the Company's position, performance and prospects.

**Going Concern**

In June 2014, the Board announced that it had raised £500,000, before expenses, by way of a placing of 500,000,000 new Ordinary Shares at a subscription price of 0.1 pence per Placing Share ("the Placing") to be effected by means of a cashbox placing. The Placing was not a rights issue nor an open offer and the Placing Shares were not been offered generally to shareholders on a pre-emptive basis. The Directors believe the extra cost and delay involved in a rights issue or open offer would not have been in the best interests of the Company in the circumstances and, accordingly, the Board considers that it is in the best interests of the Company and shareholders as a whole for the funds to have been raised through the Placing.

The Company has reviewed its ongoing requirements and believes that it can operate in accordance with its investment policy with the amount raised by the placing, while still raising the minimum amount of new funding that the Directors determined that the Company should raise at this time to be developed on behalf of all shareholders and justify the costs associated with maintaining an AIM listing.

The proceeds of the Placing will be used to provide working capital and to enable further investments to be made by the Company in accordance with its investment policy. The Board considers that the amount being raised is the minimum to maintain the AIM listing, with approximately half of the net proceeds available to cover annual running and AIM costs and the remainder to provide for additional investment in accordance with the Company's investing policy.

**Internal Control**

A key objective of the Directors is to safeguard the value of the business and assets of the Company. This requires the development of relevant policies and appropriate internal controls to ensure proper management of the Company's resources and the identification and mitigation of risks which might serve to undermine them. The Directors are responsible for the Company's system of internal control and for reviewing its effectiveness. It should, however, be recognised that such a system can provide only reasonable and not absolute assurance against material misstatement or loss.

**Provision of Information to Auditors**

So far as each of the Directors is aware at the time this report is approved:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

**Auditors**

PKF Littlejohn LLP has signified its willingness to continue in office as auditors, and a resolution that they be reappointed will be proposed at the annual general meeting.

This report was approved by the board on 26 June 2014 and signed on its behalf.

**Mr Donald Strang**

Director

The Board is committed to maintaining high standards of corporate governance. The Listing Rules of the Financial Conduct Authority incorporate the UK Corporate Governance Code, which sets out the principles of Good Governance, and the Code of Best Practice for listed companies. Whilst the Company is not required to comply with the UK Corporate Governance Code, the Company's corporate governance procedures take due regard of the principles of Good Governance set out in the UK Corporate Governance Code proportionate to the size and the stage of development of the Company.

### **Board of Directors**

The Board of Directors currently comprises two executive Directors (one of whom is the Chairman) and two non-executive Directors. The Directors are of the opinion that the Board comprises a suitable balance and that the recommendations of the UK Corporate Governance Code have been implemented to an appropriate level. The Board maintains regular contact with its advisers and public relations consultants in order to ensure that the Board develops an understanding of the views of major shareholders about the Company. On 3 April 2013, the Board make-up was changed. David Lenigas was appointed Executive Chairman and Donald Strang was appointed Finance Director. Hamish Harris remains as a Non-Executive Director.

### **Board meetings**

The Board meets regularly throughout the year in relation to normal operational matters. The Board is responsible for formulating, reviewing and approving the Company's strategy, financial activities and operating performance.

All Directors have access to the advice of the Company's solicitors and the Company Secretary ensures necessary information is supplied to the Directors on a timely basis to enable them to discharge their duties effectively, and all Directors have access to independent professional advice, at the Company's expense, as and when required.

### **Board Committees**

The Board has established the following committees, each which has its own terms of reference:

#### ***Audit Committee***

The Audit Committee is responsible for overseeing the Company's financial reporting disclosure process; this also includes the choice of appropriate accounting policies. It also monitors internal financial controls as well as overseeing the hiring and performance of the external auditors. The Audit Committee comprises all of the Directors with Hamish Harris as Chairman.

#### ***Remuneration Committee***

The Remuneration Committee is responsible for making recommendations to the Board on the remuneration for Directors. It comprises all of the Directors with Hamish Harris as Chairman. Financial packages for Directors are established by reference to those prevailing in the employment market for executives of equivalent status both in terms of level of responsibility of the position and their achievement of recognized job qualifications and skills. The Committee will also have regard to the terms which may be required to attract an equivalent experienced executive to join the Board from another company.

#### ***Nomination Committee***

The Directors do not consider that, given the size of the Board, it is appropriate to have a Nomination Committee. The appropriateness of such a committee will however, be kept under regular review by the Board.

### **Internal Controls**

The Directors acknowledge their responsibility for the Company's systems of internal controls and for reviewing their effectiveness. These internal controls are designed to safeguard the assets of the Company and to ensure the reliability of financial information for both internal use and external publication. Whilst they are aware that no system can provide absolute assurance against material misstatement or loss, in light of increased activity and further development of the Company, continuing reviews of internal controls will be undertaken to ensure that they are adequate and effective.

**Risk Management**

The Board considers risk assessment to be important in achieving its strategic objectives. There is a process of evaluation of performance targets through regular reviews by senior management to forecasts. Project milestones and timelines are regularly reviewed.

**Insurance**

The Company maintains insurance in respect of its Directors against liabilities in relation to the Company.

**Treasury Policy**

The Company finances its operations through equity and holds its cash as a liquid resource to fund the obligations of the Company. Decisions regarding the management of these assets are approved by the Board.

**Securities Trading**

The Board has adopted a Share Dealing Code that applies to Directors, senior management and any employee who is in possession of 'inside information'. All such persons are prohibited from trading in the Company's securities if they are in possession of 'inside information'. Subject to this condition and trading prohibitions applying to certain periods, trading can occur provided the relevant individual has received the appropriate prescribed clearance.

**Relations with Shareholders**

The Board is committed to providing effective communication with the shareholders of the Company. Significant developments are disseminated through stock exchange announcements and regular updates of the Company website. The Board views the AGM as a forum for communication between the Company and its shareholders and encourages their participation in its agenda.

The Directors are responsible for preparing the Annual 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) as adopted by the European Union. 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 of the profit or loss 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 the Financial Statements comply with IFRSs as adopted by the European Union, 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 confirm that they have complied with the above requirements in preparing the Financial Statements.

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 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.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation in the United Kingdom governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

The Company is compliant with AIM Rule 26 regarding the Company's website.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLEMOS PLC**

We have audited the Financial Statements of Polemos plc for the year ended 31 December 2013 which comprise the Statement of Comprehensive Income, the Statement of Financial Position, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**Respective Responsibilities of Directors and Auditor**

As explained more fully in the Statement of Directors' Responsibilities, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the Financial Statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the Audit of the Financial Statements**

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 Annual 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 of the state of the Company's affairs as at 31 December 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**Opinion on other matter prescribed by the Companies Act 2006**

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF POLEMOS PLC (continued)****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 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.

**Alistair Roberts (Senior statutory auditor)**  
**For and on behalf of PKF Littlejohn LLP**  
**Statutory auditor**

1 Westferry Circus  
Canary Wharf  
London E14 4HD

26 June 2014

	Note	Year ended 31 December 2013 £'000	Year ended 31 December 2012 £'000
<b>Continuing operations</b>			
Revenue		3	10
Administrative expenses	8	(469)	(340)
<b>Operating Loss</b>		(466)	(330)
Finance income	10	2	5
<b>Loss before Income Tax</b>		(464)	(325)
Income tax	11	-	-
<b>Loss for the Year from Continuing Operations</b>		(464)	(325)
<b>Discontinued Operations</b>			
Profit/(loss) from discontinued operations	9	-	229
<b>Loss for the Year attributable to equity holders of the Company</b>		(464)	(96)
<b>Other Comprehensive Income:</b>			
Loss for the year		(464)	(96)
<b>Other comprehensive income items that may be subsequently reclassified to profit or loss:</b>			
Decrease in value of available for sale asset		(85)	-
<b>Total Comprehensive Income for the Year attributable to equity holders of the Company</b>		(549)	(96)
<b>Earnings per Share from Continuing and Discontinued Operations Attributable to the Equity Holders of the Company during the Year</b>			
	Note	Pence	Pence
<b>Earnings per share – Basic and diluted</b>	12	(0.12)	(0.02)
From continuing operations		(0.12)	(0.08)
From discontinued operations		-	0.06

The accounting policies and notes on pages 18 to 31 form part of these Financial Statements.



	Note	31 December 2013 £'000	31 December 2012 £'000
<b>Assets</b>			
<b>Non-Current Assets</b>			
Available-for-sale financial assets	14	332	-
		<hr/>	<hr/>
		332	-
<b>Current Assets</b>			
Trade and other receivables	15	16	231
Cash and cash equivalents	16	26	896
		<hr/>	<hr/>
		374	1,127
<b>Assets Classified as Held for Sale</b>	14	-	10
		<hr/>	<hr/>
<b>Total Assets</b>		374	1,137
<b>Current Liabilities</b>			
Trade and other payables	17	(88)	(365)
		<hr/>	<hr/>
<b>Net Assets</b>		286	772
<b>Equity attributable to shareholders</b>			
Share capital	18	19,345	19,345
Share premium	18	18,021	18,021
Available-for-sale asset reserve	14	(85)	-
Retained earnings		(36,995)	(36,594)
		<hr/>	<hr/>
<b>Total Equity</b>		286	772
		<hr/>	<hr/>

The Financial Statements were approved and authorised for issue by the board of Directors on 26 June 2014, and were signed on its behalf by:

Donald Strang  
Director

The accounting policies and notes on pages 18 to 31 form part of these Financial Statements.

	Attributable to equity shareholders				Total £'000
	Share Capital	Share Premium	Available for sale asset reserve	Retained Earnings	
	£'000	£'000	£'000	£'000	
At 1 January 2012	19,345	18,021	-	(36,519)	847
Share based payment charge	-	-	-	21	21
<b>Total contributions by and distributions to owners of the Company</b>	-	-		21	21
<b>Comprehensive Income for the year</b>					
Loss for the year	-	-	-	(96)	(96)
<b>Total Comprehensive Income for the Year</b>	-	-	-	(96)	(96)
<b>At 31 December 2012</b>	<b>19,345</b>	<b>18,021</b>	<b>-</b>	<b>(36,594)</b>	<b>772</b>
Share based payment charge	-	-	-	63	63
<b>Total contributions by and distributions to owners of the Company</b>	-	-	-	63	63
<b>Comprehensive Income for the year</b>					
Loss for the year	-	-	(85)	(464)	(464)
<b>Total Comprehensive Income for the Year</b>	-	-	-	(464)	(464)
<b>At 31 December 2013</b>	<b>19,345</b>	<b>18,021</b>	<b>(85)</b>	<b>(36,995)</b>	<b>286</b>

The accounting policies and notes on pages 18 to 31 form part of these Financial Statements.

	Note	2013 £'000	2012 £'000
<b>Cash Flows from Operating Activities</b>			
Operating loss (Continuing activities)		(464)	(96)
Finance income		(2)	(5)
Adjustments for non-cash items:			
Recovery of provision for intercompany receivable		-	(2,961)
Costs incurred directly by subsidiaries		-	1,021
Impairment of investment in subsidiaries		-	390
Loss on disposal of subsidiaries		-	1,012
Share-based payment charge		63	21
		<hr/>	<hr/>
Operating cash flows before movements in working capital		(403)	(618)
Decrease/(increase) in trade and other receivables		215	(95)
(Decrease)/increase in trade and other payables		(277)	214
		<hr/>	<hr/>
<b>Net Cash Used in Operating Activities</b>		(465)	(499)
		<hr/>	<hr/>
<b>Cash Flows from Investing Activities</b>			
Proceeds from disposal of subsidiaries		10	528
Interest received		2	5
Purchases of available-for-sale financial assets		(601)	-
Proceeds from disposal of available-for-sale financial assets		184	-
		<hr/>	<hr/>
<b>Net Cash Used In/generated from Investing Activities</b>		(405)	533
		<hr/>	<hr/>
<b>Net (Decrease)/Increase in Cash and Cash Equivalents</b>		(870)	34
Cash and cash equivalents at beginning of year	16	896	862
		<hr/>	<hr/>
<b>Cash and Cash Equivalents at End of Year</b>	16	26	896
		<hr/> <hr/>	<hr/> <hr/>

## Major non cash transactions:

During the year ended 31 December 2012, costs totalling £2.96 million were paid on behalf of the Company by subsidiaries. The intra group receivable balances from these subsidiaries had previously been written down to £nil. Of the amount recovered, £1.021 million was expensed to operating activities, £0.4 million was capitalised as additional share capital in PLUS-DX and £1.54 million was expensed as part of the cost of disposal of subsidiaries. The additional share capital in PLUS-DX was subsequently impaired by £0.39 million during the year. Expenses totalling £0.15 million in connection with the disposal of a subsidiary were settled on behalf of the Company by the acquirer.

The accounting policies and notes on pages 18 to 31 form part of these Financial Statements.

## 1. General Information

Polemos Plc is a public limited company which is quoted on AIM and incorporated and domiciled in the UK. In 2012, it has disposed of all the operating subsidiaries; the business of Polemos Plc has become that of an Investment Company, pursuant to Rule 15 of the AIM Rules.

The Company's Investing Policy is to invest in any sector which the Directors consider may potentially create value for its Shareholders. The Directors intend initially to seek to acquire a direct or an indirect interest in projects and assets in the natural resources sector, however, they will consider other sectors as, and when, opportunities arise.

This investment may be in either quoted or unquoted companies; be made by direct acquisition or through farm-ins; may be in companies, partnerships, joint ventures; or direct interests in particular assets or projects. The Company's equity interest in a proposed investment may range from a minority position to 100 percent ownership and may comprise one investment or multiple investments.

Investments in early stage and exploration assets are expected to be mainly in the form of equity, with debt being raised later to fund the development of such assets. Investments in later stage assets are more likely to include an element of debt to equity gearing.

## 2. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these Financial Statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

### Basis of Preparation

The Financial Statements of Polemos Plc have been prepared in accordance with International Financial Reporting Standards (IFRS) and IFRS Interpretations Committee (IFRSIC) as adopted by the European Union and the Companies Act 2006 applicable to companies reporting under IFRS.

The Financial Statements have been prepared under the historical cost convention with modification for the available-for-sale financial assets.

The preparation of Financial Statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant in the Financial Statements are disclosed in Note 4.

### Going Concern

In June 2014, the Board announced that it had raised £500,000, before expenses, by way of a placing of 500,000,000 new Ordinary Shares at a subscription price of 0.1 pence per Placing Share ("the Placing") to be effected by means of a cashbox placing. The Placing was not a rights issue nor an open offer and the Placing Shares were not been offered generally to shareholders on a pre-emptive basis. The Directors believe the extra cost and delay involved in a rights issue or open offer would not have been in the best interests of the Company in the circumstances and, accordingly, the Board considers that it is in the best interests of the Company and shareholders as a whole for the funds to have been raised through the Placing.

The Company has reviewed its ongoing requirements and believes that it can operate in accordance with its investment policy with the amount raised by the placing, while still raising the minimum amount of new funding that the Directors determined that the Company should raise at this time to be developed on behalf of all shareholders and justify the costs associated with maintaining an AIM listing.

The proceeds of the Placing will be used to provide working capital and to enable further investments to be made by the Company in accordance with its investment policy. The Board considers that the amount being raised is the minimum to maintain the AIM listing, with approximately half of the net proceeds available to cover annual running and AIM costs and the remainder to provide for additional investment in accordance with the Company's investing policy.

The Placing Shares will together represent approximately 56.4 percent of the Company's enlarged issued share capital and the total number of shares in issue following completion of the Placing will be 886,907,464.

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2013 the Company had cash and cash equivalents of £26,000 and no borrowings. The Company has minimal contractual expenditure commitments and the Board considers the present funds sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements following the Placing discussed in the Report of the Directors. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

## **Accounting Policies**

### **a) New standards, amendments and interpretations adopted by the Company**

A number of new standards and amendments to standards and interpretations are effective for the annual period beginning after 1 January 2013 and have been applied in preparing these financial statements.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income became effective during the period. Items in the statement of comprehensive income that may be reclassified to profit or loss in subsequent periods are now presented separately from items that will not be reclassified to profit or loss in subsequent periods.

IFRS 13, 'Fair value measurement' became effective during the period and provides a single source of fair value measurement and disclosure requirements. The standard requires specific disclosures on fair values, some of which replace existing disclosure requirements in IFRS 7, 'Financial instruments: Disclosures'. The fair value of cash and cash equivalents, trade and other receivables and trade and other payables approximate to their book values due to the short maturity periods.

### **b) New standards, amendments and interpretations mandatory for the first time for the financial year beginning 1 January 2013, but not currently relevant to the Company**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

IAS 19, 'Employee benefits' eliminate the option to defer the recognition of gains and losses, known as the "corridor method"; streamline the presentation of changes in assets and liabilities arising from defined benefit plans, including requiring re-measurements to be presented in other comprehensive income; and enhance the disclosure requirements for defined benefit plans, providing better information about the characteristics of defined benefit plans and the risks that entities are exposed to through participation in those plans.

IFRS 7, 'Financial Instruments: Disclosures' was amended for asset and liability offsetting. This amendment requires disclosure of information that will enable users of financial statements to evaluate the effect or potential effect of netting arrangements, including rights of set-off associated with the entity's recognised financial assets and recognised financial liabilities, on the entity's financial position.

Amendment to IFRS 1, 'First-time Adoption of International Financial Reporting Standards' on government loans, addresses how first-time adopters would account for a government loan with a below-market rate of interest when transitioning to IFRS. It also adds an exception to the retrospective application of IFRS, which provides the same relief to first time adopters granted to existing preparers of IFRS Financial Statements when the requirement was incorporated into IAS 20 'Accounting for Government Grants and Disclosure of Government Assistance' in 2008.

'Annual Improvements 2009 – 2011 Cycle' sets out amendments to various IFRSs as follows:

- An amendment to IFRS 1, 'First-time Adoption' clarifies whether an entity may apply IFRS 1:

if the entity meets the criteria for applying IFRS 1 and has applied IFRS 1 in a previous reporting period; or

## 2. Summary of Significant Accounting Policies (continued)

if the entity meets the criteria for applying IFRS 1 and has applied IFRSs in a previous reporting period when IFRS 1 did not exist.

- The amendment to IFRS 1 also addresses the transitional provisions for borrowing costs relating to qualifying assets for which the commencement date for capitalization was before the date of transition to IFRSs.
- An amendment to IAS 1, 'Presentation of Financial Statements' clarifies the requirements for providing comparative information when an entity provides Financial Statements beyond the minimum comparative information requirements.
- An amendment to IAS 16, 'Property, Plant and Equipment' addresses a perceived inconsistency in the classification requirements for servicing equipment.
- An amendment to IAS 32, 'Financial Instruments: Presentation' addresses perceived inconsistencies between IAS 12, 'Income Taxes' and IAS 32 with regard to recognizing the consequences of income tax relating to distributions to holders of an equity instrument and to transaction costs of an equity transaction.
- An amendment to IAS 34, 'Interim Financial Reporting' clarifies the requirements on segment information for total assets and liabilities for each reportable segment.

### c) **New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 January 2014 and not early adopted**

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the financial statements are disclosed below.

IAS 27, 'Separate Financial Statements', replaces the current version of IAS 27, 'Consolidated and Separate Financial Statements' as a result of the issue of IFRS 10. The revised standard includes the requirements relating to separate financial statements. The revised standard becomes effective for annual periods beginning on or after 1 January 2014.

Amendment to IAS 32, 'Offsetting Financial Assets and Financial Liabilities', add application guidance to address inconsistencies identified in applying some of the criteria when offsetting financial assets and financial liabilities. This includes clarifying the meaning of "currently has a legally enforceable right of set-off" and that some gross settlement systems may be considered equivalent to net settlement. The Company is yet to assess the full impact of the amendment to IAS 32 and intends to adopt the amended standard no later than the accounting period beginning on or after 1 January 2014.

Amendment to IAS 36, 'Recoverable Amount Disclosures for Non-Financial Assets', to reduce the circumstances in which the recoverable amount of assets or cash-generating units is required to be disclosed, clarify the disclosures required, and to introduce an explicit requirement to disclose the discount rate used in determining impairment (or reversals) where recoverable amount (based on fair value less costs of disposal) is determined using a present value technique. The Company is yet to assess full impact of the revised standard and intends to adopt the amendment to IAS 36 no later than the accounting period beginning on or after 1 January 2014.

IFRS 9, 'Financial instruments', addresses the classification, measurement and recognition of financial assets and financial liabilities. IFRS 9 was issued in November 2009 and October 2010. It replaces parts of IAS 39 that relate to the classification and measurement of financial instruments. IFRS 9 requires financial assets to be classified into two measurement categories: those measured as at fair value and those measured at amortised cost. The determination is made at initial recognition.

## 2. Summary of Significant Accounting Policies (continued)

The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics for the instrument. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the income statement, unless this creates an accounting mismatch. The Company is yet to assess IFRS 9's full impact and intends to adopt IFRS 9 no later than the accounting period beginning on or after 1 January 2014, subject to endorsement by the EU. The Company will also consider the impact of the remaining phases of IFRS 9 when completed by the Board.

IFRS 10, 'Consolidated financial statements', builds on existing principles by identifying the concept of control as the determining factor in whether an entity should be included within the consolidated financial statements of the parent company. The standard provides additional guidance to assist in the determination of control where this is difficult to assess. The Company is yet to assess IFRS 10's full impact and intends to adopt IFRS 10 no later than the accounting period beginning on or after 1 January 2014.

IFRS 12, 'Disclosures of interests in other entities', includes the disclosure requirements for all forms of interests in entities, including joint arrangements, associates, special purpose vehicles and other off Statement of Financial Position vehicles. The Company is yet to assess IFRS 12's full impact and intends to adopt IFRS 12 no later than the accounting period beginning on or after 1 January 2014.

Amendments to IFRS 10 "Consolidated Financial Statements", IFRS 11 "Joint Arrangements" and IFRS 12 "Disclosure of Interests in Other Entities" clarify the IASB's intention when first issuing the transition guidance in IFRS 10, provide similar relief in IFRS 11 and IFRS 12 from the presentation or adjustment of comparative information for periods prior to the immediately preceding period, and provide additional transition relief by eliminating the requirement to present comparatives for the disclosures relating to unconsolidated structured entities for any period before the first annual period for which IFRS 12 is applied. The Company plans to adopt these amendments no later than the annual period beginning on or after 1 January 2014.

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 12, 'Disclosure of Interests in Other Entities' and IAS 27, 'Separate Financial Statements', provide 'investment entities' (as defined) an exemption from the consolidation of particular subsidiaries and instead require that an investment entity measure the investment in each eligible subsidiary at fair value through profit or loss in accordance with IFRS 9 Financial Instruments or IAS 39 Financial Instruments: Recognition and Measurement. The Group is yet to assess the full impact of these amendments and intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2014.

"Annual Improvements 2010 – 2012 Cycle" sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

- IFRS 2 "Share-based Payment": amendment to the definition of a vesting condition.
- IFRS 3 "Business Combinations": amendments to the accounting for contingent consideration in a business combination.
- IFRS 8 "Operating Segments": amendments to the aggregation of operating segments and the reconciliation of the total of the reportable segments' assets to the entity's assets.
- IFRS 13 "Fair Value Measurement": amendments to short term receivables and payables.
- IAS 16 "Property, Plant and Equipment": amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.
- IAS 24 "Related Party Disclosures": amendments regarding key management personnel.
- IAS 38 "Intangible Assets": amendments to the revaluation method in relation to the proportionate restatement of accumulated depreciation.

## 2. Summary of Significant Accounting Policies (continued)

The Company intends to adopt the amended standards no later than the annual period beginning on or after 1 July 2014, subject to EU endorsement.

“Annual Improvements 2011 – 2013 Cycle” sets out amendments to various IFRSs and provides a vehicle for making non-urgent but necessary amendments to IFRSs:

- IFRS 1 “First-time Adoption of International Financial Reporting Standards”: amendment to the meaning of ‘effective IFRSs’.
- IFRS 3 “Business Combinations”: amendments to the scope exceptions for joint ventures.
- IFRS 13 “Fair Value Measurement”: amendments to the scope of paragraph 52 (portfolio exception).
- IAS 40 “Investment Property”: amendments clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner occupied property.

The impact on the Company’s financial statements of the future standards, amendments and interpretations is still under review, but the Company does not currently expect any of these changes to have a material impact on the results or the net assets of the Company.

The Company intends to adopt the amended standards no later than the annual period beginning on or after 1 July 2014, subject to EU endorsement.

### **Non-Current Assets held for Sale and Discontinued Operations**

The Company classifies non-current assets as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

### **Financial Instruments**

The Company determines the classification of its financial assets at initial recognition. The subsequent measurement of financial assets depends on their classification as described below.

#### ***Available-for-sale financial assets***

Available-for-sale financial assets are included in non-current assets unless the investment matures or management intends to dispose of it within 12 months of the end of the reporting period.

Available-for-sale financial assets carried at fair value through profit or loss are initially recognised at fair value, and transaction costs are expensed in the income statement.

The Company assesses at the end of each reporting period whether there is objective evidence that a financial asset is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss – is recognised in equity.

#### ***Loans and Receivables***

The Company’s loans and receivables comprise ‘trade and other receivables’ and ‘cash and cash equivalents’.

The Company determines the classification of its financial liabilities at initial recognition. The Company’s financial liabilities comprise ‘trade and other payables’.

#### ***Trade and Other Receivables***

Trade and other receivables are initially measured at fair value, based on their invoice value and subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Income when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset’s carrying amount and the estimated recoverable amount.



## 2. Summary of Significant Accounting Policies (continued)

### *Trade and Other Payables*

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest method.

### **Foreign Currency Translation**

#### (a) **Functional and Presentation Currency**

Items included in the Financial Statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The Financial Statements are presented in Pounds Sterling (£), which is the Company's functional and presentation currency.

#### (b) **Transactions and Balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Income Statement. Foreign exchange gains and losses are presented in the Other Comprehensive Income.

### **Share Capital**

Ordinary Shares are classified as equity. Share premium is shown as an additional incremental costs directly attributable to the issue of new shares are shown as a deduction, net of tax, in equity from the proceeds.

### **Cash and Cash Equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits.

### **Taxation**

The tax expense represents the sum of the tax payable for the current period and deferred tax.

Tax is recognised in the income statement, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company and its subsidiaries operate and generate taxable income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

## 2. Summary of Significant Accounting Policies (continued)

### Share Based Payments

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. The fair value excludes the effect of non market-based vesting conditions. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 6.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest. At each Statement of Financial Position date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non market-based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in the Income Statement such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity-settled employee benefits reserve.

Fair value is measured by use of the Monte Carlo Model. The expected life used in the model is adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions, and behavioural considerations.

### Operating Leases

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease. Where the terms of a lease become onerous, provision or accrual is made for all future costs net of any estimated future recoveries.

## 3. Financial Risk Management

### Financial Risk Factors

The Company's activities expose it to a variety of financial risks: market risk (including exchange rate risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets, and seeks to minimise potential adverse effects on the Company's financial performance.

Risk management is carried out by the Directors under policies approved by the Board of Directors which include continuous assessments of interest rate, credit risk and liquidity risk.

#### (a) Market Risk

##### (i) Foreign Exchange Risk

The Company operates mainly in the UK, and has limited exposure to foreign exchange risk. Following the new strategies post re-structure, the Company may have greater currency risk should it develop an international investment portfolio.

##### (ii) Interest Rate Risk

The Company does not have any borrowing at the year end and hence has limited exposure to interest rate risk. Should borrowing become necessary, the Directors will assess the instruments required to meet the Company's financing needs.

#### (b) Credit Risk

Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions. The Company considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Company will only bank with financial institutes that have a credit rate of A- or better.

### 3. Financial Risk Management (continued)

#### (c) Liquidity Risk

The Company seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Cash is invested in commercial call accounts which provide a modest return on the cash resources whilst ensuring there is limited risk of loss.

There is no difference between the carrying values and fair values of the financial instruments in the current year or prior year.

#### (d) Price Risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the Statement of Financial Position as available-for-sale assets. To manage this risk, the Company diversified its portfolio.

#### Capital Risk Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern, in order to provide returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares, or sell assets to reduce debt.

### 4. Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of the financial information in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

#### (i) Critical Accounting Estimates and Assumptions

##### Share Based Payments

The Company has made awards of options over its unissued share capital to the former employees.

The fair value of share based payments is calculated by reference to a Monte Carlo simulation model. Inputs into the model are based on management's best estimates of appropriate volatility, dividend yields, discount rate and share price growth.

During the year, the Company incurred a share based payment charge of £63,000 in respect of the 32 million share options granted to the Directors.

### 5. Segment Information

No segmental analysis has been disclosed as the Company has no operating segments.

**6. Share Based Payments**

During the year, The Company has granted each of the four directors options over a total of 8,000,000 new ordinary shares of 0.01p each in the Company at an exercise price of 0.2 pence per share. These Options vest immediately and expire on 31 December 2010. The share option charge of the year is £62,950.

	2013 No. of share options	Weighted average exercise price	2012 No. of share options	Weighted average exercise price
Outstanding at beginning of year	-	-	16,499,886	8.95p
Granted during the year	32,000,000	0.2p	-	-
Forfeited during the year	-	-	-	-
Cancelled during the year	-	-	(16,499,886)	8.95p
Outstanding at the end of the year	32,000,000	0.2p	-	-
Exercisable at the end of the year	32,000,000	0.2p	-	-

There are £nil (2012: £772,000) employee benefit expenses in 2013 as the Company does not have employees other than the Directors in 2013.

**7. Directors and Employees**

Average number of employees	No.	No.
Average number of employees (who are all Directors) during the year was:	3	3
	£'000	£'000
Emoluments of the Directors	136	485

**Directors' Emoluments**

	Salary and fees £'000	2013 Total £'000	2012 Total £'000
Ahmed al Asfour (resigned on 25 June 2012)	-	-	3
Cyril Theret (resigned on 29 June 2012)	-	-	245
Nemone Wynn-Evans (resigned on 29 June 2012)	-	-	199
Malcolm Basing (resigned on 29 June 2012)	-	-	10
Nicholas Smith (resigned on 22 July 2012)	-	-	4
Donald Strang	50	50	12
Hamish Harris	9	9	12
Spencer Wilson (appointed on 10 July 2013)	29	29	-
David Lenigas (appointed on 03 April 2013)	48	48	-
	136	136	485

There were no pension scheme contributions on behalf of Directors during in 2013 or 2012.

<b>8. Expenses by nature</b>	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Expenses by nature (excluding write-downs in investments):		
Staff costs	136	772
Professional fees	103	320
Other expenses	29	81
Accountancy fees	19	97
Premises related expenses	-	245
Insurance costs	1	108
Marketing costs	33	26
Share based payments	63	21
Transfer to available for sale asset reserve	85	-
Expenses related to discontinued operations	-	(1,330)
	<u>469</u>	<u>340</u>
Auditor's remuneration:		
- Fees payable for the audit of the Company	15	11
- Audit related assurance services	-	6
	<u>15</u>	<u>17</u>
<b>9. Profit from Discontinued Operations</b>		
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Recovery of 2011 provision for intercompany receivables	-	2,961
Provision for intercompany receivables	-	-
Impairment of investment in subsidiaries	-	(390)
Loss on disposal of subsidiaries	-	(1,012)
Administrative expenses	-	(1,330)
	<u>-</u>	<u>229</u>
<b>10. Finance Income</b>		
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Interest income on short-term bank deposits	2	5
	<u>2</u>	<u>5</u>
<b>11. Income Tax</b>		
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
UK Corporation Tax at standard rate of UK small companies		
Corporation Tax rate of 20% (2012 - 20%)	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-
	<u>-</u>	<u>-</u>

**11. Income Tax (continued)****Income Tax Expense**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
The tax on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to loss of the Company as follows:		
Loss on ordinary activities before tax (Continuing operations)	(464)	(325)
	<u>          </u>	<u>          </u>
Current tax at 20% (2012 – 20%)	(93)	(65)
Tax effects of:		
- Expenses not deductible for tax purposes	-	10
- Tax losses for which no deferred income tax asset is recognised	93	55
	<u>          </u>	<u>          </u>
Tax charge/(credit)	-	-
	<u>          </u>	<u>          </u>

**12. Earnings per Share**

Basic loss per share is calculated by dividing the loss attributable to equity holders of the Company by the weighted average number of ordinary shares in issue during the year.

	<b>2013</b>	<b>2012</b>
Loss attributable to equity holders of the Company (£'000)	(464)	(96)
Weighted average number of ordinary shares in issue (thousands)	386,907,464	386,907,464
Basic and diluted loss per share (£)	(0.12)	(0.02)
	<u>          </u>	<u>          </u>

**13. Investment in Subsidiaries**

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Opening balance	-	-
Additions	-	400
Impairment (note 9)	-	(390)
Reclassified to assets held for sale (note 14)	-	(10)
	<u>          </u>	<u>          </u>
Closing balance	-	-
	<u>          </u>	<u>          </u>

In January 2012 the Company subscribed for 400,000 new ordinary shares of PLUS-DX at £1 each, which increased the Company's total shareholding in PLUS-DX from 80% to 99.99995%. In September 2012, a sale and purchase agreement was signed between the Company and Pipeline Capital Inc. to dispose of the entire shareholding for cash consideration of £10,000, subject to regulatory approval. Accordingly, the investment in PLUS-DX was impaired down to the recoverable amount and reclassified as held for sale as at 31 December 2012.

PLUS-SX and PLUS-TS were disposed of in May and June 2012 respectively. PLUS-DX was disposed of in January 2013, as disclosed in note 14.

**14. Assets Classified as Held for Sale**

The major classes of assets and liabilities classified as held for sale are as follows:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Shares in Subsidiary Undertaking</b>		
Opening balance	10	-
Transfer from investment in subsidiaries (note 13)	-	10
Disposal of shares in Subsidiary Undertakings	(10)	-
	—	—
Closing balance	-	10
	==	==
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Available-for-sale financial assets</b>		
Opening balance	-	-
Purchase of securities	601	-
Disposal of securities	(184)	-
Available for sale asset reserve	(85)	-
	—	—
Closing balance	332	-
	==	==
<b>15. Trade and Other Receivables</b>		
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Prepayments	-	7
Other receivables	4	117
VAT recoverable	12	107
	—	—
	16	231
	==	==
<b>16. Cash and Cash Equivalents</b>		
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Cash at bank and in hand	26	896
	==	==
<b>17. Trade and Other Payables</b>		
	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	44	31
Other payables	-	100
Social security and other taxes	5	19
Accruals	39	-
	—	—
	88	365
	==	==

The Directors consider the carrying amount of trade payables is approximately equal to their fair value.

**18. Share Capital and Premium**

		Number of shares (thousands)	Share capital £'000	Share premium £'000	Total £'000
At 31 December 2012	- ordinary shares	386,907	38	18,021	18,059
	- deferred shares	386,907	19,307	-	19,307
		-----	-----	-----	-----
		773,814	19,345	18,021	37,366
		=====	=====	=====	=====
At 31 December 2013	- ordinary shares	386,907	38	18,021	18,059
	- deferred shares	386,907	19,307	-	19,307
		-----	-----	-----	-----
		773,814	19,345	18,021	37,366
		=====	=====	=====	=====

The issued share capital at 31 December 2013 consists of 386,907,464 ordinary shares of 0.01p each and 386,907,464 deferred shares of 4.99p each.

The deferred shares do not entitle their holders to receive dividends or other distributions, receive notice of or to attend and vote at any general meeting or receive a return of capital on a winding up. The deferred shares are redeemable at the option of the Company at any time on giving 7 days written prior notice.

32 million share options were outstanding at 31 December 2013 (2012 – Nil).

**19. Commitments****Operating Lease Commitments**

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2013 £'000	2012 £'000
	Technology Services	Technology Services
Within one year	3	3
Later than one year and no later than 5 years	11	11
After five years	-	-

**20. Related Party Transactions**

During the year, consultancy fees of £48,000 (2012 - £48,000) were charged to the Company by Marlin Atlantic Finance Limited, a company in which Mr Harris is also a director. No balance is outstanding at the year end.



**21. Events after the Reporting Period**

In June 2014, the Board announced that it had raised £500,000, before expenses, by way of a placing of 500,000,000 new Ordinary Shares at a subscription price of 0.1 pence per Placing Share ("the Placing") to be effected by means of a cashbox placing. The Placing was not a rights issue nor an open offer and the Placing Shares were not been offered generally to shareholders on a pre-emptive basis. The Directors believe the extra cost and delay involved in a rights issue or open offer would not have been in the best interests of the Company in the circumstances and, accordingly, the Board considers that it is in the best interests of the Company and shareholders as a whole for the funds to have been raised through the Placing.

The Company has reviewed its ongoing requirements and believes that it can operate in accordance with its investment policy with the amount raised by the placing, while still raising the minimum amount of new funding that the Directors determined that the Company should raise at this time to be developed on behalf of all shareholders and justify the costs associated with maintaining an AIM listing.

The proceeds of the Placing will be used to provide working capital and to enable further investments to be made by the Company in accordance with its investment policy. The Board considers that the amount being raised is the minimum to maintain the AIM listing, with approximately half of the net proceeds available to cover annual running and AIM costs and the remainder to provide for additional investment in accordance with the Company's investing policy.

The Placing Shares will together represent approximately 56.4 percent of the Company's enlarged issued share capital and the total number of shares in issue following completion of the Placing will be 886,907,464.

**22. Ultimate Controlling Party**

The Directors believe there to be no ultimate controlling party.

**23. Externally Exposed Regulatory Requirements**

The Directors of the Company have actively undertaken strategic reviews of potential investment opportunities as an investing company under the AIM Rules.





