

# **Leed Resources PLC**

## **Annual report and accounts**

**For the period ended 31 December 2016**

Registered number: 06034226

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# **Leed Resources PLC**

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# **Leed Resources PLC**

## **Company information**

### **Directors**

**Ian Gibbs (Chairman)**  
**Charles Grundy**  
**Charles Zorab**

### **Secretary**

**Robert Porter**

### **Registered number**

06034226 (England and Wales)

### **Registered office**

55 Gower Street  
London  
WC1E 6HQ

### **Bankers**

**MetroBank plc**  
One Southampton Row  
London  
WC1B 5HA

### **Solicitors to the Company**

**Ronaldsons LLP**  
55 Gower Street  
London  
WC1E 6HQ

### **Registrar**

**Neville Registrars Limited**  
Neville House  
18 Laurel Lane  
Halesowen  
B63 3DA

### **Independent Auditor**

**Welbeck Associates**  
Statutory Auditor  
30 Percy Street  
London  
W1T 2DB

# **Leed Resources PLC**

## **Chairman's report**

for the period ended 31 December 2016

The 18 month period to 31<sup>st</sup> December 2016 has seen the Company continue to experience frustration and delays in respect of the performance of its investment in the integrated limestone quarry business in Western Australia. However, during the period significant progress has been made in respect of enhancing the Company's ownership position in the business, through a restructuring of both Battalion International Limited ("Battalion") and High Mannor Pty Ltd ("High Mannor"), as well as a reduction in the ongoing cost base of Leed, following the delisting from the AIM market.

### **RESTRUCTURING OF HIGH MANNOR AND BATTALION**

As reported on 22 December 2016, there was unanimous approval of a restructuring that resulted in the assets and business of High Mannor being sold into a new company, which has now been renamed Civex Group Holdings Pty Ltd ("Civex Group Holdings"). As part of the restructuring the Battalion loan notes were to be converted into Battalion equity and Battalion would in turn transfers its interest in High Mannor loan notes to Civex Group Holdings in return for a shareholding in Civex Group Holdings. As a result of the restructuring Leed's ownership of the operating business increased from 11.6% to approximately 33%.

The transfer of the assets / business of High Mannor was completed with an effective date of 1<sup>st</sup> April 2017, following which the business has been operating under the new brand "Civex Group".

### **CURRENT PERFORMANCE OF CIVEX GROUP**

Despite some positive signs regarding the market conditions at the end of 2016, the market has experienced a further downturn in volumes in the first half of 2017. Whilst the order book has remained, a number of the projects that were expected to commence have been pushed back to later in 2017. This has resulted in the business continuing to miss revenue targets and as a consequence it has continued to lose money. However as a result of the continued cost cutting measures, these losses have been funded without any further need for capital to be injected.

The operating company, Civex Group, has successfully produced panels in a variety of sizes and has tested these panel to confirm that they substantially exceed all minimum strength and density requirements for the retaining wall market. During the past 3 months, Civex Group has built up an inventory of wall panels at its quarry and initiated a marketing programme to increase the awareness of the panels and the advantages that they offers compared to the traditional blocks. A number of parties have expressed interest in the panels, however, the lack of new projects has meant that Civex Group has not yet commenced delivery of panels into the market.

### **DELISTING OF LEED AND CURRENT STATUS**

In early 2016 it became apparent that delays in the development of the wall panel product meant that Leed would not be able to complete a qualifying transaction possible within the AIM timeline. As a result Leed shares ceased trading on the AIM market on the 16<sup>th</sup> August 2016. In order to ensure continued market information and provide some limited liquidity the Company has subsequently commenced a trading facility on Asset Match. The delisting from AIM, combined with the fact that your Board are not charging any directors' fees, results in the ongoing annual costs of Leed in 2017 being less than GBP 30,000. This means Leed has sufficient cash to continue operating for the next twelve months.

The market conditions in Western Australia are currently very depressed and the focus over the coming months will be to continue to exercise strict cost control to ensure that the business is in a position to benefit from the upturn in the market when it eventually comes. It is clearly very frustrating that after years of disappointment due to challenges and mistakes within the business, it now appears that when the business is in a position to aggressively launch the product in the markets, it is faced with such poor market conditions.

I would like to sincerely thank shareholders for their continued patience during what has been a challenging period for Leed and as a Board we remain committed to working with the underlying business in Australia in order to deliver a positive outcome for all of Leed's stakeholders once the market conditions have improved.

**Ian Gibbs**  
**Chairman**  
25 July 2017

# Leed Resources PLC

## Strategic report

for the period ended 31 December 2016

The Directors present their Strategic Report on Leed Resources plc (the "Company") for the period ended 31 December 2016.

The Strategic Report is a statutory requirement under section 414A of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 and is intended to provide fair, balanced and understandable information that enables the Directors to be satisfied that they have complied with section 172 of the Companies Act 2006, which sets out the Directors' duty to promote the success of the Company.

### Investing policy

The Company is an investing company focused on opportunities in the natural resources sector, with an emphasis mainly but not exclusively on the mining sector. In line with this policy, investments made by the Company may be either quoted or unquoted; made by direct acquisition or through farm-ins; may be in companies, partnerships, joint ventures; or direct interests in natural resource projects. Target investments will generally be involved in projects in the exploration and/or development stage. The Company's equity interest in a proposed investment may range from a minority position to 100 per cent ownership. The Directors will initially focus on projects located in Asia but will also consider investments in other geographical regions. It is possible that the Company's financial resources will be invested in a small number of projects or potentially in just one investment. The Directors have not, however, excluded the possibility of building a broader portfolio of investment assets. The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends.

### Business and operational review

During the prior year the Board continued to review the business, addressing certain core issues:

- The operating budget
- The screening and execution of potential transactions
- Share liquidity

### Financial review

The Company recorded a loss after taxation of £717,000 for the period ended 31 December 2016, as compared to the loss of £291,000 for the prior year.

As at 31 December 2016 the Company held approximately £41,000 in cash, £nil in quoted investments, and a £588,000 investment in an unquoted equity investment.

### Post year end events

The transfer of the assets / business of High Mannor was completed with an effective date of 1<sup>st</sup> April 2017, following which the business has been operating under the new brand "Civex Group".

### Key performance indicators

The Company's chief measurements of performance are the net asset value per share, share price and market capitalisation.

|   | 2016      | 2015       |
|---|-----------|------------|
| Net asset value – fully diluted per share | 0.027p    | 0.038p     |
| Closing share price -2016 at suspension   | 0.02p     | 0.05p      |
| Market capitalisation                     | De-listed | £1,552,000 |
| Net Asset Value                           | £616,000  | £1,300,000 |

## **Leed Resources PLC**

### **Strategic report**

for the period ended 31 December 2016

#### **Principal risks and uncertainties**

The principal risk of the Company is that investments in the resources sector are by nature inherently risky.

Other financial risks are set out in note 4.

#### ***Going Concern***

The financial statements have been prepared on a going concern basis because, as set out in Note 2.1 (Going Concern), The Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future.

A handwritten signature in black ink, appearing to read 'R. C. Porter', with a long horizontal stroke extending to the right.

**Robert Porter**  
**Company Secretary**

25 July 2017

# Leed Resources PLC

## Report of the directors

for the period ended 31 December 2016

The Directors of Leed Resources plc ("Leed" or the "Company") present to shareholders this report and the audited financial statements for the period ended 31 December 2016. The year ended 30 June 2015 is also presented for comparative purposes. The Company delisted from the AIM market of the London Stock Exchange in August 2016.

### Principal activity

The principal activity of the Company is investment and management services focused on the natural resources sector.

### Substantial interests

The Company has been informed of the following shareholdings that represent 3% or more of the issued Ordinary Shares of 0.1 pence each of the Company as at 5th June 2017:

| Shareholder                                   | Number of<br>ordinary shares | Percentage of<br>ordinary share capital |
|---|------------------------------|---|
| Lynchwood Nominees Limited                    | 771,956,916                  | 23.55%                                  |
| HSDL Nominees Limited                         | 441,396,076                  | 14.07%                                  |
| TD Direct Investing Nominees (Europe) Limited | 431,188,497                  | 13.74%                                  |
| Barclayshare Nominees Limited                 | 271,210,580                  | 8.64%                                   |
| Share Nominees Limited                        | 175,484,020                  | 5.59%                                   |
| Investor Nominees Limited                     | 167,729,870                  | 5.33%                                   |
| Hargreaves Lansdown ( Nominees ) Limited      | 146,923,739                  | 4.68%                                   |

The Company has also been informed that Uhuru Investments Limited has a beneficial interest in 481,000,000 shares (15.49%) and that Casop Holdings has a beneficial interest in 257,589,694 shares (8.30%). These beneficial interests are included in the above shareholding of Lynchwood Nominees Ltd.

### Other matters

#### Financial instruments

The Company's financial instruments at 31 December 2016 include investments, cash balances, trade receivables and payables. Financial risk management is more fully discussed in Note 4 "*Financial risk management*" of the financial statements.

#### Management

The company currently has no employees however the Directors' performance is aligned to Company goals through an annual performance review process that is administered by the Board and that is tied in part to the Company's performance. No performance bonuses were paid to management during the 18 month period period ended 31 December 2016. See note 19 detailing share options issued to the Directors in April 2015.

#### Dividends

The Company does not have plans to pay dividends at this time.

#### Donations

The Company made £nil charitable contributions in the 18 month period ended 31 December 2016 and £nil in the year ended 30 June 2015.

#### Supplier payment policy

It is the Company's payment policy to pay its suppliers in conformance with industry norms. Trade payables are paid in a timely manner within contractual terms, which is generally 30 to 45 days from the date an invoice is received.

# Leed Resources PLC

## Report of the directors

for the period ended 31 December 2016

### Directors

The Directors of the Company during the year are set out below:

#### Director

Ian Gibbs  
Charles Zorab  
Charles Grundy

At 31 December 2016 the interest of the Directors in Company shares was:

| Director holdings | Ordinary<br>Shares of<br>0.1 pence | Share options # |
|-------------------|------------------------------------|-----------------|
| Ian Gibbs*        | 20,000,000                         | 80,000,000      |
| Charles Grundy    | —                                  | —               |
| Charles Zorab     | 3,268,294                          | 80,000,000      |

\*The shares and share options attributed to Ian Gibbs are owned by Bromius Capital Limited, a company in which he has an interest as a director and shareholder.

# Details of share options are provided in Note 19.

Additional information regarding director compensation is contained in Note 10 "*Employees and directors*" of the financial statements within this report.

### Directors Indemnities

The Company has qualifying third party indemnity provisions for the benefit of its Directors which remain in force at the date of this report.

### Statement of Directors' responsibilities for the financial statements

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable laws 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. The financial statements are required by law to give a true and fair view of the state of affairs of the Company, and of the profit or loss of the Company for that period. In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether the financial statements comply with IFRS as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which 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 on Leed's website. Legislation in the United Kingdom governing the preparation and dissemination of the financial statements and other information included in annual reports may differ from legislation in other jurisdictions.



# **Leed Resources PLC**

## **Report of the directors**

for the period ended 31 December 2016

### **Disclosure of information to auditor**

At the date of making this report each of the Company's Directors, who are identified above in this report, confirm the following:

- so far as each Director is aware, there is no relevant information needed by the Company's auditor in connection with preparing their report of which the Company's auditor is unaware; and
- each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant information needed by the Company's auditor in connection with preparing their report and to establish that the Company's auditor is aware of that information.

### **Corporate Governance**

The Company is not required to comply with the Corporate Governance Code or QCA Code. However, the Directors recognise the importance of sound corporate governance. The Board intends, so far as is practicable for a company of its size, to implement certain corporate governance recommendations.

The Board meets regularly and is responsible for formulating, reviewing and approving the Company's strategy, budgets, performance, major capital expenditure and corporate actions. The Company has in place an audit committee and a remuneration committee with formally delegated rules and responsibilities.

Until a sufficient number of independent non-executive directors are appointed, Ian Gibbs will chair each of the committees.

### **Board of Directors**

The Board is responsible for strategy and performance, approval of major capital projects and the framework of internal controls. To enable the Board to discharge its duties, all Directors receive appropriate and timely information. All Directors have access to the advice and services of the Company's advisers, together with the Company Secretary, who is responsible for ensuring the Board procedures, are followed and that to which applicable rules and regulations are complied.

### **Auditor**

Welbeck Associates has expressed a willingness to continue in office as auditor of the Company. In accordance with section 489(4) of the Companies Act 2006, a resolution to re-appoint Welbeck Associates as auditor of the Company will be proposed at the next Annual General Meeting of the Company.



**Robert Porter**  
**Company Secretary**

25 July 2017

## Statement of Directors' Responsibilities

Registered number 06034226

The Directors are responsible for preparing the report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. The Directors are required to prepare financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union ("EU") and have also elected to prepare the Company financial statements in accordance with IFRS as adopted by the EU. 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 and profit or loss of the Company 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 applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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 financial statements may differ from legislation in other jurisdictions.

By order of the Board:



**Charles Zorab**

Director

25 July 2017

## Directors Remuneration Report

Registered number 06034226

### Remuneration policy for the non-executive directors

The remuneration of the non-executive Directors is by way of fees and salary.

Non-Executive Directors are entitled to accept appointments outside the Company providing that the Remuneration Committee's permission is sought.

### Aggregate Directors' remuneration

The total amounts for Directors' remuneration for the period to 31 December 2016 were as follows:

|  | Salaries<br>and fees<br>£000 | Bonuses<br>£000 | 2016<br>Total<br>£000 | 2015<br>Total<br>£000 |
|--|------------------------------|-----------------|-----------------------|-----------------------|
| Ian Gibbs <i>Non-Executive Chairman</i>      | 108                          | —               | 108                   | 26                    |
| Charles Zorab <i>Non-Executive Director</i>  | 42                           | —               | 42                    | 28                    |
| Charles Grundy <i>Non-Executive Director</i> | 42                           | —               | 42                    | 2                     |
| Total compensation                           | 192                          | —               | 192                   | 56                    |

The fees in respect of Ian Gibbs were paid to Bromius Capital Limited, a company of which he is a director and shareholder. £67,000 of Ian Gibbs remuneration was related to work performed for the steering committee of High Mannor and were fully reimbursed to the Company by High Mannor.

The fees in respect of Charles Zorab were paid to Charles Zorab Associates, a partnership in which he is a partner.

### SARS

All outstanding SARs were waived by Mr Gibbs on 3 March 2014.

### Share options

Note 19 "*Share-based payments – Directors and employees*" provides details of the incentive schemes; during the period, there were no sales of shares under the incentive schemes.

There were no other undertakings with the Directors.

### Approval

This report was approved by the Board of Directors on 25 July 2017 and signed on its behalf by:



Charles Zorab

Director

## **Report of the independent auditor**

to the members of Leed Resources PLC

Registered number 06034226

### **Independent auditors' report to the members of Leed Resources plc**

We have audited the financial statements of Leed Resources plc for the 18 months period ended 31 December 2016 which comprise the statement of comprehensive income, the statement of changes in equity, the statement of financial position, the statement of cash flows, and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements 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 auditors**

As explained more fully in the statement of directors' responsibilities set out on page 6, 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 (APB'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 2016 and of the Company's loss for the 18 months period then ended;
- the financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements 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, based on the work undertaken in the course of the audit, the information given in the strategic report and the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements and has been prepared in accordance with applicable legal requirements. No material misstatements in the Strategic Report and the Director's Report have been identified.

## **Report of the independent auditor**

to the members of Leed Resources PLC

Registered number 06034226

### **Emphasis of matter – going concern**

In forming our opinion on the Financial Statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 to the Financial Statements concerning the Company's ability to continue as going concerns. These conditions, along with the other matters explained in note 2 to the Financial Statements, indicate the existence of a material uncertainty which may cast doubt on the Company's ability to continue as going concerns. The Financial Statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, 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.



**Jonathan Bradley-Hoare** (Senior statutory auditor)  
for and on behalf of Welbeck Associates  
Chartered Accountants and Statutory Auditor

30 Percy Street  
London  
W1T 2DB

25 July 2017

## Leed Resources PLC

### Statement of comprehensive income

for the 18 months period ended 31 December 2016

|   |      | 18 months to<br>31.12.2016 | Year to<br>30.06.2015 |
|---|------|----------------------------|-----------------------|
|   | Note | £'000                      | £'000                 |
| <b>Continuing operations</b>                            |      |                            |                       |
| Net loss on investments                                 | 6    | (515)                      | (62)                  |
| Investment income                                       | 7    | 49                         | 39                    |
| <b>Total income</b>                                     |      | <b>(466)</b>               | <b>(23)</b>           |
| Administrative expenses                                 | 8    | (251)                      | (201)                 |
| Share based payment expense                             | 19   | —                          | (67)                  |
| <b>Loss before tax from continuing operations</b>       |      | <b>(717)</b>               | <b>(291)</b>          |
| Income tax  | 11   | —                          | —                     |
| <b>Loss for the year and total comprehensive income</b> |      | <b>(717)</b>               | <b>(291)</b>          |
| <b>Loss per share (pence)</b>                           | 12   |                            |                       |
| Basic and fully diluted                                 |      | (0.02)p                    | (0.01)p               |

The accompanying accounting policies and notes form an integral part of these financial statements.

# Leed Resources PLC

## Statement of changes in equity

for the 18 months period ended 31 December 2016

|  | Share<br>capital<br>£000 | Share<br>premium<br>£000 | Option &<br>warrant<br>reserve<br>£000 | Retained<br>earnings<br>£000 | Total<br>£000 |
|--|--------------------------|--------------------------|--|------------------------------|---------------|
| <b>Total owners' equity at 30 June 2014</b>                    | <b>36,838</b>            | <b>77,101</b>            | <b>3,756</b>                           | <b>(115,935)</b>             | <b>1,760</b>  |
| Transactions with owners:                                      |                          |                          |  |                              |               |
| - Share based payment expense                                  | —                        | —                        | 67                                     | —                            | 67            |
| Total transactions with owners                                 | —                        | —                        | 67                                     | —                            | 67            |
| Comprehensive loss for the year:                               | —                        | —                        | —                                      | (291)                        | (291)         |
| Total comprehensive loss for the year                          | —                        | —                        | —                                      | (291)                        | (291)         |
| Transferred to the retained earnings following warrants expiry | —                        | —                        | (3,756)                                | 3,756                        | —             |
| <b>Total owners' equity at 30 June 2015</b>                    | <b>36,838</b>            | <b>77,101</b>            | <b>67</b>                              | <b>(112,706)</b>             | <b>1,300</b>  |
| Transactions with owners:                                      |                          |                          |  |                              |               |
| - Issue of shares  | 33                       | —                        | —                                      | —                            | 33            |
| Total transactions with owners                                 | 33                       | —                        | —                                      | —                            | 33            |
| Comprehensive loss for the period:                             | —                        | —                        | —                                      | (717)                        | (717)         |
| Total comprehensive loss for the period                        | —                        | —                        | —                                      | (717)                        | (717)         |
| <b>Total owners' equity at 31 December 2016</b>                | <b>36,871</b>            | <b>77,101</b>            | <b>67</b>                              | <b>(113,423)</b>             | <b>616</b>    |

The accompanying accounting policies and notes form an integral part of these financial statements.

# Leed Resources PLC

## Statement of Financial Position

at 31 December 2016

|   |      | 31.12.2016 | 30.06.2015   |
|---|------|------------|--------------|
|   | Note | £000       | £000         |
| <b>Assets</b>   |      |            |              |
| <b>Non-current assets</b>                             |      |            |              |
| Investments held at fair value through profit or loss | 13   | 588        | 684          |
|   |      | <b>588</b> | <b>684</b>   |
| <b>Current assets</b>                                 |      |            |              |
| Trade and other receivables                           | 14   | 3          | 46           |
| Cash and cash equivalents                             | 15   | 41         | 663          |
|   |      | <b>44</b>  | <b>709</b>   |
| <b>Liabilities</b>                                    |      |            |              |
| <b>Current liabilities</b>                            |      |            |              |
| Trade and other payables                              | 16   | 16         | 93           |
|   |      | <b>16</b>  | <b>93</b>    |
| <b>Net current assets</b>                             |      | <b>28</b>  | <b>616</b>   |
| <b>Net assets</b>                                     |      | <b>616</b> | <b>1,300</b> |
| <b>Owners' equity</b>                                 |      |            |              |
| Share Capital   | 18   | 36,871     | 36,838       |
| Share premium   | 18   | 77,101     | 77,101       |
| Other reserves  |      | 67         | 67           |
| Retained earnings                                     |      | (113,423)  | (112,706)    |
| <b>Total owners' equity</b>                           |      | <b>616</b> | <b>1,300</b> |

The financial statements and related notes were authorised and approved by the Board of Directors and were signed on 25 July 2017 on its behalf by:



Charles Zorab, Director

Company number: 06034226

The accompanying accounting policies and notes form an integral part of these financial statements.



# Leed Resources PLC

## Statement of Cash Flow

for the 18 months period ended 31 December 2016

|   |      | 18 months to<br>31.12.2016 | Year to<br>30.06.2015 |
|---|------|----------------------------|-----------------------|
|   | Note | £000                       | £000                  |
| <b>Loss before taxation</b>                                     |      | <b>(717)</b>               | <b>(291)</b>          |
| Adjustments for:  |      |                            |                       |
| Net gain on investments   |      | —                          | 62                    |
| Impairment of investment  |      | 517                        | —                     |
| Investment income   |      | (49)                       | (39)                  |
| Finance expense   |      | —                          | —                     |
| Share-based payments  |      | —                          | 67                    |
| <b>Operating cash flows before movements in working capital</b> |      | <b>(249)</b>               | <b>(201)</b>          |
| <b>Changes in working capital</b>                               |      |                            |                       |
| Decrease / (increase ) in trade and other receivables           |      | 43                         | (32)                  |
| (Decrease)/increase in payables                                 |      | ( 77)                      | 58                    |
| <b>Net cash flows from operating activities</b>                 |      | <b>(283)</b>               | <b>(175)</b>          |
| <b>Cash flows from investing activities</b>                     |      |                            |                       |
| Purchase of investments   |      | (421)                      | (746)                 |
| Disposal of investments   |      | —                          | —                     |
| Investment income   |      | 49                         | 39                    |
| <b>Net cash (used in)/cash from investing activities</b>        |      | <b>(372)</b>               | <b>(707)</b>          |
| <b>Cash flows from financing activities</b>                     |      |                            |                       |
| Proceeds from issue of Ordinary Shares                          |      | 33                         | —                     |
| Share issue costs   |      | —                          | —                     |
| Interest and other financing costs paid                         |      | —                          | —                     |
| <b>Net cash (used in)/from financing activities</b>             |      | <b>33</b>                  | <b>—</b>              |
| <b>Net (decrease)/increase in cash and cash equivalents</b>     |      | <b>(622)</b>               | <b>(882)</b>          |
| Exchange differences in cash and cash equivalents               |      | —                          | —                     |
| Cash and cash equivalents at beginning of period                |      | 663                        | 1,545                 |
| Cash and cash equivalents at end of period                      | 15   | 41                         | 663                   |

The accompanying accounting policies and notes form an integral part of these financial statements.

# **Leed Resources PLC**

## **Notes to the financial statements**

for the 18 months period ended 31 December 2016

### **1. General information**

Leed Resources plc is a public limited company registered in the United Kingdom under the Companies Act 2006. The address of its registered office is 55 Gower Street, London WC1E 6HQ. The Company is an investment and management services company, mainly focused on opportunities in the natural resources and building materials sectors. The Company's operations and its principal activities are set out in the Chairman's Statement, the Strategic Report and the Report of the Directors.

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Company operates.

### **2. Principal accounting policies**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

#### **2.1 Basis of preparation**

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006 that were applicable at 31 December 2016.

The financial statements have been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets.

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments. Actual results may differ from these estimates.

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

Judgements made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements.

#### **Going concern**

In determining the appropriate basis of preparation of the financial statements, the Directors are required to consider whether the Company can continue in operational existence for the foreseeable future. The Group had cash and cash equivalents of £41,000 and net current assets of £616,000 as at 31 December 2016, and incurred a loss of £717,000 for the eighteen months then ended.

The Directors have based their opinions on a cash flow forecast, which assumes that operating costs will be kept to a minimum until adequate revenue streams are secured. For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

# **Leed Resources PLC**

## **Notes to the financial statements**

for the 18 months period ended 31 December 2016

### **2.2 Statement of compliance**

The financial statements have been prepared and approved by the Directors in accordance with all relevant IFRSs as issued by the International Accounting Standards Board ("IASB"), and interpretations issued by the IFRS Interpretations Committee, endorsed by the European Union ("EU").

At the date of authorisation of this document, the following Standards and Interpretations, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

- IFRS 2 (amendments) Classification and Measurement of Share-based Payment Transactions
- IFRS 9 Financial Instruments
- IFRS 15 Revenue from Contracts with Customers
- IFRS 16 Leases
- IAS 16 and IAS 38 (amendments) Clarification of Acceptable Methods of Depreciation and Amortisation
- IAS 19 (amendments) Defined Benefit Plans: Employee Contributions
- IAS 27 (amendments) Equity Method in Separate Financial Statements
- IAS 1 (amendments) Disclosure initiative
- IAS 7 (amendments) Disclosure of changes in liabilities arising from financing activities
- IAS 12 (amendments) Recognition of Deferred Tax Assets for Unrealised Losses
- IFRS 10 and IAS 28 (amendments) Sale or Contribution of Assets between an Investor and its Associate or Joint Venture
- IFRS 10, IFRS 12, IAS 28 (amendments) Investment Entities: Applying the Consolidation Exception
- Annual Improvements to IFRSs: 2014-2016 Cycle

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the financial statements of the Company when the relevant Standards come into effect for future reporting periods, although they have yet to complete their full assessment in relation to the impact of IFRS 9 and IFRS 15.

### **2.3 Revenue**

Revenue is measured at the fair value of the consideration received or receivable.

### **2.4 Taxation**

The tax expense represents the sum of tax currently payable and deferred tax.

#### **Current tax**

Tax currently payable is based on taxable profit for the year and is calculated using tax rates enacted or substantively enacted at the statement of financial position date. Taxable profit differs from accounting profit either because items are taxable or deductible in periods different to those in which they are recognised in the accounts or because they are never taxable or deductible.

# **Leed Resources PLC**

## **Notes to the financial statements**

for the 18 months period ended 31 December 2016

### ***Deferred tax***

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the Historical Financial Information 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 and 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 recognised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at each balance sheet 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 asset to be recovered.

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 recognised based on tax laws and rates that have been enacted at the balance sheet date. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited in other comprehensive income, in which case the deferred tax is also dealt with in other comprehensive income.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

### ***2.5 Foreign currencies***

Transactions in foreign currencies are translated at the exchange rate ruling at the date of each transaction. Foreign currency monetary assets and liabilities are retranslated using the exchange rates at the statement of financial position date. Gains and losses arising from changes in exchange rates after the date of the transaction are recognised in profit and loss. Non-monetary assets and liabilities that are measured in terms of historical cost in a foreign currency are translated at the exchange rate at the date of the original transaction.

In the Company financial statements, the net assets of the Company are translated into its presentation currency at the rate of exchange at the statement of financial position date. Income and expense items are translated at the date of the transaction. The resulting exchange differences are recognised in equity and included in the Statement of Comprehensive Income.

### ***2.6 Financial instruments***

The Company classifies its financial assets, or their component parts, on initial recognition into two categories: a financial asset at fair value through profit or loss, or loans and receivables. Financial liabilities are classified as either a financial liability at fair value through profit or loss, or as another financial liability. Financial assets and financial liabilities are recognised on the Company's statement of financial position when the Company becomes party to the contractual provisions of the instrument. The particular recognition and measurement methods adopted for trade and other receivables, bank and cash, trade and other payables, borrowings and derivatives are disclosed below:

## **Leed Resources PLC**

### **Notes to the financial statements**

for the 18 months period ended 31 December 2016

#### ***Investments held at fair value through profit or loss***

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

All investments are designated upon initial recognition as held at fair value through profit or loss. Fair value is defined as the price at which an orderly transaction would take place between market participants at the reporting date and is therefore an estimate and as such requires the use of judgement. Where possible fair value is based upon observable market prices, such as listed equity markets or reported merger and acquisition transactions. Alternative bases of valuation may include contracted proceeds or best estimate thereof, implied valuation from further investment and long-term cash flows discounted at a rate which is tested against market data. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the statement of comprehensive income as "Net gains on investments". Impairment losses recognised in the income statement for equity investments classified as available-for-sale are not subsequently reversed through the income statement.

Investments that are held as part of the Company's investment portfolio are carried in the statement of financial position at fair value even though the Company may have significant influence over those companies. This treatment is permitted by IAS 28 "Investment in Associates", which requires investments held by a company as a venture capital provider to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Company has no interests in associates through which it carries on its business.

The Company determines the fair value of its Investments based on the following hierarchy:

**LEVEL 1** – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

**LEVEL 2** – If there is no active market, fair value is established using observable market data or other valuation techniques, including discounted cash flow models. The inputs to these models are taken from observable market data including recent arm's length market transactions, and comparisons to the current fair value of similar instruments; but where this is not feasible, inputs such as liquidity risk, credit risk and volatility are used.

**LEVEL 3** – Valuations in this level are those with inputs that are not based on observable market data.

#### ***Cash and cash equivalents***

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

#### ***Trade and other receivables***

Trade and other receivables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with loans and receivables. The receivables do not carry interest; the carrying value of the receivables, as presented, is reduced by appropriate allowances for estimated irrecoverable amounts. A provision for impairment of trade receivables is established when there is evidence that the Company will not be able to collect all amounts due according to the original terms of these receivables. The amount of the provision is the difference between the carrying value and the present value of estimated future cash flows, discounted using the effective interest rate method. Impairment losses are recognised in profit and loss.

#### ***Trade and other payables***

Trade and other payables are measured initially at fair value and subsequently at amortised cost using the effective interest rate method. These financial instruments are categorised with other financial liabilities.

# **Leed Resources PLC**

## **Notes to the financial statements**

for the 18 months period ended 31 December 2016

### ***Equity instruments***

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all its liabilities. Equity instruments issued by the Company are recorded at the amount of proceeds received, net of direct issue costs.

The share capital account represents the amount subscribed for shares at nominal value.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

The share option reserve represents the fair value, calculated at the date of grant, of options unexercised at the balance sheet date.

### ***Impairment of financial assets***

Assets that have an indefinite useful life are not subject to any depreciation or amortisation and are tested annually for impairment. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

### ***2.7 Finance costs***

Borrowing and finance charges, including any premiums payable on settlement or redemption and direct issue costs, are generally recognised in profit and loss as incurred.

### ***2.8 Earnings per share***

Under IAS 33 the Company is required to disclose the basic and diluted earnings per share ("EPS") for profit and loss from continuing operations attributable to the ordinary equity holders of the Company. If basic and diluted EPS is equal, then dual presentation is allowed, under a single line on the income statement.

### ***2.9 Segmental Analysis***

In accordance with IFRS 8, the accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors. In identifying its operating segments, management generally follows the Company's service lines which represent the main products and services provided by the Company. The Directors believe that the Company's continuing investment operations comprise one segment.

### ***2.10 Share-based payments***

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to the retained earning reserve in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised, if there is any indication that the number of share options expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

## **Leed Resources PLC**

### **Notes to the financial statements**

for the 18 months period ended 31 December 2016

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

### **3. Critical accounting judgements and key sources of estimation uncertainty**

#### ***Critical judgements in applying the Company's accounting policies***

In the application of the Company's accounting policies, which are described in note 2, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. 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.

#### ***Key sources of estimation uncertainty***

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are set out below.

#### **Valuation of investment in Battalion**

The Company valued its investment in Battalion on the assumption that it will be able to hold them until the benefits of the Battalion restructuring are realised. Should the investments be sold earlier, it is possible that the value may not be fully recovered.

#### **Share based payments**

The calculation of the fair value of equity-settled share based awards and the resulting charge to the statement of comprehensive income requires assumptions to be made regarding future events and market conditions. These assumptions include the future volatility of the Company's share price. These assumptions are then applied to a recognised valuation model in order to calculate the fair value of the awards. Details of these assumptions are set out in note 19.

#### **Fair value of financial instruments**

The Company holds investments that have been designated as held for trading on initial recognition. Where practicable the Company determines the fair value of these financial instruments that are not quoted (Level 3), using the most recent bid price at which a transaction has been carried out. These techniques are significantly affected by certain key assumptions, such as market liquidity. Other valuation methodologies such as discounted cash flow analysis assess estimates of future cash flows and it is important to recognise that in that regard, the derived fair value estimates cannot always be substantiated by comparison with independent markets and, in many cases, may not be capable of being realised immediately.

# **Leed Resources PLC**

## **Notes to the financial statements**

for the 18 months period ended 31 December 2016

### **4. Financial risk management**

The Company's finance function monitors and manages the financial risks relating to the operations of the Company. These risks include credit risk, liquidity risk and cash flow interest rate risk.

The Company seeks to minimise the effects of these risks, in accordance with the Company's policies approved by the Board of Directors, which provide written principles on interest rate risk, credit risk and the investment of excess liquidity. The Company does not enter into or trade financial instruments, including derivative financial instruments, for any purpose.

#### **Capital risk management**

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Board of Directors' policy with regards to capital maintenance includes an objective to maintain a strong capital base to sustain future development of the business, while maximising shareholder value. The Board of Directors directs and monitors the allocation of cash resources against investments to maximise the return on asset value within the Company. Periodically, the Board of Directors will consider raising additional equity when the Company has access to opportunities, which in the opinion of the Board of Directors will increase shareholder value if acted upon. The Board of Directors' also determines the timing and level of dividends to ordinary shareholders with the objective of maximising shareholder value.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash inflows from disposals and outflows from operating expenditure, projected capital expenditures and projected strategic investment opportunities. The capital structure consists of capital and reserves for capital management purposes.

#### **Interest rate risk**

The Company's exposure to interest rate risk is limited given there are currently no short or long term borrowings.

#### **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company's principal financial assets are bank balances and cash and other receivables. The Company's maximum exposure to credit risk is £44,000 at 31 December 2016, comprising cash and cash equivalents and trade and other receivables.

The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

In keeping with similar investment companies, the Company's continued future operations depend on the ability to identify profitable investments and manage the operating expenditure in line with the returns on those investments. The Directors are confident that adequate funding is already in place with which to finance operations and that sufficient controls over expenditure are in place which are managing to mitigate risk.

#### **Liquidity risk**

Ultimate responsibility for liquidity risk management rests with the Board of Directors. The Company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.



## Leed Resources PLC

### Notes to the financial statements

for the 18 months period ended 31 December 2016

#### 5. Segmental information

The business consists of a single activity being the investment in natural resources stocks. For the purposes of IFRS 8, the chief operating decision maker ("CODM") is the Board of Directors. Although the Company holds overseas investments, the income derived will materialise in the United Kingdom. As a result the financial information of the segment is the same as that set out in the Statement of Comprehensive Income, Statement of Financial Position, Statement of Changes in Equity and the Statement of Cash Flows.

#### 6. Net gain on investments

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| Unrealised losses on investments at fair value through profit or loss | (515)        | (62)         |
| Net losses on investments   | (515)        | (62)         |

The loss on investments relate to the investments in Battalion (Note 13).

#### 7. Investment income

The Company's interest income on bank and other deposits, and loan notes during the period ended 31 December 2016 and year ended 2015, respectively, were as follows:

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| Interest income on bank and other deposits | -            | 4            |
| Interest income on convertible loan note   | 49           | 35           |
|  | 49           | 39           |

#### 8. Loss for the period

The loss for the period has been arrived at after charging:

|                             | 2016<br>£'000 | 2015<br>£'000 |
|-----------------------------|---------------|---------------|
| Share based payment expense | -             | 67            |
| Auditors remuneration       | 13            | 13            |
| Foreign exchange losses     | -             | 62            |

## Leed Resources PLC

### Notes to the financial statements

for the 18 months period ended 31 December 2016

#### 9. Auditors Remuneration

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| <b>Auditors remuneration:</b>  |              |              |
| Fees payable to the auditors for the audit of the financial statements | 10           | 10           |
| Fees paid to the Company's auditors related to taxation                | 2            | 2            |
| Fees paid to the Company's auditors related to all other services      | 1            | 1            |
| <b>Total fees</b>  | <b>13</b>    | <b>13</b>    |

#### 10. Employees and Directors

A summary of total employee and director costs is as follows:

|                            | 2016<br>£000 | 2015<br>£000 |
|----------------------------|--------------|--------------|
| Salaries, fees and bonuses | 192          | 79           |
| Social security costs      | 2            | -            |
|                            | 194          | 79           |
| Share-based payments       | -            | 67           |
|                            | 194          | 146          |

The average number of personnel (including Directors) was as follows:

| Average number of personnel               | 2016 | 2015 |
|---|------|------|
| Average number of Directors and employees | 3    | 3    |

There were no Employees or Key Management during the period other than the Board of Directors, so for the purposes of IAS 24 disclosure requirements and Companies Act requirements the above table on remuneration applies to all the Key Management and employees.

# Leed Resources PLC

## Notes to the financial statements

for the 18 months period ended 31 December 2016

### 11. Taxation

A summary of taxation charges, and components thereof, incurred during the 18 months period ended 31 December 2016 and year ended 2015, respectively, are set out in the tables below:

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| <b>Taxation for period</b>   |              |              |
| Current tax:   |              |              |
| Continuing operations  | —            | —            |
|  | —            | —            |
| <b>Taxation components</b>   |              |              |
| Loss on ordinary activities before tax   |              |              |
| – Continuing operations  | (717)        | (291)        |
| <b>Tax effects</b>   |              |              |
| Loss on ordinary activities multiplied by rate of corporation tax of 20% (2015: 20%) in the UK | (143)        | (58)         |
| Expenses not deductible for tax purposes   | 5            | 14           |
| Unutilised tax losses carried forward  | 138          | 44           |
| <b>Total tax</b>   | —            | —            |

Estimated unrelieved tax losses of £3,555,000 (2015: £3,417,000) remain available to offset against future taxable profits. A potential deferred tax asset of £683,000 (2015: £683,000) has not been recognised in respect of the losses as recoverability is uncertain.

### 12. Loss per Ordinary Share

A recap of the loss per ordinary share and weighted average shares outstanding for the 18 months period ended 31 December 2016 and year ended 2015, respectively, follows:

|   | 2016<br>£000 | 2015<br>£000 |
|---|--------------|--------------|
| <b>Loss</b>   |              |              |
| Loss attributable to Ordinary Shareholders from continuing operations | (717)        | (291)        |
| <b>Total loss attributable to Ordinary Shareholders</b>               | <b>(717)</b> | <b>(291)</b> |

#### Weighted average shares outstanding

|  |                      |                      |
|--|----------------------|----------------------|
| Weighted average number of shares for the period                                   | 3,138,077,765        | 3,105,177,765        |
| Effect of share options in issue*  | 72,000,000           | 68,000,000           |
| <b>Weighted average number of shares for the period for diluted loss per share</b> | <b>3,210,077,765</b> | <b>3,173,177,765</b> |

|                                     | 2016<br>pence | 2015<br>£000 |
|-------------------------------------|---------------|--------------|
| <b>Loss per share</b>               |               |              |
| Basic and diluted (pence per share) | (0.02)        | (0.01)       |

\*Effect of share options in issue is based on the Company's closing price at the date when it delisted from AIM.

## Leed Resources PLC

### Notes to the financial statements

for the 18 months period ended 31 December 2016

#### 13. Investments

The Company operates as an investment company in the natural resources industry.

|  | 2016<br>£000 | 2015<br>£000 |
|--|--------------|--------------|
| <b>Investments at fair value brought forward</b> | <b>684</b>   | -            |
| Cost of investments                              | 419          | 746          |
| Unrealised (loss) on investments                 | -            | (62)         |
| Impairment of investments                        | (515)        | -            |
| <b>Investments at fair value carried forward</b> | <b>588</b>   | <b>684</b>   |
| Categorised as:                                  |              |              |
| LEVEL 1  | -            | -            |
| LEVEL 2  | -            | -            |
| LEVEL 3  | 588          | 684          |
|  | <b>588</b>   | <b>684</b>   |

LEVEL 1 – Where financial instruments are traded in active financial markets, fair value is determined by reference to the appropriate quoted market price at the reporting date. Active markets are those in which transactions occur in significant frequency and volume to provide pricing information on an on-going basis.

LEVEL 2 – Valuations in this level are those valued using observable inputs other than quoted prices included within Level 1.

LEVEL 3 – Valuations in this level are those with inputs that are not based on observable market data.

The Level 3 investment results from the assets and business of High Mannor being sold into a new company, which has now been renamed Civex Group Holdings Pty Ltd ("Civex Group Holdings"). As part of the restructuring the Battalion loan notes were converted into Battalion equity and Battalion in turn transferred its interest in High Mannor loan notes to Civex Group Holdings in return for a shareholding in Civex Group Holdings. As a result of the restructuring Leed's ownership of the business increased from 11.6% to approximately 33%. Investments in Civex Group holdings are stated at cost less impairment as the company is not quoted and the fair value cannot be reliably measured.

#### 14. Trade and other receivables

The Directors consider that the carrying amount of trade and other receivables approximates their fair value:

|                   | 2016<br>£000 | 2015<br>£000 |
|-------------------|--------------|--------------|
| Other receivables | 3            | 26           |
| Prepayments       | -            | 20           |
|                   | <b>3</b>     | <b>46</b>    |

Other receivables represent the primary exposure to credit risk at the statement of financial position date. The amounts due in respect of these receivables have been received by the Company at the date of signing these accounts. At each statement of financial position date presented there were no material amounts that were provided against for not being past due.

# Leed Resources PLC

## Notes to the financial statements

for the 18 months period ended 31 December 2016

### 15. Cash and cash equivalents

The Directors consider that the carrying amount of cash and cash equivalents represents their fair value:

|               | 2016 | 2015 |
|---------------|------|------|
|               | £000 | £000 |
| Cash at banks | 41   | 663  |
|               | 41   | 663  |

### 16. Trade and other payables

The Directors consider that the carrying amount of trade and other payables approximates to their fair value and is generally payable within 30 to 45 days of the relevant period end:

|                              | 2016 | 2015 |
|------------------------------|------|------|
|                              | £000 | £000 |
| Trade payables               | 1    | 22   |
| Accruals and deferred income | 15   | 71   |
|                              | 16   | 93   |

### 17. Financial instruments

A summary of financial assets and liabilities by IAS 39 category at 31 December 2016 and 30 June 2015, respectively, are as follows:

|   | 2016 | 2015  |
|---|------|-------|
|   | £000 | £000  |
| <b>Financial instruments measured at fair value</b>   |      |       |
| Investments held at fair value through profit or loss | 588  | —     |
| Loans and receivables:                                |      |       |
| Trade and other receivables                           | 3    | 46    |
| Cash and cash equivalents                             | 41   | 663   |
| Investments – Equity / ( Loan notes )                 | —    | 684   |
|   | 632  | 1,393 |
| <b>Financial liabilities at fair value</b>            |      |       |
| Other financial liabilities:                          |      |       |
| Trade and other payables                              | 16   | 93    |
|   | 16   | 93    |

# Leed Resources PLC

## Notes to the financial statements

for the 18 months period ended 31 December 2016

### 18. Share capital

The share capital is as follows:

|                                    | Number of<br>shares | Nominal<br>value<br>£000 | Share<br>premium<br>£000 |
|------------------------------------|---------------------|--------------------------|--------------------------|
| <b>Issued and fully paid</b>       |                     |                          |                          |
| At 31 December 2016                |                     |                          |                          |
| Ordinary shares of 0.1 pence each  | 3,138,077,765       | 3,138                    |                          |
| Deferred shares of 49.9 pence each | 67,602,008          | 33,733                   |                          |
|                                    |                     | 36,871                   | 77,101                   |

|                                    |               |        |        |
|------------------------------------|---------------|--------|--------|
|                                    |               | £000   | £000   |
| <b>Issued and fully paid</b>       |               |        |        |
| At 30 June 2015                    |               |        |        |
| Ordinary shares of 0.1 pence each  | 3,105,177,765 | 3,105  |        |
| Deferred shares of 49.9 pence each | 67,602,008    | 33,733 |        |
|                                    |               | 36,838 | 77,101 |

In November 2015 32,900,000 shares were issued as a settlement to a supplier for a nominal value of 0.1 pence.

The deferred shares have restricted rights such that they have no economic value.

### Warrants

The warrants outstanding, which had been exercisable at any time prior to 14 December 2014, are fully expired and are summarised as follows:

| Warrants                         | Weighted<br>average<br>exercise price<br>for the period<br>ended<br>31 December<br>2016 pence | Number of<br>shares to be<br>issued in respect<br>of exercise price<br>for the period<br>ended 31<br>December 2016 | Weighted<br>average<br>exercise price<br>for the year<br>ended<br>30 June 2015<br>pence | Number of<br>shares to be<br>issued in respect<br>of exercise price<br>for the year<br>ended 30 June<br>2015 |
|----------------------------------|---|--|---|--|
| Outstanding, beginning of period | —   | —  | 0.15  | 166,666,667  |
| Expired during the period        | —   | —  | —   | (166,666,667)  |
| Outstanding, end of period       | —   | —  | —   | —  |
| Exercisable, end of period       | —   | —  | —   | —  |

# Leed Resources PLC

## Notes to the financial statements

for the 18 months period ended 31 December 2016

### 19. Share-based payments - Directors and employees

The Company operates share-based payment arrangements to incentivise directors by the grant of share options. Equity settled share based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the date of grant is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 2 April 2015 the Board resolved to grant options over up to 272,000,000 new ordinary shares exercisable at £0.001 per share and granted 80,000,000 such options each to J. Patel, I. Gibbs and C. Zorab. The options are exercisable at any time up to 2 April 2020. Additionally options over 32,000,000 new ordinary shares were granted to certain advisors to the Company at the same date and on the same terms. All options previously outstanding were cancelled on 3 March 2014.

The significant inputs to the model in respect of the options granted were as follows:

|                                 |             |
|---------------------------------|-------------|
| Grant date share price          | £0.0007     |
| Exercise share price            | £0.001      |
| No. of share options            | 272,000,000 |
| Risk free rate                  | 2.00%       |
| Expected volatility             | 50%         |
| Option life                     | 5 years     |
| Calculated fair value per share | £0.00024547 |

The total share-based payment expense recognised in the income statement for the period ended 31 December 2016 in respect of the share options granted was nil ( 2015: £67,000 ).

A summary of options outstanding during the period is as follows:

| Share options                    | Weighted average exercise price for the period ended 31 December 2016 pence | Number of shares to be issued in respect of exercise price for the period ended 31 December 2016 | Weighted average exercise price for the year ended 30 June 2015 pence | Number of shares to be issued in respect of exercise price for the year ended 30 June 2015 |
|----------------------------------|---|--|---|--|
| Outstanding, beginning of period | 0.001   | 272,000,000  | —   | —  |
| Granted during the period        | —   | —  | 0.001   | 272,000,000  |
| Cancelled during the period      | —   | —  | —   | —  |
| Outstanding, end of period       | 0.001   | 272,000,000  | 0.001   | 272,000,000  |
| Exercisable, end of period       | 0.001   | 272,000,000  | 0.001   | 272,000,000  |

# Leed Resources PLC

## Notes to the financial statements

for the 18 months period ended 31 December 2016

### 20. Related party transactions

#### *Identity of related parties*

The Company has a continuing related party relationship with its Directors. Certain fees paid to directors are paid to companies or partnerships in which the director has an interest.

#### *Other related party transactions*

Key management and director compensation is disclosed in the Report on Directors' Remuneration..

### 21. Capital management policies and procedures

The Board of Directors' capital management goals and objectives are to ensure the Company's ability to continue as a going concern and to provide an adequate return to shareholders by the effective management of the Company's assets.

The Board of Directors directs and monitors the allocation of cash resources against projects to maximise the return on asset value within the Company. Day to day working capital requirements and investment objectives are met by existing cash resources and the issue of equity. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may pay dividends to shareholders, return capital to shareholders, buy back shares, issue new shares or sell assets, all of which may be subject to approvals from the Company's shareholders.

Capital pertaining to the Company for the reporting periods under review is summarised as follows:

| Capital components        | 31 December<br>2016 | 30 June 2015 |
|---------------------------|---------------------|--------------|
|                           | £000                | £000         |
| Total owners' equity      | 616                 | 1,300        |
| Cash and cash equivalents | (41)                | (663)        |
|                           | (575)               | (637)        |

### 22. Contingent Liabilities

There were no material commitments or contingent liabilities as at 31 December 2016 (2015: nil).

### 23. Post year end events

The transfer of the assets / business of High Mannor was completed with an effective date of 1<sup>st</sup> April 2017, following which the business has been operating under the new brand "Civex Group".