



**LEGENDARY**  
INVESTMENTS PLC

**Annual Report and Accounts**

**Year ended 31 March 2013**





# Legendary Investments Plc

## Annual Report & Accounts for the year ended 31 March 2013

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# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Company Information

<b>Company address and Registered Office</b>	Legendary Investments Plc 6th Floor 25 Farringdon Street London EC4A 4AB
<b>Directors</b>	Zafarullah Karim – Executive Chairman Thomas Werner Reuner – Executive Director
<b>Secretary</b>	Zafarullah Karim
<b>Registered number</b>	3920241 (England and Wales)
<b>Auditor</b>	Baker Tilly UK Audit LLP Chartered Accountants 25 Farringdon Street London EC4A 4AB
<b>Solicitors</b>	Marriott Harrison Staple Court 11 Staple Inn Buildings London WC1V 7QH
<b>Nominated adviser</b>	Grant Thornton UK LLP Grant Thornton House Melton Street Euston Square London NW1 2EP
<b>Nominated broker</b>	SI Capital Limited 1 High Street Godalming Surrey GU7 1AZ
<b>Financial Public Relations</b>	NewgateThreadneedle 5th Floor 33 King William Street London EC4R 9AS
<b>Registrars</b>	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham Surrey GU9 7LL

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Executive Chairman's Statement**

During the year Legendary continued to make good progress against its stated strategy, which is to deliver high returns through proactive investment in growth companies. One investment was exited generating a 4.3x return; several new investments were made; and existing investments continued to make notable progress including three successful listings on public exchanges, all validating Legendary's strategy. While the value of total assets of the Company has not increased, we believe that this belies considerable value that has been generated with many of the investee companies during the year.

#### **Listed investee company updates**

##### **Listing and exit of Fastnet Oil and Gas PLC**

In the first half of the year, in June 2012, Terra Energy Limited, in which Legendary secured a EUR30,000 investment in May 2011, was renamed Fastnet Oil and Gas PLC ("Fastnet") and listed on both AIM and the Enterprise Securities Market of the Irish Stock Exchange. In the second half of the year, Legendary exited this investment realising £119,000, or a return of 4.3x in 17 months. This was one of Legendary's first investments following its recapitalisation in early 2011, and, while small in size, demonstrates the returns available from Legendary's investment strategy.

##### **Listing of Medgold Resources Limited**

In the second half of the year, in December 2012, Medgold Resources Limited ("Medgold"), in which Legendary invested £50,000 in July 2011, listed on the TSX-V in Canada by reversing into Emerick Resources Corp. Based on the closing price of the new Medgold, Medgold Resources Corp., following the listing, Legendary's return was 1.9x in 16 months.

Medgold is run by an experienced management team and focuses on gold exploration and development in Portugal, Italy and Spain. Since its listing, Medgold has continued to make progress. It is reviewing several projects in Spain, with licences under application in Galicia, targeting the Pinzas area, which hosts similar geology to the Boticas project in Portugal, for which Medgold has been awarded an exploration licence.

Along with the entire sector and with the fall in the gold price, Medgold's share price has fallen since its listing. As mentioned above, however, Medgold continues to make progress, and Legendary continues to hold its stake.

##### **New investment and listing of Sula Iron and Gold PLC**

In the first half of the year, in July 2012, Legendary invested £50,000 in a convertible loan note in a pre-IPO funding round for Sula Iron and Gold PLC ("Sula"). Legendary also received warrants in Sula. In the second half of the year, in October 2012, Sula was admitted to trading on AIM, and Legendary invested another £50,000 for further shares and warrants. Based on the October price, Legendary had generated a return of 1.7x on its initial investment in 3 months and 15% on its further investment.

Sula is an iron ore and gold exploration company focused on Sierra Leone. Its main project is the Exploration Licence EL54/2011, in Northern Sierra Leone, which is 153 square kilometres in area and occupies a position south of Lake Sonfon and north of African Mineral Limited's Tonkolili iron ore mine which has a JORC compliant ore resource of 12.8 billion tonnes. Sula has defined an exploration programme to delineate a maiden JORC compliant iron resource in 2013. A drilling programme has been commenced targeting iron mineralisation and five target areas have been identified as hosting potential for hard rock gold mineralisation.

In common with the sector as a whole, Sula's share price has declined since its listing. With drilling underway, however, and Sula's plans to delineate a JORC compliant resource this year, Legendary continues to hold its stake.

##### **New investment – Creon Resources PLC**

In the second half of the year, in January 2013, Legendary purchased 19m shares in Creon Resources PLC ("Creon"), listed on AIM, in exchange for cash and shares in an off-market transaction. Creon was recapitalised last year and its strategy was reset to focus on resources and resource infrastructure investments. We consider that Creon's new shareholders and management are financially strong, well-connected and experienced.

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Executive Chairman's Statement**

Shortly after the recapitalisation, Creon invested in a new oil and gas rig construction joint venture with a multi-billion dollar Singaporean listed shipbuilder, Yangzijiang Shipbuilding (Holdings) Ltd. The new oil and gas rig joint venture then secured its first rig order of US\$170 million for delivery in mid-2015. The development of the new construction yard is progressing with land compacting continuing and skidway construction expected to commence shortly. The rig order itself is also progressing well, now with an enhanced specification. Following Legendary's investment, Creon acquired a 49% stake in a ferrous metal and ferrous ore trader, MGR Resources. This investment is expected to provide Creon with near term recurring income.

Creon, with its new shareholders, management and strategy is just beginning what we believe will be an exciting journey. The sectors that it has targeted are buoyant and are expected to remain so. The ticket size in the sectors, at around the US\$200m mark for rigs, is an order of magnitude larger than Creon's current market capitalisation of around the £19m mark. While rig builds take two to three years, Creon has secured immediate recurring income through its investment in MGR Resources. Legendary is assisting Creon in various ways to add value rapidly and is pleased to have secured the investment at an early stage in a promising company.

While all the above investments are now listed, Legendary identified and made the investments at an early stage for the investee companies prior to listing, and in the case of Creon, shortly after its recapitalisation and new management and strategy were put in place. Legendary assisted and continues to assist the investee companies.

While all the listings were successful, and one exit generated a 4.3x return, Medgold's and Sula's prices have suffered with the mining sector as a whole. Both companies are making progress and should they achieve their stated goals, we believe that their share prices should have meaningful upside potential. The investment in Creon was made near the start of its re-launch and given its shareholders, management, strategy and the sectors in which it invests, we believe that there is both relative and absolute substantial upside potential with the investment being the largest Legendary has made to date at £125,000.

### **Unlisted investee company updates**

Legendary has three unlisted investments, VirtualStock Limited ("VS"), Bosques Energeticos EBE S.A. de C.V. ("Bosques") and Manas Minerals LLC ("Manas").

#### **New investment – VirtualStock Limited**

In October 2012, Legendary negotiated a small stake in VirtualStock Limited for a consideration which included just over £50,000 in cash. In addition, Legendary negotiated a warrant to double its stake in VS at an increased valuation. VS is a cloud-based software as a service business ("SaaS") which enables retailers to increase dramatically the range of products they sell online without the associated costs of and risks of holding inventory.

Subsequent to the investment, VS reached a significant milestone in delivering services to its growing list of clients by implementing an "end-to-end turn-key solution" for the online branded product range of Bear Grylls Ventures LLP through its website, [www.beargryllsstore.com](http://www.beargryllsstore.com).

Post the year end in June 2013, VS signed a landmark three-year renewable contract with one of the UK's largest retailers. The contract is to supply a SaaS solution which will enable the retailer to increase significantly its online presence by expanding its non-stocked product range supplied by hundreds of its drop-ship suppliers. The VS solution will form a key component of the retailer's online technology infrastructure, providing its suppliers with a tool which enables them to manage fully the selling of their products through its corporate website.

Increasing online presence and channel integration is currently the greatest single challenge facing the retail sector and VS has a best in class, enterprise solution that is able to interface with any organisation's existing IT infrastructure. This contract win with one of the UK's largest retailers underlines the adaptability, robustness and scalability of the VS solution.

VS current clients include Viking (stationery), Office Depot, Playtex, Wonderbra, Craghoppers, Bear Grylls and, as mentioned above, one of the UK's largest retailers. VS also has a growing sales pipeline. VS is revenue

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Executive Chairman's Statement

positive and profitable. It is in an exciting space and is entering an exciting growth phase which may potentially lead to value crystallisation in the near to medium term. We believe that Legendary's stake could be worth a multiple of Legendary's current market capitalisation. Legendary continues to assist VS in its rapid development.

#### Existing investment – Bosques Energeticos EBE S.A. de C.V.

Bosques has made steady progress over the last few years. It has a research, development and innovation based philosophy and has scored many "firsts" in Mexico and the region: it was the first company to germinate pongamia seeds; it was the first to root successfully pongamia scions; and it was the first to have pongamia flowers (within 2.5 years of planting compared with the normal time of 4-5 years). In addition, it is ahead of the curve in innovating a multi-plant strategy using pongamia, jatropha and castor.

Bosques currently has 11ha under cultivation with 16,000 pongamia trees, 20,000 jatropha plants and 3,000 castor plants. Having proven its techniques on the 11ha test plantation, it is currently seeking partners with which to cultivate pilot plantations of several thousand ha.

Legendary has a substantial minority stake of 40% in Bosques. Companies similar to Bosques in size of test plantation and number of plants are valued at several million pounds. We believe that Legendary's stake could be worth a multiple of Legendary's current market capitalisation. Value crystallisation might be expected in the medium term. Legendary continues to assist Bosques in its development.

#### New investment – Manas Minerals LLC

In July 2012, Legendary invested £100,000 into Kyrgyzstan based Manas. Manas owns the Padsha Ata Licence to mine for coal in the Asksy region of Jalal-Abad. Soviet surveys suggest that the region contains 182 million tonnes of coal reserves of which 116 million is of coking coal quality. Jalal-Abad is strategically located within 200 km of the Chinese border. Legendary's investment is by way of a convertible loan note and a warrant. Together the convertible loan and warrant should give Legendary at a return of at least 1.75x on the initial investment.

In 2012, Manas engaged Wardell Armstrong to conduct a Competent Persons Report and a technical work program was commenced. The initial results suggest that the coal formation is more intense than suggested by the Soviet era studies and the thickness of the seams is greater than suggested by those studies. The value of the coal is estimated in at over US\$15bn (US\$85 per tonne). Value crystallisation is expected in the near to medium term. Legendary continues to assist Manas.

#### Other investments

Also, in July 2012, Legendary invested £50,000 in Regency Mines PLC ("Regency"), listed on AIM. Regency is a mineral exploration and development company focusing on nickel and cobalt in Papua New Guinea (alongside JV partner Direct Nickel) and gold, flake graphite and base metals in Australia. Regency has not performed as expected. It is not a core holding.

As reported in the interim statement, progress at Undrawn Reality Limited ("UR") slowed considerably. It became evident that the timeframe to develop UR's game had extended significantly. Legendary concluded that it would not receive a return on UR and wrote its investment down to zero. The loss was minimal at £2,000, and the write-down freed time for Legendary to focus on more promising investments.

#### Financial review

Legendary values its investments conservatively at the price of recent investments, unless a transaction has taken place or they are listed, in which case the transaction or market values are used. Consequently, the unlisted investments are held at the price of recent investments while the listed investments are marked to market.

Legendary ended the year with £509,000 (2012: £143,000) of investments, £126,000 of cash, including £25,000 held in the client account of Legendary's accountants and shown on the balance sheet as debtors due within one year (2012: £534,000) and £649,000 of total assets (2012: £688,000).

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Executive Chairman's Statement**

During the year, Legendary made a net gain on investments of £38,000 (2012: nil). This comprised of realised gains net of impairments of £90,000 (Fastnet and UR), and net unrealised losses of £52,000 (all the other investments).

Administrative costs were £196,000 (2012: £189,000). Of these, share based payments accounted for £15,000 (2012: £19,000), leaving cash administrative costs as £181,000 (2012: £170,000). In line with paying cash remuneration to directors only when investment realisations are made at a profit, the directors received £23,200 (2012: £300) of cash remuneration. Removing the share based payments and the directors' cash remuneration, administrative costs were somewhat lower at £158,000 (2012: £170,000). The fall is accounted for due to one-off costs in 2012. Within the £158,000, general administration, accountancy and certain professional services costs rose as did travel costs due to increased activity.

The overall operating loss was £158,000 (2012: £189,000). There were nil finance charges (2012: £nil).

### **Board changes**

At the start of November 2012, I was appointed the Executive Chairman.

In October 2012, Rajesh Rai resigned as an Executive Director of Legendary. We take this opportunity to thank Rajesh for his work on behalf of the Company.

### **Outlook**

Legendary's proactive investment strategy is making progress and gaining momentum. The listings of Fastnet, Sula and Medgold demonstrate Legendary's ability to source investments that offer substantial returns. The exit from Fastnet demonstrates Legendary's ability to realise those returns. The investment in Creon was made at an early stage, and given the strength of Creon's shareholders and management, and the sector in which it operates, we believe significant potential exists for multiple returns.

VirtualStock is another extremely exciting prospect, positioned at the centre of the fast growing and exciting cloud based SaaS sector. Since Legendary's investment, VirtualStock has made dramatic progress including signing a potentially transformational contract with one the UK's largest retailers. VS is already revenue generating and profitable. We believe value crystallisation may be expected in the near to medium term.

Notable progress has been made at Bosques with it being ahead of the curve in innovation and achieving several firsts in its field. Work continues at Manas.

While activity has increased, costs have been kept low with directors' remuneration linked directly to the performance of the Company.

The Board looks confidently to the future.

**Zafar Karim**  
**Executive Chairman**  
**23 August 2013**

Registered Office:  
6th Floor  
25 Farringdon Street  
London  
EC4A 4AB

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Directors' Report**

The Directors present their report and the financial statements for the year ended 31 March 2013.

#### **Principal activities and review of business**

The principal activity of the Company is that of an investment company. A review of the business is given in the Executive Chairman's Statement on pages 3 to 6.

#### **Future developments**

The Executive Chairman's Statement, on pages 3 to 6, gives details of the coming year and outlook for the future.

#### **Risk and uncertainties**

The principal risks and uncertainties facing the Company during the year are those relating to the underlying performance of its investments. Other risks and uncertainties are as set out in Note 20.

Given the nature of the Company's current business activities, Key Performance Indicators are the Company's net and total assets. These were £554,000 (2012: £622,000) and £649,000 (2012: £688,000), respectively.

#### **Results and dividends**

The results for the year are set out in the profit and loss account. For the year ended 31 March 2013, the Company made a net loss of £158,000 (2012: loss £189,000). The Directors are precluded from the payment of a dividend as a result of the accumulated losses of the Company. A commentary on the reported results is provided in the accompanying Executive Chairman's Statement on pages 3 to 6.

#### **Going concern**

The Company's business activities, together with the financial position of the Company and the factors likely to affect its future development, performance and position are set out in the Executive Chairman's Statement on pages 3 to 6.

As at the year end the Company had £126,000 of cash (held in its bank account and the client account of its accountants, PSB Accountants Limited). Following the year end, a proportion of this money has been utilised in order to make further payments of on-going costs associated with the business. Administrative costs for the year to 31 March 2013 amounted to £196,000 of which £23,000 were costs associated with cash compensation for directors, which is paid only if the Company makes investment realisations at a profit. In addition, £15,000 of costs were non-cash costs due to share based payment charges. This left a remainder of £158,000 of on-going costs. The directors have significant discretion over some of the costs associated with professional fees and travel costs. In addition, as at the year end, the Company held £273,000 of listed investments. Being listed, these are liquid investments which may be sold at short notice for cash.

On the basis of the above, the Directors believe that sufficient funds will be available to support the going concern status of the Company over the next 12 months following the approval of these financial statements. Consequently, the Directors believe that it is appropriate to prepare the Company's financial statements on a going concern basis. This assumes that the Company is to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

#### **Directors**

The following were, with the exception of Rajesh Kumar Rai, directors of the Company during the financial year under review and up to the date of the signing of these financial statements:

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Directors' Report

#### Zafarullah Karim

Zafarullah (Zafar) Karim, 44, brings over two decades of investment banking and financial experience, including turning around companies, restructurings, financial strategy and investment and risk management to the Company.

Zafar has served as a Board member for several companies and has acted as a consultant to various businesses and entrepreneurs in relation to their financial and investment strategies. Zafar is also a principal investor. From 1994 to 2002, Zafar worked for NM Rothschild in a variety of developed and emerging markets. Here he garnered wide-ranging experience in a range of sectors, geographies and products. He started his career in 1990 with the investment banking division of Salomon Brothers.

Zafar was educated at Churchill College, Cambridge.

#### Thomas Werner Reuner

Thomas (Thomas) Werner Reuner 48, is an experienced strategy consultant. His deep understanding of the dynamics of the IT and telecommunications sectors comes from senior positions with IDC in Germany and with Gartner, NelsonHall and KPMG Consulting in the United Kingdom. Thomas's expertise lies in investment research, evaluating and formulating business and IT strategy and analysing technology adoption.

Thomas has a PhD from the University of Göttingen in Germany.

#### Rajesh Kumar Rai – Resigned on 18 October 2012

Rajesh (Rajesh) Kumar Rai, 46, is a renewable energy specialist. Rajesh founded and has been a director of a number of businesses including a company specialising in the transfer worldwide of know-how developed by large scale plantation companies in India.

Rajesh started his professional life as a Barrister called in 1993 to Lincoln's Inn.

### Substantial shareholders

As 15 August 2013, substantial shareholders of the Company comprised the following:

	<b>Ordinary shares</b>
	%
Ronald Bruce Rowan	13.7%
Trustees in the Bankruptcy of Eaitisham Ahmed	13.7%
Barclayshare Nominees Limited	8.3%
TD Direct Investing Nominees (Europe) Limited	7.2%
Investor Nominees Limited	5.9%
HDSL Nominees Limited	5.5%
TD Wealth Institutional Nominees (UK) Limited	4.2%
Hargreaves Landsdown (Nominees) Ltd	3.8%
Akthar Ali	3.7%
HSBC Client Holdings Nominee (UK) Limited	3.4%

### Policy on payment of creditors

Terms and conditions are agreed with suppliers individually and the Company pays its suppliers in accordance with these terms, provided that the suppliers meet the agreed conditions.

As at 31 March 2013, trade creditors represented approximately 49 days (2012: 35 days) of administration costs.

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Directors' Report**

#### **Post balance sheet event**

Share options were issued to the Directors post the year end as disclosed in the Directors Remuneration report on page 10.

#### **Statement as to disclosure of information to the Auditor**

The Directors have confirmed that, as far as they are aware, there is no relevant audit information of which the auditor is unaware. Each of the Directors have confirmed that he has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that it has been communicated to the auditor.

#### **Auditor**

The auditor, Baker Tilly UK Audit LLP, Chartered Accountants, has indicated its willingness to continue in office.

By order of the Board

**Zafar Karim**  
**Executive Chairman**  
**23 August 2013**

Registered Office:  
6th Floor  
25 Farringdon Street  
London EC4A 4AB

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Remuneration Report

This Remuneration Report sets out the remuneration of the directors and details of their options.

£23,230 was charged to the profit and loss account in respect of directors' remuneration during the year (2012: £300).

	Fees	
	2013	2012
	£	£
Rajesh Rai (resigned 18 October 2012)	100	100
Thomas Reuner	5,832	100
Zafar Karim	17,298	100
	23,230	300

The service contract of the Directors is terminable on three months' notice by the Company. The service contracts provide for cash remuneration for each of the Directors of £100 per annum. In addition, Directors receive additional remuneration on the profitable realisation on investments. Directors also receive out of the money (at the time of grant) options to align their interests with those of the shareholders.

The Company has unapproved and approved share option schemes in which the Directors participate. Details of Directors' outstanding share options are shown below:

	31 March 2013		31 March 2012	
	Average Exercise Price per share	Number	Average Exercise Price per share	Number
Zafar Karim	0.20p	106,000,000	0.20p	72,000,000
Rajesh Rai (resigned 18 October 2012)	0.20p	32,000,000	0.20p	32,000,000
Thomas Reuner	0.20p	32,000,000	0.25p	16,000,000

Post the balance sheet date, in June 2013, Zafar Karim and Thomas Reuner received an additional 60,000,000 and 20,000,000 options, respectively, with an exercise price of 0.20p each.

The market price of the Company's ordinary shares ranged from a high of 0.1750p to a low of 0.0750p during the year.

**Zafar Karim**  
**Executive Chairman**  
**23 August 2013**

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Corporate Governance**

Under the rules of the AIM Market the Company is not required to comply with the UK Corporate Governance Code. The Board of Directors is committed to high standards of corporate governance and has regard to the principals of the UK Corporate Governance Code. The Corporate Governance procedures that are in effect are described below.

#### **Audit committee**

The Audit Committee comprises Zafar Karim (chairman) and Thomas Reuner. The purpose of the Committee is to ensure the preservation of good financial practices throughout the Company; to ensure that controls are enforced to ensure the integrity of financial information; to review the interim and annual financial statements; and to provide a line of communication between the Board and external auditors. The Committee is also responsible for reviewing the independence of the Auditors and for agreeing their remuneration. The terms of any related party transactions are required to be approved by the Committee.

#### **Remuneration committee**

The Remuneration Committee comprises Thomas Reuner (chairman) and Zafar Karim. It is responsible for the directors' remuneration, other benefits and terms of employment, including performance related benefits and share options. Board members absent themselves from decisions involving their own remuneration.

#### **Nominations committee**

The Nominations Committee comprises Zafar Karim (chairman) and Thomas Reuner. It meets as necessary to select suitable candidates for the appointment of directors and other senior appointments.

#### **Model code for dealings**

The Company has adopted a model code for dealings in shares by directors and senior employees which is appropriate for an AIM company. The directors comply with Rule 21 of the AIM Rules relating to directors' dealings and take all reasonable steps to ensure compliance.

#### **Board and directors**

The Board comprises two Executive Directors. The directors work together throughout the year.

The Board meets formally, as required but at least six times a year. At each scheduled meeting of the Board, the directors report on the Company's operations. All directors are subject to re-election by shareholders at the first opportunity after their appointment. All directors are required to retire by rotation and one third of the Board is required to seek re-election each year. Recommendations on new appointments to the Board are made by individual directors and are discussed at Board meetings.

#### **Financial controls**

The Audit Committee considers matters relating to the financial accounting controls, the reporting of results, and the effectiveness and cost of the audit.

#### **Auditor**

The Board undertakes an assessment of the auditor's independence each year which includes:

- A review of non-audit services provided to the Company and related fees;
- Discussion with the auditors of a written report detailing all relationships with the Company and any other parties that could affect independence or the perception of independence;

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Corporate Governance**

- A review of the auditor's own procedures for ensuring the independence of the audit firm and partners and staff involved in the audit, including the regular rotation of the audit partner; and
- Obtaining written confirmation from the auditor that, in their professional judgment, they are independent.

An analysis of the fees payable to the external audit firm in respect of both audit and non-audit services during the year is set out in Note 2 to the financial statements.

### **Accountability and financial reporting**

The Board aims to present a balanced and understandable view of the Company's financial position and prospects.

The Board is responsible for ensuring that the Company maintains a system of internal financial controls, including suitable monitoring procedures. The objectives of the systems are to safeguard Company assets, ensure proper accounting records are maintained and that the financial information used within the business and for publication is reliable. Any such system can only provide reasonable, but not absolute, assurance against material misstatement or loss. Internal financial control monitoring procedures undertaken by the Board include the review of financial reports, the monitoring of performance and the prior approval of all significant expenditure.

**Zafar Karim**  
**Executive Chairman**  
**23 August 2013**

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Statement of Directors' Responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law).

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing those financial statements, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and accounting estimates that are reasonable and prudent;
- c. state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d. 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.

# **Legendary Investments Plc**

## **Annual Report for the year ended 31 March 2013**

### **Independent Auditor's Report to the members of Legendary Investments Plc**

We have audited the financial statements on pages 16 to 30. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 more fully explained in the Directors' Responsibilities Statement set out on page 13 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**

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at

[http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-\(issued-1-December-2010\).aspx](http://www.frc.org.uk/Our-Work/Codes-Standards/Audit-and-assurance/Standards-and-guidance/Standards-and-guidance-for-auditors/Scope-of-audit/UK-Private-Sector-Entity-(issued-1-December-2010).aspx)

#### **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 March 2013 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

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

**Legendary Investments Plc**  
**Annual Report for the year ended 31 March 2013**

**Independent Auditor's Report to the members of Legendary Investments Plc**

**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, 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.

**PAUL WATTS (Senior Statutory Auditor)**  
**For and on behalf of BAKER TILLY UK AUDIT LLP, Statutory Auditor**  
**Chartered Accountants**  
**25 Farringdon Street**  
**London EC4A 4AB**

**23 August 2013**

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Profit and Loss Account for the year ended 31 March 2013

	Notes	2013 £'000	2012 £'000
Net gain on investments		38	–
Administrative expenses		(196)	(189)
		<hr/>	<hr/>
Operating loss		(158)	(189)
		<hr/>	<hr/>
Loss on ordinary activities before taxation	2	(158)	(189)
Tax on loss on ordinary activities	4	–	–
		<hr/>	<hr/>
Loss for the financial year		(158)	(189)
		<hr/>	<hr/>
Loss per share			
– basic and fully diluted (pence)	5	(0.01)p	(0.01)p

A separate statement of recognised gains and losses has not been prepared as the Company has no recognised gains or losses in the current or prior period other than the loss noted above.

All activities derive from continuing operations.

**Legendary Investments Plc**  
**Annual Report for the year ended 31 March 2013 (Registered No: 3920241)**

**Balance Sheet**  
**as at 31 March 2013**

	Notes	2013 £'000	2012 £'000
<b>FIXED ASSETS</b>			
Tangible Assets	6	4	5
Investments	7	236	66
		<hr/>	<hr/>
		240	71
<b>CURRENT ASSETS</b>			
Debtors due within one year	9	35	6
Investments	8	273	77
Cash at bank and in hand		101	534
		<hr/>	<hr/>
		409	617
CREDITORS: amounts falling due within one year	10	(65)	(36)
		<hr/>	<hr/>
NET CURRENT ASSETS		344	581
		<hr/>	<hr/>
CREDITORS: Amounts falling due after more than one year	11	(30)	(30)
		<hr/>	<hr/>
NET ASSETS		554	622
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	1,643	1,575
Share premium account	13	8,316	8,309
Share warrant and option reserve	14	171	156
Profit and loss account – deficit	15	(9,576)	(9,418)
		<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	16	554	622
		<hr/>	<hr/>

The financial statements on pages 16 to 30 were approved by the Board of Directors and authorised for issue on 23 August 2013 and are signed on its behalf by:

**Zafar Karim**  
**Executive Chairman**

**Legendary Investments Plc**  
**Annual Report for the year ended 31 March 2013**

**Cash Flow Statement**  
**for the year ended 31 March 2013**

	Notes	2013 £'000	2012 £'000
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	17	(140)	98
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Purchase of office equipment		–	(5)
Fixed Asset investments during the year		(172)	(66)
Net cash outflow from capital expenditure and financial investment		(172)	(71)
<b>MANAGEMENT OF LIQUID RESOURCES</b>			
Current Asset investments made during the year		(196)	(77)
<b>FINANCING</b>			
Issue of new ordinary shares		75	615
Expenses paid in connection with share issues		–	(31)
(DECREASE)/INCREASE IN CASH IN THE YEAR		(433)	534
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS</b>			
(Decrease)/Increase in cash in the year		(433)	534
Cash outflow from increase in liquid resources		196	77
		(237)	611
Net funds/(debt) at start of year	19	581	(30)
Net funds at end of year		344	581

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### Accounting Policies

##### *Basis of accounting*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, modified by the revaluation of investments.

##### *Impairment of asset values*

Tangible fixed assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable or as otherwise required by relevant accounting standards.

##### *Investments and financial instruments*

Investments, financial assets and financial liabilities are recognised on the Company's balance sheet when the Company has become a party to the contractual provisions of the instrument.

Fixed asset investments include investments in investee companies where the time horizon for realisation of the investment is considered to be longer than one year. Investments in investee companies where the time horizon for realisation of the investment is considered to be less than one year are classified as current assets.

All investments have been designated as fair value through profit or loss, and are initially measured at cost which is the best estimate of fair value. Thereafter, the investments are measured at subsequent balance sheet dates at fair value. A financial asset is designated in this category if it is acquired to be managed and its performance is evaluated on a fair value basis with a view to selling after a period of time. Listed investments and investments traded on AIM or overseas stock exchanges are stated at current price at the balance sheet date provided the market is active. Unlisted investments are stated at directors' valuation with reference to the International Private Equity and Venture Capital Valuation Guidelines ("IPEVC") and in accordance with FRS26 "Financial Instruments: Measurement":

Investments which have been made within the last twelve months or where the investee company is in the early stage of development will usually be valued at the price of recent investment except where the company's performance against plan is significantly different from expectations on which the investment was made in which case a different valuation methodology will be adopted.

Any realised and unrealised gains or losses on investments are taken to the profit and loss account.

##### *Financial instruments*

##### *Debtors*

Debtors are classified as loans and receivables and are initially recognised at fair value. They are subsequently measured at their amortised cost using the effective interest method less any provision for impairment.

##### *Cash at bank and in hand*

Cash at bank and in hand includes short-term deposits with maturities of less than three months.

##### *Trade creditors*

Trade creditors are initially recognised at fair value and subsequently at amortised cost using the effective interest method.

##### *Loans*

Loans are initially recognised at fair value and subsequently at amortised cost.

##### *Equity instruments*

Issued equity instruments are recorded at fair value on initial recognition net of transaction costs.

##### *Tangible fixed asset accounting policy*

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

All tangible fixed assets are recorded at cost less accumulated depreciation and impairment losses. Depreciation is computed to write off the cost of an asset, less its estimated residual value, over the useful economic life the asset as follows:

Computer Equipment – 25% straight line

#### *Deferred taxation*

Deferred tax is recognised in respect of timing differences between the Company's taxable profits and its results as stated in the financial statements that have originated but not reversed at the balance sheet date.

Deferred tax assets are only recognised where there is an expectation that they will result in a reduction in corporation tax payments in the foreseeable future.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

#### *Foreign currency translation*

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

#### *Going concern*

The Company's business activities, together with the financial position of the Company and the factors likely to affect its future development, performance and position are set out in the Executive Chairman's Statement.

As at the year end the Company had £126,000 of cash (held in its bank account and the client account of its accountants, PSB Accountants Limited). Following the year end, a proportion of this money has been utilised in order to make further payments of on-going costs associated with the business. Administrative costs for the year to 31 March 2013 amounted to £196,000 of which £23,000 were costs associated with cash compensation for directors, which is paid only if the company makes investment realisations at a profit. In addition, £15,000 of costs were non-cash costs due to share based payment charges. This left a remainder of £158,000 of on-going costs. The directors have significant discretion over some of these costs associated with professional fees and travel costs. In addition, as at the year end, the Company held £273,000 of listed investments. Being listed, these are liquid investments which may be sold at short notice for cash.

On the basis of the above, the Directors believe that sufficient funds will be available to support the going concern status of the Company over the next 12 months following the approval of these financial statements. Consequently, the Directors believe that it is appropriate to prepare the Company's financial statements on a going concern basis. This assumes that the Company is to continue in operational existence for a period of at least 12 months from the date of approval of the financial statements.

#### *Share based payments*

The Company issues equity-settled share based payments to certain employees in the form of options and warrants. A fair value for the equity-settled share awards is measured at the date of the grant. The fair value is measured using the Black Scholes method of valuation, which is considered to be the most appropriate valuation technique. The valuation takes into account factors such as non-transferability, exercise restrictions and behavioural considerations.

An expense is recognised to spread the fair value of each award over the vesting period on a straight-line basis, after allowing for an estimate of the share awards that will actually vest. The estimate of vesting is reviewed annually, with any impact on the cumulative charge being recognised immediately.

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

Amounts to be settled in shares are presented within equity, representing the expected time-apportioned fair value of the awards that are expected to vest.

#### *Exceptional items policy*

Material items which derive from events or transactions that fall within the ordinary activities of the reporting entity have been disclosed as exceptional where individually or, if of a similar type, in aggregate, their size or incidence requires separate disclosure if the financial statements are to give a true and fair view.

#### 1 Segmental analysis

The Company only has one class of business and only operates within the United Kingdom.

#### 2 Loss on ordinary activities before tax

	2013 £'000	2012 £'000
Loss on ordinary activities before tax for the year is stated after charging:		
Depreciation of tangible fixed assets	1	–
Auditor's remuneration – statutory audit	18	30
– Services relating to taxation	5	5
– Other services	7	1
	<u>          </u>	<u>          </u>

#### 3 Directors

	2013 Number	2012 Number
<b>Number of employees</b>		
The average monthly number of employees including directors, during the year was:	<u>          </u> 3	<u>          </u> 3
	<b>£'000</b>	<b>£'000</b>
<b>Directors' emoluments</b>		
Directors' fees	<u>          </u> 23	<u>          </u> –

Other than the gross director's fees of £23,230 (2012: £300) accrued in the year there were no staff costs paid during the year (2012: £nil). The Company did not incur any social security costs in relation to the fees. With respect to directors' share based payments, see Note 14.

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### 4 Tax on loss on ordinary activities

	2013 £'000	2012 £'000
Analysis of charge in the year:		
Current tax	–	–
Deferred tax	–	–
	<u>–</u>	<u>–</u>
	<u>–</u>	<u>–</u>
	<b>2013</b> <b>£'000</b>	<b>2012</b> <b>£'000</b>
Loss on ordinary activities before tax	(158)	(189)
	<u>          </u>	<u>          </u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK 24% (2012: 26%)	(38)	(49)
Expenses not deductible for tax purposes	3	19
Tax losses unutilised	35	30
	<u>          </u>	<u>          </u>
Current tax charge for year	–	–
	<u>          </u>	<u>          </u>

As at 31 March 2013 the Company had losses of approximately £6.2m (2012: £6m) available to carry forward against future income. A deferred tax asset of £1.4m (2012: £1.5m) is not recognised in respect of these losses due to the uncertainty as to the utilisation of the losses in the foreseeable future.

Future tax charges will be dependent on the split of profits for tax purposes as between revenue and capital items, and the utilisation of losses incurred to date.

#### 5 Loss per ordinary share

	2013 £'000	2012 £'000
Loss for the financial year	(158)	(189)
	<u>          </u>	<u>          </u>
Average number of ordinary shares in issue (basic) ('000)	1,586,758	1,113,917
	<u>          </u>	<u>          </u>
Basic and diluted loss per share (pence)	(0.01)p	(0.01)p
	<u>          </u>	<u>          </u>

The loss attributable to ordinary shareholders and weighted average number of ordinary shares for the purposes of calculating the diluted loss per share are identical to those used for basic loss per ordinary share. This is because the exercise of share options and other benefits would have the effect of reducing loss per share and is therefore not dilutive under the terms of FRS 22 *Earnings Per Share*.

**Legendary Investments Plc**  
**Annual Report for the year ended 31 March 2013**

**Notes to the Financial Statements**

**6 Tangible fixed asset**

	<b>Office Equipment £'000</b>
<b>Cost</b>	
1 April 2012	5
At 31 March 2013	<u>5</u>
<b>Depreciation</b>	
At 1 April 2012	–
Charge for the year	1
At 31 March 2013	<u>1</u>
<b>Net book value</b>	
At 31 March 2013	<u>4</u>
At 31 March 2012	<u><u>5</u></u>

**7 Fixed asset investments**

	<b>Other Investments Shares</b>
<b>Valuation</b>	
At 1 April 2012	66
Additions	172
Unrealised loss	(2)
At 31 March 2013	<u><u>236</u></u>

The unrealised loss relates to the investment in Undrawn Reality limited (“UR”). The Board of Legendary has concluded that it will no longer receive a return on UR in the foreseeable future and has written its investment down to zero.

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### 7 Fixed asset investments (continued)

The Company holds more than 20% of the equity (and no other share or loan capital) of the following undertakings:

Other Participating Interest:	Class of holding	Proportion directly held	Nature of Business
Bosques Energeticos EBE S.A. de C.V.	Ordinary	40%	Development and cultivation of renewable energy crops

Bosques Energeticos EBE S.A. de C.V. in which the Company has more than 20% interest, is not treated as an associated undertaking. All investments are measured at fair value through profit and loss as detailed in the accounting policy.

#### 8 Current asset investments

	2013 £'000	2012 £'000
AIM listed investments	220	–
Other listed investments	53	–
Unlisted investments	–	77
	<u>273</u>	<u>77</u>

#### 9 Debtors: amounts due within one year

	2013 £'000	2012 £'000
Prepayments	10	6
Other Debtors	25	–
	<u>35</u>	<u>6</u>

£25,000 (2012: £nil) of the other debtors represents the cash balance held in the client account of the Company's accountants, PSB Accountants Limited, as at the year end date. The balance is payable on demand. Due to their short term nature, the carrying value as above approximates to fair value.

#### 10 Creditors: amounts falling due within one year

	2013 £'000	2012 £'000
Trade creditors	21	17
Accruals	44	18
Other creditors	–	1
	<u>65</u>	<u>36</u>

Trade creditors and accruals represent the Company's financial liabilities measured at amortised cost. Due to their short term nature, carrying value approximates to fair value.

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### 11 Creditors: amount falling due after more than a year

	2013 £'000	2012 £'000
Loan	<u>30</u>	<u>30</u>

The loan represents the funding of £30,000 that was raised in August 2010 by way of a loan facility. The facility bears no interest and has no fixed date for repayment. The loan is not expected to be paid in the foreseeable future and therefore has been classified as due in more than one year as the Directors believe this most appropriately reflects the period over which the loan will be repaid. As part of the terms of the loan, Legendary granted 260,000,000 warrants over new ordinary shares at an exercise price of 0.1p per share. At the date the warrants were granted, the Company's share price was 0.075p. The warrants expire in August 2015.

#### 12 Called up share capital

	2013 £'000	2012 £'000
<b>Authorised</b>		
3,000,000,000 ordinary shares of £0.001 each	<u>3,000</u>	<u>3,000</u>
<b>Allotted, issued and fully paid</b>		
1,643,349,016 (2012: 1,575,167,198) ordinary shares of £0.001 each	<u>1,643</u>	<u>1,575</u>

#### 13 Share premium

	2013 £'000	2012 £'000
At start of the year	8,309	8,309
Premium on Ordinary Shares Issued of 0.001 each	<u>7</u>	<u>–</u>
At end of the year	<u>8,316</u>	<u>8,309</u>

Transaction costs amounting to £nil (2012: £nil) in regard to issue of shares were deducted from equity and charged against the share premium account.

On 22 January 2013, the Company issued 68,181,818 ordinary shares of £0.001 each at a price of £0.0011 per share. These shares were issued for as part consideration for the purchases of 19,230,769 shares of Creon Resources PLC. Share issue costs were £nil.

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### 14 Share based payment

##### Share Options

The Company has unapproved and approved share option schemes in which the directors participate.

Under the Company's approved share option plan, the Company grants options and shares to certain directors and employees of the Company. If the options remain unexercised for a period of 10 years from the date of grant, the options lapse. The options are exercisable immediately on grant.

Details of Directors' outstanding share options as at the year ended are shown below.

	31 March 2013		31 March 2012	
	Exercise price per share	Number	Exercise price per share	Number
Zafar Karim	0.20p	106,000,000	0.20p	72,000,000
Thomas Reuner	0.35p	5,000,000	0.35p	5,000,000
Thomas Reuner	0.20p	27,000,000	0.20p	11,000,000
		<u>138,000,000</u>		<u>88,000,000</u>

Rajesh Rai resigned on 18 October 2012. Rajesh Rai's 32,000,000 share options, with an exercise price of 0.20p, have not lapsed following his resignation.

Movements in ordinary share options outstanding

	31 March 2013		31 March 2012	
	Number	Weighted average exercise price pence	Number	Weighted average exercise price pence
At start of the year	120,000,000	0.20p	80,000,000	0.20p
Granted during the year	50,000,000	0.20p	35,000,000	0.20p
Granted during the year	–	–	5,000,000	0.35p
At end of the year	<u>170,000,000</u>	0.20p	<u>120,000,000</u>	0.20p

All options were exercisable at the end of the year.

Last date when exercisable	Exercise price	Granted No.	Lapsed No.	Exercised	Outstanding at 31 March 2013
1 January 2021	0.20p	80,000,000	–	–	80,000,000
15 May 2021	0.35p	5,000,000	–	–	5,000,000
5 January 2022	0.20p	35,000,000	–	–	35,000,000
2 January 2023	0.20p	50,000,000	–	–	50,000,000
		<u>170,000,000</u>			<u>170,000,000</u>

Post the balance sheet date, in June 2013, Zafar Karim and Thomas Reuner received an additional 60,000,000 and 20,000,000 options, respectively, with an exercise price of 0.20p each.

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### 14 Share based payment (continued)

##### Fair value

The fair value of the options is estimated at the date of grant using a Black-Scholes option pricing model that uses assumptions noted in the table below. No performance conditions were included in the fair value calculations.

Expected life of options (years)	5
Exercise price	0.20p
Share price at grant date	0.08p-0.10p
Risk free rate	0.88% – 1.04%
Expected share price volatility	50%
Expected dividend yield	0.00%
Estimate of % of options vesting	100%
Assumed staff attrition	0%
Fair value of options	0.0248p

The Company uses historical data to estimate option exercise and employee termination within the valuation model. Expected volatilities are based on implied volatilities as determined by simple average of a sample of listed companies base in similar sectors. The risk free rate for the period within the contractual life of the option is based on the UK gilt yield curve at the time of the grant.

The share based payment charged for the year was £12,000 (2012: £19,000).

##### Warrants

Other than the employee share options set out above, warrants have been granted with exercise prices and dates shown in the table below.

Last date when exercisable	Exercise price	Granted No.	Lapsed No.	Exercised	Outstanding at 31 March 2013
5 August 2015	0.10p	260,000,000	–	–	260,000,000
6 August 2015	0.20p	10,000,000	–	–	10,000,000
24 November 2015	0.15p	25,000,000	–	–	25,000,000
25 November 2013	0.15p	30,000,000	–	–	30,000,000
29 November 2015	0.20p	20,000,000	–	–	20,000,000
7 March 2014	0.16p	225,000,000	–	–	225,000,000
17 January 2015	0.15p	37,500,000	–	–	37,500,000
		<u>607,500,000</u>			<u>607,500,000</u>

##### Movements in warrants outstanding

	31 March 2013		31 March 2012	
	Number	Weighted average exercise price pence	Number	Weighted average exercise price pence
At start of the year	570,000,000	0.13p	570,000,000	0.13p
Granted during the year	<u>37,500,000</u>	0.15p	–	–
At end of the year	<u>607,500,000</u>	0.13p	<u>570,000,000</u>	0.13p

The fair value of warrants granted in the year was £3,000 (2012: £nil).

## Notes to the Financial Statements

### 14 Share based payment (continued)

#### Fair value

The fair value of the warrants is estimated at the date of grant using a Black-Scholes option pricing model that uses assumptions noted in the table below. No performance conditions were included in the fair value calculations.

Expected life of warrants (years)	2-3
Exercise price	0.10p – 0.20p
Share price at grant date	0.08p – 0.11p
Risk free rate	0.35%
Expected share price volatility	40%
Expected dividend yield	0.00%
Estimate of % of options vesting	100%
Assumed staff attrition	0%
Fair value of options	0.065p

#### Other Information

The market price of the Company's ordinary shares ranged from a high of 0.1750p to a low of 0.0750p during the year.

### 15 Profit and loss account

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
At the start of the year	(9,418)	(9,229)
Loss for the financial year	(158)	(189)
At the end of the year	<u>(9,576)</u>	<u>(9,418)</u>

### 16 Reconciliation of movements in shareholders' funds

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Opening shareholders' funds	622	177
Loss for the financial year	(158)	(189)
Share issue	75	615
Share warrant and option charge	15	19
Closing shareholders' funds	<u>554</u>	<u>622</u>

### 17 Reconciliation of operating loss to net cash (outflow)/inflow from operating activities

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Operating loss	(158)	(189)
Share option/warrant charge	15	19
Share issue costs	–	31
Depreciation	1	–
Increase in creditors	29	1
(Increase)/decrease in debtors	(29)	236
Loss on investment	2	–
Net cash (outflow)/inflow from operating activities	<u>(140)</u>	<u>98</u>

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### 18 Analysis of net funds

	At 31 March 2012 £'000	Non-cash Movements £'000	Cash flows £'000	At 31 March 2013 £'000
Cash at bank and in hand	534	–	(433)	101
Current asset investments	77	–	196	273
Other loan	(30)	–	–	(30)
	<u>581</u>	<u>–</u>	<u>(237)</u>	<u>344</u>

In the prior period net funds included fixed asset investments of £66K. Fixed asset investments have been excluded in both periods to reflect more properly that these are not liquid resources.

#### 19 Reconciliation of net cash flow to movement in net funds

	2013 £'000	2012 £'000
(Decrease)/Increase in cash in the year	(433)	534
Cash outflow from increase in liquid resources	196	77
	<u>(237)</u>	<u>611</u>
Net funds/(debt) at start of year	581	(30)
Net funds at end of year	<u>344</u>	<u>581</u>

Current asset investments of £196,000 (2012: £77,000) are disclosed on the face of the cash flow statement within management of liquid resources in 2013. The reallocation of the 2012 cash flows from capital expenditure and financial investment results in more accurate disclosure of the nature of these items.

#### 20 Financial instruments

##### Loans and receivables

Loans and receivables include cash at bank and in hand and other debtors. Financial liabilities at amortised cost include trade creditors, accruals and loans.

##### Borrowing facilities

At the year end the Company had no overdraft facility (2012: £nil).

##### Capital Management

The Company is financed primarily with equity capital, which is then utilised to meet operating expenses and make investments. Investments are financed primarily from equity capital, though debt may be utilised where it is felt that it is prudent to do so.

##### Interest rate risk

The Company had no fixed or floating rate financial liabilities at 31 March 2013 (2012: £nil).

##### Currency risk

The Company makes investments in both UK and foreign companies. In addition, the companies in which the Company invests may or may not have exposure to foreign currency exposure. In this regard the Company has foreign currency exposure. Currency exposure is one of the factors considered when making investments, and as such it is implicitly managed at the point of investment.

# Legendary Investments Plc

## Annual Report for the year ended 31 March 2013

### Notes to the Financial Statements

#### 20 Financial instruments (continued)

##### Liquidity risk

The Company makes investments in unlisted and listed entities. Consequently the Company is exposed to the liquidity risk to the extent that it may not be able to find buyers for its unlisted investments and liquidity in its listed investments may be low. Therefore there can be no certainty that the Company would be able to exit its investments.

##### Market risk

The Company monitors the value of its investments on a regular basis, and takes action to decrease or dispose of investments when it deems appropriate.

##### Credit risk

The bank account of the Company and of the client account held by PSB Accountants Limited is held with well established financial institutions of high quality credit standing.

##### Fair value hierarchy

Fair values have been measured at the end of the reporting period as follows:

	Level 1 'Quoted prices' £'000	Level 2 'Observable prices' £'000	Level 3 'Unobservable prices' £'000	Total £'000
Year ended 31 March 2013				
Financial assets				
At fair value through profit and loss	273	–	236	509

All fixed asset investments are classified as level 3. The movement on level 3 assets are disclosed in Note 7.

Financial assets and liabilities measured at fair value are disclosed using a fair value hierarchy that reflects the significance of the inputs used making the fair value measurements, as follows:

- Level 1 – Unadjusted quoted prices in active markets for identical asset or liabilities ('quoted prices'),
- Level 2 – Inputs (other than quoted prices in active markets for identical assets or liabilities) that are directly or indirectly observable for the asset or liability ('observable inputs'), or
- Level 3 – Inputs that are not based on observable market data ('unobservable inputs')

The Level 3 investments have been valued at the price of recent investment, net asset value or discounted cash flow based on post period end redemptions in line with the Company's accounting policies and IPEVC guidelines.

#### 21. Post balance sheet events

Post the balance sheet date, in June 2013, Zafar Karim and Thomas Reuner received an additional 60,000,000 and 20,000,000 options, respectively, with an exercise price of 0.20p each.

#### 22. Controlling party

In the opinion of the Directors there is no immediate or ultimate controlling party.

# Legendary Investments Plc (the “Company”)

## NOTICE OF ANNUAL GENERAL MEETING

This year’s annual general meeting (“AGM”) will be held at 10:00 a.m. on 20 September 2013 at the offices of Marriott Harrison LLP at 11 Staple Inn Buildings, London WC1V 7QH. You will be asked to consider and pass the resolutions below. Resolution six will be proposed as a special resolution. All other resolutions will be proposed as ordinary resolutions.

### Ordinary resolutions

1. To receive and adopt the report and accounts of the Company for the period ended 31 March 2013.
2. To re-elect Thomas Reuner as a director whose office terminates at the AGM and who becomes eligible for re-election pursuant to Article 24 of the Articles of Association.
3. To re-appoint Baker Tilly UK Audit LLP of 6th Floor, 25 Farringdon Street, London EC4A 4AB as auditors to hold office until the conclusion of the next Annual General Meeting of the Company at which accounts are laid and to authorise the directors to fix the remuneration of the auditors.
4. That the investing policy of the Company should be approved.
5. That the directors be generally and unconditionally authorised pursuant to and in accordance with section 551 of the Companies Act 2006 (the “Act”) to exercise all the powers of the Company to allot shares or grant rights to subscribe for or to convert any security into shares up to an aggregate nominal amount of £1,643,349.01 such authority to apply in substitution for all previous authorities and to expire on the date which is earlier of the conclusion of the next annual general meeting of the Company or 15 months after the passing of this resolution unless previously renewed, varied or revoked by the Company in general meeting but, in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require shares to be allotted or rights to subscribe for or to convert any security into shares to be granted after the authority ends.

### Special resolutions

6. That, subject to the passing of resolution 5 above, the Directors be and are hereby empowered to allot equity securities (as defined in Section 560(1) of the Act) wholly for cash pursuant to the authority given by resolution 5 above or where the allotment constitutes an allotment of equity securities by virtue of Section 560(2) of the Act up to an aggregate nominal amount of £1,643,349.01 as if Section 561(1) of the Act did not apply to any such allotment, such authority to expire on the date which is earlier of the conclusion of the next annual general meeting of the Company or 15 months after the passing of this resolution unless previously renewed, varied or revoked by the Company in general meeting, but in each case, so that the Company may make offers and enter into agreements during the relevant period which would, or might, require equity securities to be allotted after the authority ends.

For the purposes of this resolution:

- (a) references to an allotment of equity securities shall include a sale of treasury shares; and
- (b) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the Company, the nominal amount of such shares which may be allotted pursuant to such rights.

BY ORDER OF THE BOARD

Signed:

Zafar Karim

Executive Chairman

For and on behalf of Legendary Investments Plc

Dated: 23 August 2013

Registered Office: 6th Floor, 25 Farringdon Street, London EC4A 4AB

## NOTES:

1. Shareholders entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and speak on their behalf. A shareholder may appoint more than one proxy in relation to the AGM provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder. A proxy need not be a member of the Company. To appoint more than one proxy you may photocopy the Proxy Form which accompanies this notice. Investors who hold their shares through a nominee may wish to attend the meeting as a proxy, or to arrange for someone else to do so for them, in which case they should discuss this with their nominee or stockbroker. Shareholders are invited to complete and return the Proxy Form. Completion of the Proxy Form will not prevent a Shareholder from attending and voting at the meeting if subsequently he/she finds they are able to do so. To be valid, completed Proxy Forms must be sent to the Company Secretary, Legendary Investments plc, c/o Share Registrars Limited, Suite E, First Floor, 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL, by not later than 10.00 a.m. on 18 September 2013 (being 48 hours prior to the time fixed for the meeting, excluding weekends and bank holidays).
2. In the case of joint holders the signature of one holder on the form of proxy will be accepted by the vote of the senior who tenders a vote whether in person or by proxy to the exclusion of the votes of any joint holders and for this purpose seniority shall be determined by the order in which the names stand in the register of members in respect of such joint holdings.
3. Representatives of Shareholders which are corporations attending the meeting should produce evidence of their appointment by an instrument executed in accordance with section 44 of the Companies Act 2006 or signed on behalf of the corporation by a duly authorised officer or agent and in accordance with article 19 of the Company's articles of association.
4. Any corporation which is a member can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a member provided that they do not do so in respect of the same shares.
5. The Company specifies that only those holders of Ordinary Shares registered in the register of members of the Company at 10.00 a.m. on 18 September 2013 shall be entitled to attend and vote at the AGM in respect of such number of shares registered in their name at that time. Changes to entries in the register of members after 10.00 a.m. on 18 September 2013 shall be disregarded in determining the rights of any person to attend or vote at the meeting.

**LEGENDARY INVESTMENTS PLC**  
**(the “Company”)**  
**FORM OF PROXY**

I/We .....  
 (BLOCK CAPITALS)

being a member/members of the above-named Company hereby appoint the Chairman of the Meeting or .....(see note 2)  
 as my/our proxy to attend, speak and vote in my/our name(s) and on my/our behalf at the Annual General Meeting of the Company to be held on Friday 20 September 2013 at 10.00 a.m. and at any adjournment thereof.

Please indicate by marking an “X” in the appropriate box (if any) how you wish your votes to be cast. In the absence of instructions the proxy will vote as he or she thinks fit on each resolution. NB A ‘vote withheld’ is not a vote in law and will not be counted in the calculation of the proportion of votes ‘for’ and ‘against’ a resolution.

Resolutions	For	Against	Vote Withheld
1. To receive and adopt the report and accounts of the Company for the period ended 31 March 2013.			
2. To re-elect Thomas Werner Reuner as a Director.			
3. To re-appoint Baker Tilly UK Audit LLP as Auditors of the Company and to authorise the Directors to agree their remuneration.			
4. To approve the Company’s investing policy.			
5. To authorise the Directors to allot relevant securities of the Company pursuant to section 551 of the Companies Act 2006 (the “Act”).			
6. To disapply the pre-emption provisions of section 561(1) of the Act.			

Signature ..... Dated.....2013

**Notes:**

- As a member of the Company you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote on a poll at a general meeting of the Company.
- If you wish to appoint another person as proxy you should delete the words "the Chairman of the Meeting" and insert the name of the proxy of your choice in the space provided. Any alterations should be initialled. A proxy does not need to be a member of the Company but must attend the meeting to represent you. Where you appoint as your proxy someone other than the Chairman, you are responsible for ensuring that they attend the meeting and are aware of your voting intentions. If you wish your proxy to make any comments on your behalf you will need to appoint someone other than the Chairman and give them the relevant instructions directly.
- You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. If you wish to appoint more than one proxy you should contact the Company’s registrars, Share Registrars Limited, by telephone on 01252 821390 or by post at 9 Lion and Lamb Yard, Farnham, Surrey GU9 7LL to obtain another Form of Proxy.
- Completion and return of the Form of Proxy will not preclude a member from attending and voting at the meeting in person, should they so wish. If you have appointed a proxy and attend the meeting in person, your proxy appointment will be automatically terminated.
- Where the appointor is a corporation this form must be under seal or under the hand of an officer or attorney duly authorised by the corporation. There is no need for a member being a corporation to appoint a proxy where the corporation is to be present by its duly authorised representative.
- To be valid, this form of proxy (and any authority under which it is executed or a notarially certified copy of such authority) must be delivered to the Company’s registrars, Share Registrars Limited not less than 48 hours, excluding days which are not working days, before the time of the meeting. The completed form may be sent by post using the reply paid envelope, by fax to 01252 719232 or scanned and sent by e-mail to proxies@shareregistrars.uk.com.
- In the case of joint holders, where more than one of the joint holders purports to appoint a proxy only the appointment submitted by the most senior holder will be accepted. Seniority shall be determined by the order in which the names of the joint holders stand in the register of members (the first-named being the most senior).
- To have the right to attend and vote a person must have his/her name entered on the register of members of the Company by no later than 10.00 a.m. on Wednesday 18 September 2013. Changes to entries on the register after this time shall be disregarded in determining the rights of any person to attend or vote at the meeting.
- The proxy will vote or abstain from voting as he or she thinks fit on any other business, which may properly come before the meeting.









**LEGENDARY**  
INVESTMENTS PLC