

RNS Number : 4336R  
3Legs Resources plc  
29 June 2015

**3Legs Resources plc**  
**("3Legs" or "the Company")**

**Final Results**

The Board of 3Legs is pleased to announce the Company's final audited results for the year ended 31 December 2014.

**Chairman's Statement**

The Company was listed on the AIM market in June 2011 having raised £62.5m before expenses in order to focus on the exploration and development of unconventional oil and gas resources in Europe. However, in view of the disappointing results the then Board announced last September that it had concluded that it could not justify further investment in its concessions. After considering the options open to it, the Board decided that the return of the remaining cash resources, net of wind up costs, to shareholders followed by an orderly liquidation would be in their best interests.

Subsequently, a group of investors approached the then Board to explore whether it would consider an alternative to liquidation that would offer the Company's then shareholders some additional value. These shareholders would receive a slightly larger sum of cash, since the Company would save the costs of liquidation, and would also have a continuing interest in the Company which was valued at £0.2m at the price at which new investors proposed to invest (in the event, the sum of £0.8m) into the Company. The Board decided to put this alternative proposal to shareholders, who duly voted in favour at a meeting held on 13 February 2015, at which they also approved the second and final distribution of cash of £1.1m or 1.33p per Ordinary Share.

As part of these arrangements Colin Weinberg and I joined the Board and the existing directors resigned, other than Alex Fraser who has subsequently stepped down. Shareholders also voted to adopt the new Investing Policy, namely to invest in and/or acquire companies within the technology sector or within the resources sector.

However, subject to shareholders' approval at the forthcoming Annual General Meeting, the planned focus of the Company's Investing Policy will be amended to that of life sciences and related technologies. In early June, the Company secured additional funding of £0.5m representing 29.9% of the enlarged share capital, from Jim Mellon and Dr Greg Bailey, both of whom have joined the Board. Jim and Greg have a successful track record of identifying profitable investments in healthcare and related sectors and the proposed new direction for the Company will enable it to capitalise on their expertise and contacts in this area. The new Investing Policy is set out in the Appendix to the Notice of Annual General Meeting to be held on 31 July 2015. The current Investing Policy is described in the Report and Accounts as a matter of record.

Full details of the Company's previous activities for the first nine months of 2014 were provided in the interim results statement and subsequent developments are highlighted in the Directors' Report.

The results for the twelve months to 31 December 2014 reflect the decision of the Board to cease its exploration activities, which was achieved by selling its relevant subsidiaries for a nominal consideration. Accordingly, exploration expenditure which had formerly been carried forward as an asset on the balance sheet as both capital exploration expenditure in respect of the interests held in the Eastern Baltic Basin licences and also under "an investment accounted for using the equity method" had to be written off. As a result, the Company made a loss on disposal of subsidiaries and its interest in joint ventures of £33.6m, leading to a loss for the full year of £35.0m.

Further to the restructuring that has taken place, the Company has become an Investing Company and the Board looks forward to implementing its new Investing Policy.

I would like to express my thanks to our shareholders and advisers for their support during this period of change.

Richard Armstrong  
Chairman

### Consolidated Income Statement for the year ended 31 December 2014

	Notes	2014 £'000	2013 £'000
<b>Discontinued operations</b>			
Administrative expenses		(1,854)	(2,034)
Foreign exchange gains/(losses)		54	(632)
Share based payment		825	(99)
Non-capitalised exploration and evaluation expense		-	(451)
Impairment of intangible exploration and evaluation assets		-	(135)
Impairment of loan		-	(226)
		<hr/>	<hr/>
<b>Operating loss</b>	4	(975)	(3,577)
Share of results of joint venture		(481)	(902)
Investment income		58	172
Loss on disposal of subsidiaries and joint venture	3	(33,626)	-
		<hr/>	<hr/>
<b>Loss for the year</b>		(35,024)	(4,307)
		=====	=====
Attributable to:			
Equity holders of the parent		(35,024)	(4,307)
		<hr/>	<hr/>
		(35,024)	(4,307)
		=====	=====
<b>Loss per Ordinary Share</b>			
<b>Discontinued operations</b>			
Basic and diluted, pence per share	5	(0.41p)	(0.05p)
		=====	=====

All activities are derived from discontinued operations.

### Consolidated Statement of Comprehensive Income

for the year ended 31 December 2014

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss for the year</b>	(35,024)	(4,307)
<b>Other comprehensive income</b>		
Exchange differences arising on translation of foreign operations	329	62
	<hr/>	<hr/>
<b>Total comprehensive income for the year attributable to owners of the parent company</b>	(34,695)	(4,245)
	=====	=====



**Consolidated Balance Sheet  
as at 31 December 2014**

	Notes	2014 £'000	2013 £'000
<b>Assets</b>			
<b>Non-current assets</b>			
Intangible exploration and evaluation assets		-	2,357
Investment accounted for using the equity method		-	23,515
		<u>-</u>	<u>25,872</u>
<b>Current assets</b>			
Trade and other receivables		95	323
Cash and cash equivalents		1,341	26,792
		<u>1,436</u>	<u>27,115</u>
<b>Total assets</b>		<u>1,436</u>	<u>52,987</u>
		=====	=====
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables		(144)	(398)
Provisions		-	(25)
		<u>(144)</u>	<u>(423)</u>
<b>Total liabilities</b>		<u>(144)</u>	<u>(423)</u>
		=====	=====
<b>Net assets</b>		<u>1,292</u>	<u>52,564</u>
		=====	=====
<b>Equity</b>			
Share capital	6	22	21
Share premium account		52,594	68,347
Share-based payment reserves		-	889
Accumulated deficit		(51,324)	(16,362)
Cumulative translation reserves		-	(331)
		<u>1,292</u>	<u>52,564</u>
<b>Total equity</b>		<u>1,292</u>	<u>52,564</u>
		=====	=====

**Consolidated Cash Flow Statement  
for the year ended 31 December 2014**

	Notes	2014 £'000	2013 £'000
<b>Net cash outflow from operating activities</b>	7	(1,486)	(2,783)
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<b>Investing activities</b>			
Interest received		58	172
Purchases of intangible exploration and evaluation assets		-	(40)
Proceeds of disposal of intangible exploration and evaluation assets		-	250
Investment in joint venture		(8,235)	(10,148)
		-----	-----
<b>Net cash used in investing activities</b>		(8,177)	(9,766)
		-----	-----
<b>Financing activities</b>			
Issue of share capital		180	17
Return of cash to shareholders		(15,933)	-
		-----	-----
<b>Net cash (outflow)/inflow from financing activities</b>		(15,753)	17
		-----	-----
<b>Net decrease in cash and cash equivalents</b>		(25,416)	(12,532)
Effect of foreign exchange rate changes on cash and cash equivalents		(35)	(207)
<b>Cash and cash equivalents at beginning of year</b>		26,792	39,531
		-----	-----
<b>Cash and cash equivalents at end of year</b>		1,341	26,792
		=====	=====

All cash flows are attributable to the operating, investing and financing activities of discontinued operations.



**Consolidated Statement of Changes in Equity  
for the year ended 31 December 2014**

	Share capital £'000	Share premium account £'000	Share-based payment reserves £'000	Accumulated deficit £'000	Cumulative translation reserves £'000	Total £'000
<b>As at 1 January 2013</b>	<b>21</b>	<b>68,330</b>	<b>790</b>	<b>(12,055)</b>	<b>(393)</b>	<b>56,693</b>
Transactions with owners in their capacity as owners:						
Issue of equity shares	-	17	-	-	-	17
<b>Total transactions with owners in their capacity as owners</b>	-	17	-	-	-	17
Loss for the year	-	-	-	(4,307)	-	(4,307)
Other comprehensive income:						
Currency translation differences	-	-	-	-	62	62
<b>Total comprehensive income for the year</b>	-	-	-	(4,307)	62	(4,245)
Share-based payments	-	-	99	-	-	99
<b>As at 1 January 2014</b>	<b>21</b>	<b>68,347</b>	<b>889</b>	<b>(16,362)</b>	<b>(331)</b>	<b>52,564</b>
Transactions with owners in their capacity as owners:						
Issue of equity shares	1	180	-	-	-	181
Return of cash to shareholders	-	(15,933)	-	-	-	(15,933)
<b>Total transactions with owners in their capacity as owners</b>	1	(15,753)	-	-	-	(15,752)
Loss for the year	-	-	-	(35,024)	-	(35,024)
Other comprehensive income:						
Currency translation differences	-	-	-	(2)	331	329
<b>Total comprehensive income for the year</b>	-	-	-	(35,026)	331	(34,695)
Share-based payments	-	-	(825)	-	-	(825)
Transfer to retained earnings in respect of exercised share options	-	-	(64)	64	-	-



<b>As at 31 December 2014</b>	<u>22</u>	<u>52,594</u>	<u>-</u>	<u>(51,324)</u>	<u>-</u>	<u>1,292</u>
	=====	=====	=====	=====	=====	=====

## Notes

### 1 General information

3Legs Resources plc (the 'Company' and, together with its subsidiary, the 'Group') is incorporated in the Isle of Man, British Isles under the Isle of Man Companies Act 2006. The address of the registered office is Commerce House, 1 Bowring Road, Ramsey, Isle of Man, British Isles, IM8 2LQ.

The principal activity of the Group during 2014 was the exploration, evaluation and development of oil and gas targets. The Company is now classified as an Investing Company.

### 2 Business and geographical segments

At the balance sheet date, all of the Group's exploration assets had been disposed of. Throughout the year until the date of the disposal of the assets, the Directors consider there to be only one business segment, namely the exploration and development of oil and gas resources. The Directors consider there to be one material operating segment, being Poland. All segments relate to discontinued operations.

### 3 Discontinued operations

On 17 September 2014, the Company reported to shareholders that it had exercised its one-time option to cease participation in activity in its principal exploration project in Poland's Baltic Basin and to terminate its other exploration activities.

### 4 Operating loss

The operating loss for the year has been arrived at after (crediting)/charging:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
Property lease payments	79	114
Staff costs	121	1,033
Share-based payments	(825)	99
Impairment of intangible exploration and evaluation assets	-	135
Audit fees	20	65
Net foreign exchange (gains)/losses	(54)	632
	=====	=====

## 5 Loss per Ordinary Share

Basic loss per Ordinary Share is calculated by dividing the net loss for the year attributable to Ordinary equity holders of the parent by the weighted average number of Ordinary Shares outstanding during the year. The calculation of the basic and diluted loss per Ordinary Share is based on the following data:

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Losses</b>		
Loss for the purposes of basic loss per share being net loss attributable to equity holders of the parent		
From discontinued operations	(35,024)	(4,307)
	=====	=====
<b>Number of shares</b>	<b>2014</b>	<b>2013</b>
	<b>Number</b>	<b>Number</b>
Weighted average number of Ordinary Shares for the purposes of basic loss per share	85,156,833	84,804,650
	=====	=====
<b>Loss per Ordinary Share</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Basic and diluted, pence per share	(0.41)p	(0.05)p
	=====	=====

Dilutive loss per Ordinary Share equals basic loss per Ordinary Share as, due to the losses incurred in 2013 and 2014, there is no dilutive effect from the subsisting share options.

## 6 Share capital

### *Authorised and issued equity share capital*

	<b>2014</b>		<b>2013</b>	
	<b>Number</b>	<b>£'000</b>	<b>Number</b>	<b>£'000</b>
	<b>'000</b>		<b>'000</b>	
<b>Authorised</b>				
Ordinary Shares of £0.00025 each	440,000	110	440,000	110
	=====	=====	=====	=====
<b>Issued and fully paid</b>				
Ordinary Shares of £0.00025 each	86,127	22	84,847	21
	=====	=====	=====	=====

The Company has one class of Ordinary Shares, which carry no right to fixed income.

On 13 February 2015 the authorised share capital was increased from £110,000 to £260,000.

## Issued equity share capital

	<b>Ordinary Shares of £0.00025 Number</b>
<b>At 1 January 2014</b>	84,846,645
Issue of Ordinary Shares	1,280,084
	<hr/>
<b>At 31 December 2014</b>	86,126,729
	=====

In total 136,696 Ordinary Shares were issued to Non-executive directors under the remuneration plan, with a total value of £31,498.63.

1,143,388 Ordinary Shares were issued as a result of exercised share options.

## 7 Notes to the cash flow statement

	<b>2014</b>	<b>2013</b>
	<b>£'000</b>	<b>£'000</b>
<b>Loss before tax</b>	(35,024)	(4,307)
Adjustments for:		
Effect of foreign exchange rate changes	366	879
Impairment of E&E assets	-	135
Reversal of provision for E&E licences	-	75
Investment income	(58)	(172)
Share-based payments	(825)	99
Share of results of joint venture	481	902
Disposal of subsidiaries and joint venture	33,626	-
Reversal of provision for decommissioning	(25)	-
	<hr/>	<hr/>
<b>Operating cash flows before movements in working capital</b>	(1,459)	(2,389)
Decrease in receivables	228	194
Decrease in payables	(255)	(588)
	<hr/>	<hr/>
<b>Cash used in operations</b>	(1,486)	(2,783)
Taxation paid	-	-
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	(1,486)	(2,783)
	=====	=====

Cash and cash equivalents (which are presented as a single class of assets on the balance sheet) comprise cash at bank and short term bank deposits with an original maturity of three months or less. The carrying value of these assets is approximately equal to their fair value.

## 8 Events after the balance sheet date

On 13 February 2015, the Company held an Extraordinary General Meeting at which the following resolutions were passed; to approve the final capital return of 1.33 pence per Ordinary Share; to allot and issue 345,025,861 Ordinary Shares of £0.00025 each at a price of 0.232 pence per share;

and to approve the adoption of the Investing Policy. In addition the authorised share capital was increased from £110,000 to £260,000 and the Board was given authority to allot further Ordinary Shares on a non pre-emptive basis for an aggregate par value of £150,000.

On 9 June 2015, the Company issued 185,185,185 new Ordinary Shares at a price of 0.270 pence per share and stated that it proposed to ask shareholders to approve a new Investing Policy focussing on life sciences and related technologies sectors at the next Annual General Meeting.

#### **NOTE TO THE FINAL RESULTS ANNOUNCEMENT OF 3LEGS RESOURCES PLC FOR THE YEAR ENDED 31 DECEMBER 2014**

The financial information set out above does not constitute the Group's financial statements for the years ended 31 December 2014 or 2013, but is derived from those financial statements. The auditors have reported on the 2013 and 2014 financial statements which carried an unqualified audit report, did not include a reference to any matters to which the auditor drew attention by way of emphasis and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006.

Whilst the financial information included in this announcement has been computed in accordance with International Financial Reporting Standards (IFRS), this announcement does not in itself contain sufficient information to comply with IFRS. The accounting policies used in preparation of this preliminary announcement are consistent with those in the full financial statements that have yet to be published. The final results for the year ended 31 December 2014 were approved by the Board of Directors on 26 June 2015.

**ENDS**

#### **Enquiries**

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