Registered number: 04606754

POLEMOS PLC
(formerly PLUS MARKETS GROUP PLC)

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2012

	Page
Board of Directors	2
Corporate Information	3
Executive Director's Statement	4
Report of the Directors	9
Corporate Governance	12
Statement of Directors' Responsibilities	14
Report of the Independent Auditors	15
Statement of Comprehensive Income	17
Statement of Financial Position	19
Statement of Changes in Equity	20
Statement of Cash Flows	21
Notes to the Financial Statements	22 - 37

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.

Changes to the Board during 2012

The following directors and non-executive directors were appointed to or resigned from the Board following the disposal of substantially all of the Company's operations:

Donald Strang	(appointed 29 June 2012)
Hamish Harris	(appointed 18 July 2012)
Ahmed al Asfour	(resigned 15 June 2012)
Cyril Theret	(resigned 29 June 2012)
Nemone Wynn-Evans	(resigned 29 June 2012)
Malcolm Basing	(resigned (29 June 2012)
Nicholas Smith	(resigned 22 July 2012)

Company Secretary	Donald Strang
Company Number	04606754
Registered Office	Princes House Suite 3B 38 Jermyn Street London SW1Y 6DN
Nominated Adviser and Broker	N+1 Singer Advisory LLP One Bartholomew Lane London EC2N 2AX
Bankers	Bank of Scotland plc Corporate Banking Level 2 Pentland House 8 Lochside Avenue Edinburgh EH12 9DJ
Auditors	Littlejohn LLP Statutory Auditor 1 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Kerman & Co LLP 200 Strand London WC2R 1DJ

Change of Group composition and change of Board

As at the Statement of Financial Position date, following the disposal of substantially all of the Company's operations, the business of the Company had become that of an Investment Company, pursuant to Rule 15 of the AIM Rules. The circumstances of this are set out below:

In February 2012, the former Group - comprising PLUS Stock Exchange plc ("PLUS-SX"), PLUS Derivatives Exchange Limited ("PLUS-DX") and PLUS Trading Solutions Limited ("PLUS-TS") - entered into a formal sale process which included, *inter alia*, seeking prospective investment from strategic investors. The objective was to seek a partner to help its operations achieve the scale and reach required to maximise value to shareholders while securing the ongoing financial position of the Company and Group and the running of its subsidiary operations. The Group had not secured material new income following implementation of its strategy of diversification, as adopted following the strategic review in 2010.

The Group subsequently announced on 14 May 2012 that, while it had received indicative proposals in response to the formal sale process from a number of parties, none of the parties had been able to progress matters to a position whereby either the parties or the Board, in conjunction with its advisers, were satisfied as to the deliverability to completion of any proposed transaction. Furthermore, due to the ongoing operating costs of its business in the context of both the formal sale process and its regulatory status, and given that PLUS-SX was a Recognised Investment Exchange ("RIE"), the Group's cash balance had reached a level at which the Board was obliged to inform the Financial Services Authority ("FSA") (now known as the Financial Conduct Authority) that it intended to commence a process of orderly closure.

During the orderly closure process, the Company continued to explore all possible avenues to preserve remaining shareholder value, if any, including any offers to acquire the Company's remaining assets as a whole or in parts.

On 18 May 2012, the Company announced that it had entered into an agreement with ICAP Holdings Limited ("ICAP"), a wholly owned subsidiary of ICAP plc, whereby ICAP would acquire the entire issued share capital of PLUS-SX on a cash-free, debt-free basis for a nominal cash amount of £1, subject to shareholder approval and agreement from the FSA. Further to this, the Group announced on 14 June 2012, that it had agreed with ICAP to increase the consideration payable for PLUS-SX to a total of £500,000 (the "SX Disposal").

Following the receipt of shareholder approval at a general meeting of the Company, and agreement from the FSA to a change of control of the RIE, the SX Disposal completed on 21 June 2012.

The Company separately announced on 15 June 2012, that it had agreed to dispose of PLUS-TS to FORUM Trading Solutions Limited and that subject to completion of the SX Disposal, PLUS-TS would enter into a contract, for a minimum term of nine months, to provide technology platform services to ICAP in continued support of PLUS-SX's markets.

Following the completion of the SX Disposal, the consideration for the PLUS-TS disposal was £281,251, comprising initial consideration of £1 and deferred consideration of £281,250. The deferred consideration was payable as a share of the revenue received by FORUM from ICAP under this contract in equal instalments over the nine month term.

The project name for the disposal of PLUS SX and PLUS TS used by the Board was "Project Chardonnay".

At an Annual General Meeting of the Group on 29 June 2012, shareholders voted to change the Board. Three of the four directors - Malcolm Basing (Non-Executive Chairman), Cyril Theret (Chief Executive

Change of Group Composition and Change of Board (continued)

Officer) and Nemone Wynn-Evans (Chief Financial Officer) - left the Board. The remaining director, Nicholas Smith (Non-Executive Director) resigned prior to the AGM and left the Board on 22 July 2012. Donald Strang was appointed to the Board on 29 June 2012 and Hamish Harris was appointed on 18 July 2012.

On 3 April 2013, David Lenigas was appointed as Executive Chairman of the Company and Donald Strang moved to the role of Finance Director of the Company.

Following their appointments to the Board, Donald Strang and Hamish Harris initiated an on-going review, on behalf of shareholders, of the significant payments made to advisers, executives and employees which were approved by the previous management team in connection with Project Chardonnay and the previously announced proposed wind-down of the Company.

The review indicated the following fee payments were made or are payable:

Project Chardonnay Fees:

	£
Legal	681,677
Financial Advisory and Corporate Finance	370,000
Regulatory	168,907
Public Relations	40,000
Accountancy	29,300
Company Secretarial	19,826
Management Consulting	10,000
Employee Settlement Costs and Associated Payments	481,500
Total Costs	1,801,210

It would appear that the previous management underestimated the costs of the formal sale process, which ended up being far greater than anticipated.

As can be seen from the reference to 'Employee settlement costs and associated payments' in the table above, the SX Disposal also invoked a change of control and enhanced notice provisions in the service agreements of the Executive Directors. These contractual provisions were initially entered into between the Company and the Executive Directors (being Cyril Theret and Nemone Wynn-Evans) in 2007, and were then increased in favour of the Executive Directors in 2008. The Non-Executive Directors at the time of the SX Disposal (being Nicholas Smith and Malcolm Basing), reached agreement with the Executive Directors for breach of the contractually enhanced notice provisions on a change of control, whereby the Executive Directors agreed to accept a reduced sum rather than their full and substantial contractual entitlement. In addition, each Executive Director agreed that their employment with the Company would terminate on 30 November 2012.

Following further reviews, salary and settlement costs payable to the two Executive Directors as a result of the termination of their employment and amendments to their terms of employment, as part of the change of control of PLUS-SX, were £444,000. In addition to the £444,000 in salary and settlement payments to the two Executive Directors, the Company was also responsible for employer's national insurance contributions in respect of the sums. The cost of such contributions was estimated to be up to £58,500. The total aggregate payments payable in respect of the executive management therefore totalled up to £502,500, representing approximately 40% of the Group's available cash reserves at that time.

Change of Group Composition and Change of Board (continued)

ICAP reimbursed the Company with £150,000 of the costs of the SX Disposal.

The Company's new Board of Directors will continue to investigate the payments made in relation to the formal sale process and wind-down of the Company and payments made to the executives to ensure that, where possible, an appropriate recovery of funds for the benefit of the Company and its shareholders will be sought. The new Board of Directors continue to investigate the role of the Non-Executive Directors in relation to the SX Disposal.

In addition, the new Board of Directors are continuing its review of the terms of the disposal of PLUS-TS.

Further to the approval of the Company's new Articles of Association by shareholders at the general meeting held on 21 November 2012, the Company changed its name from PLUS Markets Group Plc to Polemos Plc and its Tradable Instrument Display Mnemonic ("TIDM") to PLMO. The change of name on AIM and the TIDM became effective on 29 November 2012.

PLUS DX

Following the disposals outlined above, the only remaining subsidiary in the Company was PLUS-DX, which was set up to provide innovative derivatives trading services with a focus on short to medium term interest rate related products and received FSA authorisation in July 2011. To enable the Boards of the Company and of PLUS-DX to be satisfied that the FSA's ongoing approval requirements are met, both Donald Strang and Hamish Harris executed a deed of undertaking in favour of the Company and PLUS-DX providing that they will not (as a director of the Company) exert any influence over the business and affairs of PLUS-DX.

As announced by the Company on 19 September 2012, the Company and the board of PLUS-DX agreed, subject to regulatory approval, to dispose of PLUS-DX, to Pipeline Capital Inc. ("Pipeline"). The consideration payable on completion of the disposal of PLUS-DX to Pipeline was for a nominal cash amount of £10,000 which is to be used for general working capital purposes by the Company.

The Company received agreement from the FCA for the change of control of PLUS-DX on 28 January 2013 and completed the disposal on the same day.

Following the loss of control, PLUS-DX is no longer a subsidiary undertaking of the Company as it meets the criteria set out in IFRS 5 'Non-current Assets Held for Sale and Discontinued Operations'.

Investment Strategy

At the general meeting of the Company held on 18 June 2012, at which shareholders approved the SX Disposal, shareholders also approved an investing policy for the Company. This policy was to wind up the Company and distribute any residual cash to shareholders. However, as announced on 29 June 2012, the rejection by shareholders at the Annual General Meeting of the Company of the resolution to delist the Company from trading on AIM meant that the previous investing policy was no longer valid.

A general meeting of the Company was held on 21 November 2012 where it was resolved that the Company would complete a Capital Reorganisation (see below) and would operate in line with the investing policy proposed in the circular to shareholders dated 16 October 2012 and set out below.

Investment Strategy (continued)

As an investing company, Polemos Plc is be required to make an acquisition which constitutes a reverse takeover under the AIM Rules or otherwise implement its investing policy on or before the date falling twelve months from the date of the general meeting at which shareholders approved the disposal of PLUS-SX, which occurred on 18 June 2012, failing which, the Company's ordinary shares would then be suspended from trading on AIM. In the event the Company's ordinary shares are suspended and the Company fails to make an acquisition which constitutes a reverse takeover under the AIM Rules or otherwise implement its investing policy, the admission to trading on AIM of the ordinary shares would be cancelled six months from the date of suspension.

Current Investing Policy ("Investing Policy")

The Company's current 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 per cent. 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.

The Company intends to deliver Shareholder returns principally through capital growth rather than income distribution via dividends, although it may become appropriate to distribute funds to Shareholders once the investment portfolio matures.

The Company may be both an active and a passive investor depending on the nature of the individual investments in its portfolio. Although the Company intends to be a long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

There is no limit on the number of projects into which the Company may invest or the proportion of the Company's gross assets that any investment may represent at any time and the Company will consider possible opportunities anywhere in the world.

The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including by way of example, and without limit, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems.

The Company may, in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. There are no borrowing limits in the Company's articles of association. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Company's ordinary shares.

Capital Reorganisation

To facilitate the implementation of the Investment Policy, the Board proposed to reorganise the share capital of the Company and Shareholders' consent was obtained on 21 November 2012.

The share capital of the Company was re-organised by subdividing its ordinary shares into one ordinary share of 0.01 pence each and one deferred share of 4.99 pence each. The deferred shares carry negligible value and are not admitted to trading on AIM or any other Stock Exchange. The interests of existing Shareholders (both in terms of their economic interest and voting rights) have not been diluted by the implementation of the Capital Reorganisation.

Capital Reorganisation (continued)

The deferred shares do not carry voting rights or a right to receive dividends or any part of the assets of the Company on a return of capital or winding up. The holders of deferred shares do not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. Accordingly, the deferred shares do not have any economic value.

Following the completion of the Capital Reorganisation, the Company has 386,907,464 ordinary shares of 0.01 pence each in issue. Admission to trading on AIM in respect of the revised issued share capital of the Company took place on 22 November 2012.

Financial Performance

As at the Statement of Financial Position date, owing to the sale of two of the Company's three subsidiaries and the loss of control of the remaining subsidiary, the Company changed from a group to a standalone holding company. The Company's loss for the year is £96,000. Net assets of £0.8 million included £0.9 million of cash and cash equivalents.

Board Re-organisation and Outlook

The current Board considers that the adoption of the Investing Policy, which was approved by shareholders on 21 November 2012, is in the best interests of the Company and its shareholders as a whole. The Board acknowledges this exciting period for the Company as it looks to implement its Investing Policy and continues to evaluate new investment opportunities as they arise. In the short term, the Company may look to make investments in listed securities with high levels of liquidity within the natural resources sector. The Board considers this approach to be in the best interest of shareholders as it believes that expected returns would be higher than on cash held at the bank. This approach will also allow flexibility to evaluate investments in other opportunities within the natural resources sector.

On 3 April 2013, David Lenigas was appointed as Executive Chairman with immediate effect and Donald Strang moved to the role of Finance Director on the same date. Polemos Plc looks forward to David Lenigas taking the position of Executive Chairman of the Company and the Board intends to focus its investment strategy by seeking investments in oil and gas royalty income streams on a global basis.

The current Board would like to take this opportunity to thank our shareholders for their continued support. I look forward to reporting further progress over the next period and beyond.

Mr Donald Strang
Director

1 May 2013

The Directors present their report and the audited Financial Statements for the year ended 31 December 2012.

Principal Activities and Investment Policy

As at 31 December 2012 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.

The Company changed its name from PLUS Markets Group Plc to Polemos Plc on 29 November 2012.

Results and Dividends

The Statement of Comprehensive Income is set out on page 17 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 £96,000 (2011 – £4,266,000 loss).

No dividends have been paid or proposed.

Review of the Business and Future Developments

A full review of the Company's performance, financial position and future prospects is given in the Executive Director's Report on pages 4 to 8.

Events Subsequent to the Year End

At the date these Financial Statements were approved, being 1 May 2013, the Directors were not aware of any significant events since the year end other than those set out in the note 21 to the Financial Statements.

Substantial Shareholdings

At 1 May 2013, 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
Mr R B Rowan	94,552,711	24.44
Amara Dhari Investments Ltd	66,666,667	17.23
Barclayshare Nominees Ltd	42,275,940	10.93
TD Direct Investing Nominees	27,429,530	7.09
Winterflood Securities Ltd	20,498,983	5.30

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.

Directors' Interests

The interests of the Directors at 31 December 2012 in the ordinary share capital of the Company (all beneficially held) were as follows:

Director	Shares held 31 December 2012	Shares held 1 January 2012 (or later date of appointment)
Donald Strang	Nil	Nil
Hamish Harris	Nil	Nil

On 1 March 2013, Donald Strang and Hamish Harris were each granted options over 8,000,000 ordinary shares which vested immediately and are exercisable at 0.2p each from 1 March 2013 to 31 December 2020.

Corporate Governance

A statement on Corporate Governance is set out on pages 12 and 13.

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.

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 2012 the number of creditor days in respect of trade creditors was 7 days (2011 – 19 days).

Charitable Donations

The Company made no charitable donations during the year (2011 - £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 Executive Director's Report on pages 4 to 8. Presenting the Executive Director's Report and Directors' Report, the Board seeks to present a balanced and understandable assessment of the Company's position, performance and prospects.

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.

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.

Risk Management

The 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.

Going Concern

Notwithstanding the loss incurred during the period under review, the Directors are of the opinion that ongoing evaluations of the Company's interests and cash resources, indicate that preparation of the Company's Financial Statements on a going concern basis is appropriate.

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

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 1 May 2013 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 in relation 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). 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 Ienigas 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.

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

Please refer to Note 3 to the Financial Statements.

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.

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 Director, 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 2012 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.

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.

This report, including the opinions, has been prepared for and only for the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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. 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 2012 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 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.

David Thompson (Senior statutory auditor)
For and on behalf of Littlejohn LLP
Statutory auditor

1 Westferry Circus
Canary Wharf
London E14 4HD

1 May 2013

	Note	Year ended 31 December 2012 £'000	Year ended 31 December 2011 £'000
Continuing operations			
Revenue		10	-
Administrative expenses	8	(319)	(233)
Charge in relation to share-based payments	6	(21)	-
Operating Loss		(330)	(233)
Finance income	10	5	10
Loss before Income Tax		(325)	(223)
Income tax	11	-	-
Loss for the Year from Continuing Operations		(325)	(223)
Discontinued Operations			
Profit/(loss) from discontinued operations	9	229	(4,043)
Loss for the Year attributable to equity holders of the Company		(96)	(4,266)
Other Comprehensive Income:			
Loss for the year		(96)	(4,266)
Total Comprehensive Income for the Year attributable to equity holders of the Company		(96)	(4,266)

The accounting policies and notes on pages 22 to 37 form part of these Financial Statements.

Earnings per Share from Continuing and Discontinued Operations Attributable to the Equity Holders of the Company during the Year

	Note	Year ended 31 December 2012 Pence	Year ended 31 December 2011 Pence
Earnings per share – Basic and diluted	12	(0.02)	(1.10)
From continuing operations		(0.08)	(0.31)
From discontinued operations		0.06	(0.79)

The accounting policies and notes on pages 22 to 37 form part of these Financial Statements.

	Note	31 December 2012 £'000	31 December 2011 £'000
Assets			
Non-Current Assets			
Investments in subsidiaries	13	-	-
Current Assets			
Trade and other receivables	15	231	136
Cash and cash equivalents	16	896	862
		1,127	998
Assets Classified as Held for Sale	14	10	-
Total Assets		1,137	998
Current Liabilities			
Trade and other payables	17	(365)	(151)
Net Assets		772	847
Equity			
Share capital	18	19,345	19,345
Share premium	18	18,021	18,021
Retained earnings		(36,594)	(36,519)
Total Equity		772	847

The Financial Statements were approved and authorised for issue by the board of Directors on 1 May 2013, and were signed on its behalf by:

Donald Strang
Director

The accounting policies and notes on pages 22 to 37 form part of these Financial Statements.

	Attributable to equity shareholders			
	Share Capital £'000	Share Premium £'000	Retained Earnings £'000	Total £'000
At 1 January 2011	19,345	18,021	(32,253)	5,113
Comprehensive Income for the Year				
Loss for the year	-	-	(4,266)	(4,266)
Total Comprehensive Income for the Year	-	-	(4,266)	(4,266)
At 31 December 2011	19,345	18,021	(36,519)	847
At 1 January 2012	19,345	18,021	(36,519)	847
Share based payment charge	-	-	21	21
Total contributions by and distributions to owners of the Company	-	-	21	21
Comprehensive Income for the year				
Loss for the year	-	-	(96)	(96)
Total Comprehensive Income for the Year	-	-	(96)	(96)
At 31 December 2012	19,345	18,021	(36,594)	772

The accounting policies and notes on pages 22 to 37 form part of these Financial Statements.

	Note	2012 £'000	2011 £'000
Cash Flows from Operating Activities			
Loss before tax including discontinued operations		(96)	(4,266)
Finance income		(5)	(10)
Adjustments for non-cash items:			
Provision for intercompany receivables		-	3,050
Recovery of provision for intercompany receivable	15	(2,961)	-
Costs incurred directly by subsidiaries		1,021	-
Impairment of investment in subsidiaries	13	390	928
Loss on disposal of subsidiaries		1,012	-
Share-based payment charge		21	-
Operating cash flows before movements in working capital		(618)	(298)
(Increase)/decrease in trade and other receivables		(95)	180
Increase in trade and other payables		214	127
Net Cash (Used in)/Generated from Operating Activities		(499)	9
Cash Flows from Investing Activities			
Proceeds from disposal of subsidiaries		528	-
Interest received		5	10
Net Cash Generated from Investing Activities		533	10
Net Increase in Cash and Cash Equivalents		34	19
Cash and cash equivalents at beginning of year	16	862	843
Cash and Cash Equivalents at End of Year	16	896	862

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 22 to 37 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. During the year, 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.

Following the re-structure, the Company plans to acquire a diverse portfolio of direct and indirect interests in exploration, development and production of oil and gas assets on a global basis. Both on-shore and off-shore interests will be considered.

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 as adopted by the European Union (IFRSs as adopted by the EU), the Companies Act 2006 that applies to companies reporting under IFRS, and IFRIC interpretations.

The Financial Statements have been prepared under the historical cost convention.

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

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2012 the Company had cash and cash equivalents of £896,000 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. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

Accounting Policies

a) **New and amended standards adopted by the Company**

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 January 2012 that would be expected to have a material impact on the Company.

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

b) **New and amended standards, and interpretations mandatory for the first time for the financial year beginning 1 January 2012, 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 2012, 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.

Amendments to IFRS 1, 'First time adoption' on fixed dates and hyperinflation. The first amendment replaces references to a fixed date of 1 January 2004 with "the date of transition to IFRSs", thus eliminating the need for companies adopting IFRSs for the first time to restate derecognition transactions that occurred before the date of transition to IFRSs. The second amendment provides guidance on how an entity should resume presenting financial statements in accordance with IFRSs after a period when the entity was unable to comply with IFRSs because its functional currency was subject to severe hyperinflation.

IFRS 7, 'Financial instruments: Disclosures' was amended in October 2012 for the transfer of financial assets. These amendments are as part of the IASB's comprehensive review of off Statement of Financial Position activities. The amendments promote transparency in the reporting of transfer transactions and improve users' understanding of the risk exposures relating to transfers of financial assets and the effect of those risks on an entity's financial position, particularly those involving securitisation of financial asset.

Amendments to IAS 12, 'Income Taxes' on deferred tax. Currently IAS 12 requires an entity to measure the deferred tax relating to an asset depending on whether the entity expects to recover the carrying amount of the asset through use or sale. It can be difficult and subjective to assess whether recovery will be through use or through sale when the asset is measured using the fair value model in IAS 40 Investment Property. Hence this amendment introduces an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, 'income taxes – recovery of revalued non-depreciable assets', would no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is accordingly withdrawn.

c) **New and amended standards and interpretations issued but not yet effective for the financial year beginning 1 January 2012 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. The Company intend to adopt these standards, if applicable, when they become effective.

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments). The amendments do not address which items are presented in OCI. The amendment becomes effective for annual periods beginning on or after 1 July 2012.

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

IAS 19, 'Employee benefits', was amended in June 2011. The amendments 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. The amendment becomes effective for annual periods beginning on or after 1 January 2013. The amendment has no impact on the Company.

Amendment to IFRS 1, 'First-time Adoption of International Financial Reporting Standards' on government loans. This amendment 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. The amendment is effective for the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU. The amendment has no impact on the Company.

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. The amendment is effective for the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU.

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 2013.

IFRS 11, 'Joint Arrangements' provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form. There are two types of joint arrangement; joint operations and joint ventures. Joint operations arise where a joint operator has rights to the assets and obligations relating to the arrangement and therefore accounts for its share of assets, liabilities, revenue and expenses. Joint ventures arise where the joint venture has rights to the net assets of the arrangement and therefore equity accounts for its interest. Proportional consolidation of joint ventures is no longer allowed. The Company is yet to assess IFRS 11's full impact and intends to adopt IFRS 11 no later than the accounting period beginning on or after 1 January 2013.

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 2013.

Amendments to IFRS 10, 'Consolidated Financial Statements', IFRS 11, 'Joint Arrangements and IFRS 12, 'Disclosure of Interests in Other Entities', provide additional transition relief to IFRSs 10,11 and 12 by limiting the requirement to provide adjusted comparative information to only the preceding comparative period. For disclosures related to unconsolidated structured entities, the amendments will remove the requirement to present comparative information for periods before IFRS 12 is first applied. The Company 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 2013, subject to endorsement by the EU.

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

IFRS 13, ‘Fair value measurement’, aims to provide consistency and reduce complexity by providing a precise definition of fair value and a single source of fair value measurement and disclosure requirements for use across IFRSs. The requirements, which are largely aligned between IFRS and US GAAP, do not extend the use of fair value accounting but provide guidance on how it should be applied where its use is already required or permitted by other standards with IFRSs or US GAAP. The standard becomes effective for annual periods beginning on or after 1 January 2013.

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 2013.

IAS 28, ‘Investments in Associates and Joint Ventures’, replaces the current version of IAS 28,’Investments in Associates’, as a result of the issue of IFRS 11. The revised standard includes the requirements for associates and joint ventures that have to be equity accounted following the issue of IFRS 1. The Company is yet to assess full impact of the revised standard and intends to adopt IAS 28 (revised) no later than the accounting period beginning on or after 1 January 2013.

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. 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 2015, 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.

Amendments to IAS 32, ‘Financial Instruments: Presentation’, 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 amendments to IAS 32 and intends to adopt the amended standard no later than the accounting period beginning on or after 1 January 2014.

‘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:

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

  (b) 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.

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

- An amendment to IAS 1, 'Presentation of Financial Statements' clarifies the requirements for providing comparative information:

  (a) for the opening Statement of Financial Position when an entity changes accounting policies, or makes retrospective restatements or reclassifications; and

  (b) 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.

The Company intends to adopt the amended standards no later than the accounting period beginning on or after 1 January 2013, subject to endorsement by the EU. These improvements are not expected to have an impact on the Company.

Investments in Subsidiaries

Investments in subsidiaries are stated at cost less provisions for impairment.

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.

Loans and Receivables

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

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 Payables

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

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

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 Statement of Comprehensive Income. Foreign exchange gains and losses are presented in the Statement of Comprehensive Income.

Share Capital

Ordinary Shares are classified as equity. Share premium is shown as an addition to the shareholders' equity and represents the premium amount paid on the issue of new shares. External 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.

The tax payable in the current period is based on taxable profit for the period. Taxable profit differs from profit for the year as reported in the Statement of Comprehensive Income because it excludes items of income or expenditure which are taxable or deductible in other periods. It further excludes items that are never taxable or deductible. The Company's liability for tax in the current period is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date. Current income tax relating to items recognised directly in equity is recognised in equity and not in the Statement of Comprehensive Income.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Financial Statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

Taxation (continued)

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current assets and liabilities on a net basis.

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 profit or loss 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 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.

3. **Financial Risk Management (continued)**

(a) **Market Risk (continued)**

(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 Group considers the credit ratings of banks in which it holds funds in order to reduce exposure to credit risk. The Group will only bank with financial institutes that have a credit rate of A- or better.

(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 book values and fair values of the financial instruments in the current year or prior year.

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.

4. **Critical Accounting Judgements and Key Sources of Estimation Uncertainty (continued)**

(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 an accelerated share based payment charge of £21,000 in respect of the cancellation of its existing share option scheme. The share based payment charges in the prior periods had been included within PLUS Stock Exchange plc (‘PLUS SX’) as this company maintained the payroll for the group companies and employed all the staff members. Following the sale of PLUS SX in June 2012, the share based payment charge has been included within Polemos Plc.

5. **Segment Information**

No segmental analysis has been disclosed as the Company has no operating segments. As noted in the Executive Director’s Statement, it is the intention of the Company to acquire interests in exploration, development and production oil and gas assets on a global basis.

6. **Share Based Payments**

During the year, all of the existing EMI options outstanding as at 1 January 2012 were cancelled. The Company incurred an accelerated share based payment charge of £21,000 in respect of the cancellation.

	2012 No. of share options	**Weighted average exercise price**	**2011 No. of share options**	**Weighted average exercise price**
Outstanding at beginning of period	16,499,886	8.95p	8,505,498	18.11p
Granted during the period	-	-	12,171,100	5.00p
Forfeited during the period	-	-	(589,480)	4.83p
Cancelled during the period	(16,499,886)	8.95p	(3,587,232)	17.40p
Outstanding at the end of the period	-	-	16,499,886	8.95p
Exercisable at the end of the period	-	-	4,898,266	18.31p

7. Directors and Employees (Continuing and discontinued operations)

Employee Benefit Expense	**2012 £'000**	**2011 £'000**
Wages and salaries	701	104
Social security costs	71	14
	772	118

Average number of employees	**No.**	**No.**
Average number of employees (including Directors) during the year was:	3	1
	£'000	**£'000**
Emoluments of the Directors	485	128

Directors' Emoluments

	Salary and fees £'000	**Compensation for loss of office £'000**	**2012 Total £'000**	**2011 Total £'000**
Ahmed al Asfour	3	-	3	60
Cyril Theret	90	155	245	-
Nemone Wynn-Evans	75	124	199	-
Malcolm Basing	10	-	10	35
Nicholas Smith	4	-	4	33
Donald Strong	12	-	12	-
Hamish Harris	12	-	12	-
	206	279	485	128

There were no pension scheme contributions on behalf of Directors during the years 2011 or 2012.

8. Operating Loss (Continuing and discontinued operations)

The operating loss was arrived at after charging:

	2012 £'000	**2011 £'000**
Operating lease rentals	123	-
Directors' emoluments (note 7)	485	128
Auditor's remuneration:		
- Fees payable for the audit of the Company	11	6
- Audit related assurance services	6	-

8. **Operating Loss (Continuing and discontinued operations) (continued)**

Expenses by nature (excluding write-downs in investments)	**2012 £'000**	**2011 £'000**
Staff costs	772	118
Professional fees	320	157
Other expenses	81	2
Accountancy fees	97	5
Premises related expenses	245	-
Insurance costs	108	-
Marketing costs	26	16
	1,649	298

9. **Profit/(loss) from Discontinued Operations**

Recovery of 2011 provision for intercompany receivables (note 15)	2,961	-
Provision for intercompany receivables (note 13)	-	(3,050)
Impairment of investment in subsidiaries (note 13)	(390)	928
Loss on disposal of subsidiaries	(1,012)	-
Administrative expenses	(1,330)	(65)
	229	(4,043)
Operating cash flows	-	(65)
Investing cash flows	528	-
Financing cash flows	-	-

10. **Finance Income**

Interest income on short-term bank deposits	5	10
	5	10

11. **Tax on Loss on Ordinary Activities**

UK Corporation Tax at standard rate of UK small companies Corporation Tax rate of 20% (2011 - 20%)	-	-
Deferred tax:		
Origination and reversal of temporary differences	-	-

11. **Tax on Loss on Ordinary Activities (continued)**

Income Tax Expense

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:

	2012 £'000	2011 £'000
Loss on ordinary activities before tax (Continuing operations)	(325)	(223)
Current tax at 20% (2011 – 20%)	(65)	(45)
Tax effects of:		
- Expenses not deductible for tax purposes	10	2
- Tax losses for which no deferred income tax asset is recognised	55	43
Tax charge/(credit)	-	-

The Company does not anticipate a corporation tax charge due to the availability of tax losses. A deferred income tax asset has not been recognized in respect of excess management expenses carried forward of approximately £410,000 (2011 - £81,000) as there is insufficient evidence that the asset will be recoverable. The asset would be recoverable if sufficient taxable profits are made in the future.

12. **Earnings per Share**

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

	2012	2011
Loss attributable to equity holders of the Company (£'000)	(96)	(4,266)
Weighted average number of ordinary shares in issue (thousands)	386,907,464	386,907,464
Basic and diluted loss per share	(0.02)	(1.10)

Diluted

The basic and diluted earnings per share for the years ended 31 December 2012 and 2011 are the same as the effect of the exercise of share options would be anti-dilutive.

13. Investment in Subsidiaries

	2012 £'000	2011 £'000
Opening balance	-	928
Additions	400	-
Impairment (note 9)	(390)	(928)
Reclassified to assets held for sale (note 14)	(10)	-
Closing balance	-	-

Investments in subsidiaries comprise PLUS Stock Exchange plc ("PLUS-SX"), PLUS Trading Solutions Limited ("PLUS-TS") and PLUS Derivatives Exchange Limited ("PLUS-DX").

During the year ended 31 December 2011, the remaining value of the investment in PLUS-SX of £928,000 was written down to £Nil to reflect the operating loss in the subsidiary. The value of the investments in PLUS-TS and PLUS-DX had been fully written down to £Nil as at 1 January 2011 to reflect the operating losses in those subsidiaries.

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.

14. Assets Classified as Held for Sale

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

	31 December 2012 £'000	31 December 2011 £'000
Shares in Subsidiary Undertaking		
Opening balance	-	-
Transfer from investment in subsidiaries (note 13)	10	-
Closing balance	10	-

15. **Trade and Other Receivables**

	2012 £'000	2011 £'000
Prepayments	7	3
Other debtors	117	126
VAT recoverable	107	7
	231	136

During the year ended 31 December 2011, other debtors included an inter-company loan of £2.62 million owed by PLUS-SX and £0.43 million owed by PLUS-DX, in respect of which a 100% provision was made in that year. During the year ended 31 December 2012, £2.96 million of these fully provided loans were recovered through the payment of certain Company costs by those subsidiaries. The recovery of these loans has been included in the 'Profit/(loss) on disposal of discontinued operations' in the Statement of Comprehensive Income.

16. **Cash and Cash Equivalents**

	2012 £'000	2011 £'000
Cash at bank and in hand	896	862

17. **Trade and Other Payables**

Trade payables	31	116
Other payables	100	-
Social security and other taxes	19	13
Accruals	215	22
	365	151

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 1 January 2012	- ordinary shares	386,907	19,345	18,021	37,366
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

18. **Share Capital and Premium (continued)**

The issued share capital at 1 January 2012 consisted of 386,907,464 shares of 5p per share. On 21 November 2012, the share capital of the Company was reorganised by subdividing each existing ordinary share of 5p each into one ordinary share of 0.01p each and one deferred share of 4.99p each. The issued share capital at 31 December 2012 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.

No share options were outstanding at 31 December 2012 (2011 – 16,499,868).

19. **Commitments**

Operating Lease Commitments

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

	2012 £'000		2011 £'000	
	Land & Buildings	**Technology Services**	**Land & Buildings**	**Technology Services**
Within one year	-	3	-	-
In the second to fifth year	-	11	-	-
After five years	-	-	-	-

20. **Related Party Transactions**

On 21 June 2012, the Company sold PLUS Stock Exchange plc, a subsidiary of the Company, to ICAP Holdings Limited, a subsidiary of ICAP Holdings plc, for £500,000. ICAP Holdings Limited also reimbursed £150,000 of the Company's costs incurred in connection with the disposal. Cyril Theret, Nicholas Smith, Malcolm Basing and Ahmed al Asfour, Directors of the Company up to their respective dates of resignation, were also Directors of ICAP Securities & Derivatives Exchange Limited, a subsidiary of ICAP Holdings plc, in the year. The Directors resigned their positions as directors at ICAP Securities & Derivatives Exchange Limited in the weeks preceding the completion of the sale. No balance is outstanding at the year end.

During the year, consultancy fees of £48,000 (2011 - £nil) 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.

On 14 June 2012, the Company sold PLUS Trading Solutions Limited to Forum Trading Solutions Limited for initial consideration of £1 and deferred consideration of £281,250. Cyril Theret and Nemone Wynn-Evans, directors of the Company, and Gerald Tucker, key management personnel, were directors of Forum Trading Solutions Limited. The balance receivable by the Company at 31 December 2012 was £106,251. The Company also paid £3,000 for technology services in the year.

21. **Events after the Reporting Period**

Disposal of investment in PLUS Derivatives Exchange Limited

On 19 September 2012, the Board of Directors announced that it had agreed, subject to regulatory approval and other customary conditions to dispose of PLUS Derivatives Exchange Limited ("PLUS-DX"), its wholly owned subsidiary, to Pipeline Capital Inc. As a condition of sale, the Board of Directors undertook an agreement not to exert influence or control over PLUS-DX during the approval period.

As PLUS-DX is a FSA regulated, the disposal was subject to agreement, for change of control, from the FSA. On 28 January 2013, the FSA granted agreement for change of control, and the disposal was duly completed.

Issue of Options

On 1 March 2013, the Company issued options to Directors over a total of 16 million new ordinary shares of 0.01p each at an exercise price of 0.2 pence per share. These options vested immediately and expire on 31 December 2020.

The options represent in aggregate 4.14% of the Company's existing ordinary share capital.

The options were issued as follows

Name of Director	Options issued	Existing options	Ordinary shares	Total
Donald Strang	8,000,000	-	-	8,000,000
Hamish Harris	8,000,000	-	-	8,000,000

22. **Ultimate Controlling Party**

The Directors believe there to be no ultimate controlling party.

23. **Externally Exposed Regulatory Requirements**

The Company is required to implement its Investing Policy within 12 months of the date of the general meeting at which shareholders approved the disposal of PLUS-SX, which occurred on 18 June 2012, failing which the ordinary shares of the Company will be suspended from trading on AIM. If the investing policy has not been implemented within 18 months of that general meeting, the admission to trading on AIM of the ordinary shares of the Company will be cancelled.

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