

RNS Number : 6195T
Leed Resources PLC
31 March 2016

Leed Resources plc

("Leed" or "the Company")

Half-yearly report for the six months ended 31 December 2015

Leed Resources plc, (AIM: LDP), the natural resource investment company, is pleased to announce its un-audited results for the six months ended 31 December 2015.

Chairman's statement

I am pleased to present the half-yearly results for your company for the six months ended 31 December 2015. During the period, we increased our investment in the Western Australian limestone business, High Mannor ("HM"), through a participation in a further issue of secured convertible notes by Battalion International Ltd. ("Battalion"), which is the majority shareholder in HM. This has increased our investment in Battalion to A\$1,680,000 (GBP 923,000) and, as with the initial investment, our investment is in secured convertible notes.

OPERATIONAL UPDATE

Operationally, the period was a frustrating time for HM as it initially experienced delays in the deliveries of the moulds for the new generation wall panels and then, following receipt, it was discovered that the dimensions of the moulds were marginally outside of acceptable tolerances. This meant that rectification work was required, leading to further delays in the production and market deliveries of wall panels.

However, HM completed these rectifications and began producing wall panels at its quarry, ready for commencement of deliveries to the market in early 2016. HM also received confirmation in December 2015, from the Australian Patent Office, that all of its patent applications had been approved.

SUBSEQUENT EVENTS

Since the end of the period there have been significant operational and corporate developments for Leed. From an operational standpoint, the first commercial deliveries of the new wall panels were successfully undertaken by HM in late January 2016. Subsequent interest in further panel deliveries by a number of HM customers support our belief that the wall panels can establish a very significant market presence and be a highly profitable business for HM.

The Company's ordinary shares were suspended from trading on AIM on 12 February 2016, due to the fact that the Company had not implemented its investing policy as approved at the general meeting on 12 February 2015. Whilst your Board has obviously been aware of this risk, it was felt that the operational delays at HM meant that it was not in the interest of the Leed shareholders to attempt to prematurely enter into any transaction. However, as announced on 15 February 2016, Leed has entered into a non-binding heads of terms agreement ("Heads of Terms"), which provides for exclusivity and includes an option to acquire up to 100% of Battalion, the majority shareholder of HM.

Following the signature of the Heads of Terms, Leed commenced a period of detailed due diligence. During the course of this due diligence, it has been discovered that a senior member

of HM staff, who has since been dismissed and reported to the police, had been involved in fraudulent activities which has resulted in losses for the HM business. During the next couple of months, Leed will ascertain the impact of these fraudulent activities and any other operational issues, on the current value of the HM business and as part of this will consider the potential need to amend the terms of any transaction with Battalion, as provided for in the Heads of Terms.

HM has previously relied on alternative sources of working capital finance to fund the gap between production and payment for the blocks and panels. These sources of financing have now expired and accordingly, Leed has agreed to contribute A\$250,000 to a short term working capital facility along with two other Battalion loan noteholders, which will accrue interest at a rate of 12% per annum. The loan will be secured against trade receivables and stock held at the quarrying and processing site of HM.

We will continue to update shareholders on a timely basis and your Board would like to thank you for your continued patience and support.

Ian Gibbs
Chairman

31 March 2016

Unaudited statement of comprehensive income

for the six months ended 31 December 2015

| | Note | Six months ended 31 Dec 2015 £000 | Six months ended 31 Dec 2014 £000 | Year ended 30 Jun 2015 £000 |
|--|------|--|---|---|
| Continuing operations | | | | |
| Net gain/(loss) on investments | | 13 | - | (62) |
| Investment income | | 49 | 4 | 39 |
| | | 62 | 4 | (23) |
| Administrative expenses | | (98) | (104) | (201) |
| Share based payments | | - | - | (67) |
| Loss before taxation | | (36) | (100) | (291) |
| Taxation | | - | - | - |
| Total comprehensive loss for the period | | (36) | (100) | (291) |
| Loss per share (pence) | 3 | | | |
| Basic and diluted | | (0.001p) | (0.001p) | (0.001p) |

Unaudited statement of changes in equity

for the six months ended 31 December 2015

| | Share capital £000 | Share premium £000 | Option & warrant reserve £000 | Retained earnings £000 | Total £000 |
|---|--------------------------|--------------------------|---|------------------------------|---------------|
| Total owners' equity at 30 June 2014 | 36,838 | 77,101 | - | (112,415) | 1,524 |
| Transactions with owners: | | | | | |
| - Share capital issued by Company | - | - | - | - | - |
| - Share issue costs | - | - | - | - | - |
| Total transactions with owners | - | - | - | - | - |
| Comprehensive loss: | | | | | |
| - Loss for the period | - | - | - | (100) | (100) |
| Total comprehensive loss for the period | - | - | - | (100) | (100) |
| Total owners' equity at 31 December 2014 | 36,838 | 77,101 | - | (112,515) | 1,424 |
| Transactions with owners: | | | | | |
| - Share based payment expense | - | - | 67 | - | 67 |
| Total transactions with owners | - | - | 67 | - | 67 |
| Comprehensive loss: | | | | | |
| - Loss for the period | - | - | - | (191) | (191) |
| Total comprehensive loss for the period | - | - | - | (191) | (191) |
| Total owners' equity at 30 June 2015 | 36,838 | 77,101 | 67 | (112,706) | 1,300 |
| Transactions with owners: | | | | | |
| - Share capital issued by the Company | 33 | - | - | - | 33 |
| Total transactions with owners | 33 | - | - | - | 33 |
| Comprehensive loss: | | | | | |
| - Loss for the period | - | - | - | (36) | (36) |
| Total comprehensive loss for the period | - | - | - | (36) | (36) |
| Total owners' equity at 31 December 2015 | 36,871 | 77,101 | 67 | (112,742) | 1,297 |

Statement of financial position

as at 31 December 2015

| | Note | 31 Dec 2015 £000 | 31 Dec 2014 £000 | 30 Jun 2015 £000 |
|----------------------------------|------|------------------------|------------------------|------------------------|
| Assets | | | | |
| Non-current assets | | | | |
| Investments | 4 | 923 | - | 684 |
| | | 923 | - | 684 |
| Current assets | | | | |
| Trade and other receivables | | 59 | 24 | 46 |
| Cash and cash equivalents | | 329 | 1,410 | 663 |
| | | 388 | 1,434 | 709 |
| Liabilities | | | | |
| Current liabilities | | | | |
| Trade and other payables | | 14 | 10 | 93 |
| | | 14 | 10 | 93 |
| Net current assets | | 374 | 1,424 | 616 |
| Net assets | | 1,297 | 1,424 | 1,300 |
| Owners' equity | | | | |
| Ordinary Share Capital | 2 | 36,871 | 36,838 | 36,838 |
| Share premium | | 77,101 | 77,101 | 77,101 |
| Share option and warrant reserve | | 67 | - | 67 |
| Retained earnings | | (112,742) | (112,515) | (112,706) |
| Total owners' equity | | 1,297 | 1,424 | 1,300 |

Unaudited statement of Cash Flows

for the six months ended 31 December 2015

| | Six months ended 31 Dec 2015 £000 | Six months ended 31 Dec 2014 £000 | Year ended 30 Jun 2015 £000 |
|--|--|---|---|
| Loss before taxation | (36) | (100) | (291) |
| Adjustments for: | | | |
| Unrealised (gain)/loss on investments | (14) | - | 62 |
| Share based payments expense | - | - | (67) |
| Investment income | (49) | (5) | (39) |
| Changes in working capital | | | |
| Decrease in trade and other receivables | (13) | (10) | (32) |
| Increase / (decrease) in payables | (79) | (25) | 58 |
| Net cash flow from operating activities | (191) | (140) | (175) |
| Cash flows from investing activities | | | |
| Purchase of investments | (225) | - | (746) |
| Investment income | 49 | 5 | 39 |
| Net cash from investing activities | (176) | 5 | (707) |
| Cash flows from financing activities | | | |
| Proceeds from issue of Ordinary Shares | 33 | - | - |
| Share issue costs | - | - | - |
| Net cash from/(used in) financing activities | 33 | - | - |
| Net (decrease) in cash and cash equivalents | (334) | (135) | (882) |
| Cash and cash equivalents at beginning of period | 663 | 1,545 | 1,545 |
| Cash and cash equivalents at end of period | 329 | 1,410 | 663 |

Notes to the interim accounts

for the six months ended 31 December 2015

1. General information and accounting policies

Leed Resources PLC is a company incorporated in the United Kingdom.

These unaudited condensed interim financial statements for the six months ended 31 December 2015 have been prepared in accordance with IAS 34 "Interim Financial Reporting" as adopted by the European Union and do not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. This condensed set of financial statements has been prepared applying the accounting policies that were applied in the preparation of the Company's published consolidated financial statements for the year ended 30 June 2015.

The comparative statement of financial position at the financial year ended 30 June 2015 has been extracted from the Company's statutory accounts which have been reported on by the Company's auditor and delivered to the

Registrar of Companies. The report of the auditors was unqualified and did not contain a statement under the Companies Act 2006 regarding matters which are required to be noted by exception.

2. Issued capital

A recap of issued capital follows:

| | 31 Dec 2015 | 31 Dec 2014 | 30 June 2015 |
|---|---------------|-------------|--------------|
| | £000 | £000 | £000 |
| Issued and fully paid | | | |
| 3,138,077,765 Ordinary Shares of 0.1 pence each | 3,138 | 3,105 | 3,105 |
| 67,602,008 Deferred Shares of 49.9 pence each | 33,733 | 33,733 | 33,733 |
| | 36,872 | 36,838 | 36,838 |

The Company issued 32,900,000 Ordinary Shares at a deemed price of 0.1p for a total consideration of £32,900 to PG Mining Management ("PGMM") pursuant to an agreement between PGMM and the Company.

This agreement provided for a payment, part of which could be settled in shares, for their consultancy work on behalf of the Company. PGMM has elected to have the larger portion of their payment in shares with the number of shares determined by a nominal price of 0.1p. The shares were issued on 23 November 2015.

The restricted rights attaching to the deferred shares are such that the deferred shares have no economic value.

3. Loss per Ordinary Share

The loss per share has been calculated based on the following results and weighted average number of shares:

| | 31 Dec 2015 | 31 Dec 2014 | 30 Jun 2015 |
|--|----------------------|---------------|---------------|
| Loss attributable to Ordinary Shareholders | (£36,000) | (£100,000) | (£291,000) |
| Weighted average shares in issue | | | |
| Weighted average number of shares for the purposes of basic earnings per share | 3,111,972,330 | 3,105,177,765 | 3,105,177,765 |
| Effect of share options in issue | - | - | - |
| Weighted average number of shares for the purposes of diluted earnings per share | 3,383,972,330 | 3,105,177,765 | 3,173,177,765 |
| Basic and diluted loss per share (pence) | (0.001p) | (0.001p) | (0.001p) |

4. Fixed asset investments

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

| | 31 Dec 2015 | 31 Dec 2014 | 30 June 2015 |
|---------|-------------|-------------|--------------|
| | £000 | £000 | £000 |
| LEVEL 2 | 923 | - | 684 |
| Total | 923 | - | 684 |

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

The Level 2 investment relates to an initial investment of A\$1,200,000 plus certain expenses incurred in concluding the initial investment in Battalion International Limited ("Battalion") in January 2015. A further investment of

A\$480,000 was made in late July 2015 through participation in a A\$1.3 million increase in the convertible note issue of Battalion. The new notes were issued on identical terms to the original notes and all notes yield 12% per annum initially up to end 2016, thereafter to yield 14% with coupons payable quarterly.

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