

PARAGON RESOURCES PLC

UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE 6 MONTHS ENDED 30 NOVEMBER 2013

CHAIRMAN'S STATEMENT

3 February 2014

Dear Shareholder,

I am pleased to announce the interim results of Paragon Resources PLC ('Paragon' or the 'Company', collectively with its subsidiary and associate companies, the 'Group') for the six months ended 30 November 2013. As you are aware following the discontinuation of the Group's tantalum pentoxide ('Ta<sub>2</sub>O<sub>5</sub>') mining business in Mozambique and the Democratic Republic of Congo in March 2013, the Group changed its focus from mining and natural resources to that of an agricultural investing company. The change was approved at the Company's Extraordinary General Meeting held in June 2013 at which holders of the Ordinary Shares in the Company ('Shareholders') approved the Company's new Investing Policy as more fully described in the Circular to shareholders of 15th May 2013 and the Management Discussion and Analysis section of this report.

The financial statements for the 17 months to 31st May 2013 were published on 30th July 2013. Since that date the Company has:

- Removed its cash obligations to the holders of its Convertible Redeemable Preference Shares ('CRPS') through the redemption of all the issued and outstanding CRPS by way of the issue of new Ordinary Shares and Deferred Shares. This redemption generated a non-recurring gain for the Company of \$2,912,000 which is recognised within investment revenues from continuing operations in the Group's income statement;
- Successfully negotiated the cancellation of the Group's two legacy long-term Ta<sub>2</sub>O<sub>5</sub> supply contracts and obtained the release from any and all liabilities or obligations under these;
- Appointed a new CEO, Mr Andrew Beveridge, on 30th October 2013;
- Acquired a 40% interest in the issued ordinary shares of Greenstar Resources Limited ('Greenstar'), a well-established agricultural consultancy with a long and successful reputation in Africa, as the first implementation of its investment policy;
- Raised approximately \$239,000 from the issue of new Ordinary Shares through the Equity Finance Facility provided by Darwin Strategic, providing the Company and Group with the working capital required to continue assessing potential investment opportunities as it implements its Investing Policy.

Greenstar is already proving its value to the Company. It is currently in discussions concerning three separate consulting contracts with a combined gross value of up to \$1.5m for technical reviews and feasibility studies. In addition it is in discussion with a West African oil palm plantation group regarding a management contract. Just as important, Greenstar provides the expertise, experience and connections for the Company to actively explore and evaluate businesses and projects as the Company implements its investment policy. The Board is in active negotiations and undertaking due diligence, and I hope to be able to make further announcements shortly on developments in this respect. The Board remains committed to developing a substantial agribusiness group, focussed on Africa, through a process of both acquisition and organic growth.

Financial Review

In the period ended 30 November 2013, the Group's profit for the period was \$2,449,000 (6 months ended 30 June 2012: loss of \$5,200,000; 17 months ended 31 May 2013: loss of \$12,911,000). The profit reported in the current period reflects a one off, non-recurring gain arising on the redemption of the Company's issued CRPS of \$2,912,000. Excluding this non cash gain, the Group's loss for the period, all of which arises from continuing operations, was \$463,000.

Outlook

The Board is confident of moving forward on a significant investment project in the relatively near future.



S D Hunt  
Executive Chairman

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## MANAGEMENT DISCUSSION & ANALYSIS

This management discussion and analysis ('MD&A') should be read in conjunction with the Group's unaudited condensed consolidated financial statements and notes thereto for the six month period ended 30 November 2013 ('Half 1-2014') (the 'Interim report') and the audited financial statements and notes thereto for the 17 month period ended 31 May 2013 (available from [www.paragon-resources.com](http://www.paragon-resources.com)).

Except where otherwise noted, amounts are presented in this MD&A in United States Dollars.

### 1. LISTING DETAILS

Paragon Resources PLC (formerly Noventa Limited until 29 June 2013) is a Jersey company with Ordinary Shares quoted on the AIM Market of the London Stock Exchange under symbol PAR (formerly NVTA). The Company's Ordinary Shares were also quoted on the ISDX Growth Market operated by ICAP Securities & Derivatives Exchange Limited under symbol PA.P (formerly NV) until 10 September 2013 when the Company voluntarily cancelled its admission to trading on this exchange following the redemption of its issued and outstanding Preference Shares.

### 2. CHANGE IN FINANCIAL YEAR END

As permitted by Jersey Law and the AIM Rules, the Company changed its financial year end from 31 December to 31 May with effect from 31 May 2013. The amounts presented in the Group's unaudited condensed consolidated financial statements and notes thereto for the current reporting period are for the period 1 June 2013 to 30 November 2013. Comparative amounts report on the 6 month period ended 30 June 2012 and the 17 month period ended 31 May 2013.

### 3. PRINCIPAL ACTIVITIES AND INVESTING POLICY

As at the date of this report, the Company is an Investing Company on AIM. The Company's Investing Policy is as follows:

#### *"Investing Policy*

The Directors intend initially to seek to acquire a direct and/or an indirect interest in projects and assets in the agricultural sector. However they will consider opportunities in the wider natural resources sector where these are ancillary or complimentary to the agricultural projects or assets that the Company may acquire in the future. The Company will focus on opportunities in Africa and Asia but will also consider, on a limited basis, possible opportunities anywhere in the world.

The Company may invest by way of purchasing quoted or unquoted shares in appropriate companies, outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships or joint venture arrangements or by providing loan funding. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company will not have an external investment manager, and investment decisions will be made by the Directors after receiving appropriate professional advice.

The Company may be both an active and a passive investor depending on the nature of the individual investments. Although the Company intends to be a medium to long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held and therefore shorter term disposal of any investments cannot be ruled out.

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover pursuant to Rule 14 of the AIM Rules. The Company will carry out an appropriate due diligence exercise on all potential investments and, where appropriate, with professional advisers assisting as required. The Board's principal focus will be on achieving capital growth for Shareholders.

Investments may be in all types of assets and there will be no investment restrictions within the overall policy.

The Company will require additional funding as investments are made and new opportunities arise. The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash resources for working capital. The Company may in appropriate circumstances, issue debt securities or otherwise borrow money to complete an investment. The Directors do not intend to acquire any cross-holdings in other corporate entities that have an interest in the Ordinary Shares."

The Company became an Investing Company on 25 March 2013 following the enforcement of a default against a former subsidiary undertaking under a secured lending facility, which resulted in the Company and Group ceasing to be involved in tantalum pentoxide ('Ta<sub>2</sub>O<sub>5</sub>') mining, processing and purchasing operations in Mozambique and the DRC (collectively the 'Ta<sub>2</sub>O<sub>5</sub> Operations'), its former principal activity. Further details are provided in the Group's audited financial statements for the period ended 31 May 2013.

The Company is under an obligation to make an acquisition, or acquisitions, which constitute a reverse takeover under the AIM Rules or otherwise, to implement its Investing Policy within twelve months of becoming an Investing Company (i.e. by 24 March 2014), failing which the Company's Ordinary Shares will be suspended from trading on AIM. If the Company's Investing Policy has not been implemented within 18 months of it becoming an Investing Company (i.e. 24 September 2014) then admission of the Company's Ordinary Shares to trading on AIM will be cancelled.

#### 4. OPERATIONS AND FINANCIAL REVIEW

Details of the Group's operations during the period, including relevant financial matters, are included in the Chairman's Statement.

#### 5. CHANGE IN DIRECTORS

The Directors who held office during the period and until the date of this report, including changes between 1 June 2013 and the date of this report were:

<b>Director</b>	<b>Position</b>	<b>Date of appointment / cessation of office in the period 1 June 2013 to the date of this report</b>
S D Hunt	Executive Chairman <sup>(1)</sup>	Appointed 10 September 2012
A Beveridge	Chief Executive Officer	Appointed 12 August 2013
D Cassiano-Silva	Non-Executive Director	Appointed 29 July 2013
D A Sheeran	Non-Executive Officer	Appointed 6 August 2012

<sup>(1)</sup> Mr S D Hunt was appointed as a Director and Non-Executive Chairman of the Company on 10 September 2012; he assumed the position of Executive Chairman on 10 April 2013.

<sup>(2)</sup> Mr A Beveridge was appointed as a Non-Executive Director of the Company on 12 August 2013; he assumed the position of Chief Executive Officer on 30 October 2013 following the acquisition of Greenstar Resources Limited (refer to note 3).

**CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME**

		<b>6 months ended 30 November 2013 Unaudited</b>	6 months ended 30 June 2012 Unaudited (represented – note 4)	17 months ended 31 May 2013 Audited
	<b>Note</b>	<b>US\$000</b>	US\$000	US\$000
<b>CONTINUING OPERATIONS</b>				
Administrative expenses		(346)	(865)	(2,520)
Loss on disposal of property, plant and equipment		-	-	(4)
Share of profit of associates		<u>2</u>	<u>-</u>	<u>-</u>
<b>Operating loss</b>		<b>(344)</b>	<b>(865)</b>	<b>(2,524)</b>
Net finance income	2	<b>2,793</b>	4,020	1,311
Investment revenues		<b>2,913</b>	5,085	5,287
Finance costs		<b>(120)</b>	(1,065)	(3,976)
<b>Profit / (loss) before taxation</b>		<b>2,449</b>	3,155	(1,213)
Taxation		-	-	-
<b>Profit / (loss) for the period from continuing operations</b>		<b>2,449</b>	3,155	(1,213)
<b>DISCONTINUED OPERATIONS</b>				
Loss for the period from discontinued operations	4	-	(8,355)	(11,698)
<b>Profit / (loss) for the period</b>		<b>2,449</b>	(5,200)	(12,911)
<b>OTHER COMPREHENSIVE INCOME / (LOSS)</b>				
Foreign currency translation gain / (loss) on foreign operations		10	(109)	(201)
<b>TOTAL COMPREHENSIVE INCOME / (LOSS) FOR THE FINANCIAL PERIOD</b>		<b>2,459</b>	(5,309)	(13,112)
		<b>US cents</b>	US cents	US cents
<b>EARNINGS / (LOSS) PER SHARE</b>				
Basic and diluted earnings / (loss) per share from continuing operations		<b>0.8</b>	2.6	(1.0)
Basic and diluted earnings / (loss) per share from continuing and discontinued operations		<b>0.8</b>	(4.4)	(10.3)
		<b>No.</b>	No.	No.
<b>Weighted average number of shares outstanding</b>		<b>305,801,888</b>	119,658,819	125,025,404

The profit / (loss) and total comprehensive income / (loss) for all periods presented are wholly attributable to equity holders of the parent company.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Note	30 November 2013 Unaudited US\$000	30 June 2012 Unaudited US\$000	31 May 2013 Audited US\$000
<b>Non-current assets</b>				
Property, plant and equipment		-	18,082	-
Interests in associates	3	202	237	-
Other receivables		-	1,562	-
		<b>202</b>	<b>19,881</b>	<b>-</b>
<b>Current assets</b>				
Inventories		-	1,949	-
Trade and other receivables		16	3,933	238
Receivables from associates		-	165	-
Cash and cash equivalents		128	3,396	191
Derivative financial assets		-	6,367	-
		<b>144</b>	<b>15,810</b>	<b>429</b>
<b>Total assets</b>		<b>346</b>	<b>35,691</b>	<b>429</b>
<b>Current liabilities</b>				
Trade and other payables		57	7,313	340
Convertible redeemable preference share dividend	5	-	108	506
Current tax liabilities		-	26	-
Borrowings		-	14,415	-
Short-term provisions		43	660	41
Derivative financial liabilities		-	3	2
		<b>100</b>	<b>22,525</b>	<b>889</b>
<b>Net current assets / (liabilities)</b>		<b>44</b>	<b>(6,715)</b>	<b>(460)</b>
<b>Non-current liabilities</b>				
Convertible redeemable preference share liability	5	-	3,590	3,759
Long-term provisions		-	287	-
		<b>-</b>	<b>3,877</b>	<b>3,759</b>
<b>Total liabilities</b>		<b>100</b>	<b>26,402</b>	<b>4,648</b>
<b>Net assets / (liabilities)</b>		<b>246</b>	<b>9,289</b>	<b>(4,219)</b>
<b>Equity / (deficit) attributable to equity holders of the parent</b>				
Share capital	6	3,665	1,556	2,015
Share premium		122,163	121,483	121,715
Shares to be issued reserve		13	46	13
Convertible redeemable preference share reserve		-	617	617
Warrants reserve		4	115	-
Merger reserve		8,858	8,858	8,858
Translation reserve		10	(96)	-
Accumulated losses		(134,467)	(123,290)	(137,437)
		<b>246</b>	<b>9,289</b>	<b>(4,219)</b>

The Half 1-2014 unaudited condensed consolidated financial statements of Paragon Resources PLC, registered number 95036, were approved by the Board of Directors and authorised for issue on 3 February 2014. Signed on behalf of the Board of Directors:



**S D Hunt**  
Executive Chairman

## CONSOLIDATED CASH FLOW STATEMENT

	<b>6 months ended 30 November 2013 Unaudited US\$000</b>	6 months ended 30 June 2012 Unaudited (represented – note 4) US\$000	17 months ended 31 May 2013 Audited US\$000
Profit / (loss) for the period from continuing operations	2,449	3,155	(1,213)
Adjustments for:			
Share of profit of associate	(2)	-	-
Loss on settlement of liabilities in Ordinary Shares	37	-	-
Depreciation	-	-	1
Loss on disposal of property, plant and equipment	-	-	4
Share based payment expense	1	35	29
Foreign exchange gain	(2)	(146)	(68)
Finance costs	120	1,065	3,976
Investment revenues	(2,913)	(5,085)	(5,287)
<b>Operating cash flows before movements in working capital and provisions</b>	<b>(310)</b>	<b>(976)</b>	<b>(2,558)</b>
Decrease in trade and other receivables	48	54	255
Increase / (decrease) in trade and other payables and short term provisions	10	(64)	(355)
<b>Net cash used in operating activities by continuing operations</b>	<b>(252)</b>	<b>(986)</b>	<b>(2,658)</b>
<b>Net cash used in operating activities by discontinued operations</b>	<b>-</b>	<b>(7,414)</b>	<b>(17,707)</b>
<b>Net cash used in operating activities</b>	<b>(252)</b>	<b>(8,400)</b>	<b>(20,365)</b>
<b>Cash flows from investing activities</b>			
Interest received	1	69	79
Proceeds from disposal of property, plant and equipment	-	-	-
Acquisition of property, plant and equipment	-	-	(5)
Acquisition of investment in an associate	(32)	-	-
Expenses incurred in acquiring investment in an associate	(16)	-	-
<b>Net cash (used in) / from investing activities by continuing operations</b>	<b>(48)</b>	<b>69</b>	<b>74</b>
<b>Net cash used in investing activities by discontinued operations</b>	<b>-</b>	<b>(10,130)</b>	<b>(19,016)</b>
<b>Net cash used in investing activities</b>	<b>(48)</b>	<b>(10,061)</b>	<b>(18,942)</b>
<b>Cash flow from financing activities</b>			
Proceeds from issue of new shares	239	-	718
Ordinary Share issue expenses	(16)	-	(47)
Proceeds from new unsecured borrowings	-	14,500	24,640
Unsecured borrowings issue expenses	-	(700)	(840)
Repayment of unsecured borrowings	-	-	(24,640)
Interest paid	-	(216)	(2,335)
<b>Net cash inflow / (outflow) from financing activities from continuing operations</b>	<b>223</b>	<b>13,584</b>	<b>(2,504)</b>
<b>Net cash inflow from financing activities from discontinued operations</b>	<b>-</b>	<b>-</b>	<b>33,615</b>
<b>Net cash inflow from financing activities</b>	<b>223</b>	<b>13,584</b>	<b>31,111</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(76)</b>	<b>(4,877)</b>	<b>(8,196)</b>
Effect of exchange rates on cash and cash equivalents including discontinued operations	13	400	514
Cash and cash equivalents at beginning of period	191	7,873	7,873
<b>Cash and cash equivalents at end of period</b>	<b>128</b>	<b>3,396</b>	<b>191</b>

**1. BASIS OF PREPARATION**

The condensed consolidated financial statements of the Group for the six months ended 30 November 2013, which are unaudited and have not been reviewed by the Company's auditor, have been prepared in accordance with the International Financial Reporting Standards ('IFRS') accounting policies adopted by the Group and set out in the annual report for the 17 month period ended 31 May 2013. The Group does not anticipate any significant change in these accounting policies for the year ended 31 May 2014.

This Interim report has been prepared to comply with the requirements of the AIM rules of the London Stock Exchange (the 'AIM Rules'). In preparing this report, the Group has adopted the guidance in the AIM rules for interim accounts which do not require that the interim condensed consolidated financial statements are prepared in accordance with IAS 34, 'Interim financial reporting'. While the financial figures included in this report have been computed in accordance with IFRSs applicable to interim periods, this report does not contain sufficient information to constitute an interim financial report as that term is defined in IFRSs.

The financial information contained in this report also does not constitute statutory accounts under the Companies (Jersey) Law 1991, as amended. The financial information for the 17 month period ended 31 May 2013 is based on the statutory accounts for the period then ended. The auditors reported on those accounts. Their report was qualified with respect to the amounts reported for discontinued operations in the 17 month period ended 31 May 2013 due to limitations in the scope of their work following the default of HAMC Minerals Limited ('HAMCM') under the Secured Loan Facility ('SLF') (as such term is defined in the audited financial statements for the 17 month period ended 31 May 2013). Their report further included statements of emphasis of matter regarding the Company and Group's going concern status and the uncertain outcome of the negotiations for the Group's release from certain supply contracts. Readers are referred to the auditors' report to the Group financial statements as at 31 May 2013 (available at [www.paragon-resources.com](http://www.paragon-resources.com)).

These condensed consolidated financial statements for the six months ended 30 November 2013 have been prepared in accordance with the IFRS principles applicable to a going concern, which contemplate the realisation of assets and liquidation of liabilities during the normal course of operations. Having carried out a going concern review in preparing these condensed consolidated financial statements for the six months ended 30 November 2013, the Directors have concluded that there is a reasonable basis to adopt the going concern principle.

**2. NET FINANCE EXPENSE / INCOME**

	<b>6 months ended 30 November 2013 Unaudited US\$000</b>	6 months ended 30 June 2012 Unaudited (represented – note 4) US\$000	17 months ended 31 May 2013 Audited US\$000
Interest income on bank deposits	1	69	79
Change in fair value of derivative assets	-	3,844	4,036
Change in fair value of derivative liabilities	-	1,172	1,172
Gain on redemption of Convertible redeemable preference shares (note 5)	<b>2,912</b>	-	-
<b>Investment revenues</b>	<b>2,913</b>	5,085	5,287
Interest expense on Convertible redeemable preference shares	<b>(118)</b>	(303)	(870)
Interest expense on unsecured loans	-	(351)	(2,266)
Amortisation of loan arrangement fees and transaction costs arising on unsecured loans	-	(411)	(840)
Change in fair value of derivative liabilities	<b>(2)</b>	-	-
<b>Finance costs</b>	<b>(120)</b>	(1,065)	(3,976)
<b>Net finance income</b>	<b>2,793</b>	4,020	1,311

**3. ASSOCIATE COMPANIES**

On 30 October 2013 the Company acquired 40% of the issued ordinary share capital of Greenstar Resources Limited ('Greenstar') in exchange for total consideration of \$166,000, comprising cash consideration of \$32,000 and the issue of 41,688,426 new Ordinary Shares in the Company (note 6.46.4 with a fair value of \$134,000 at the date of issue). As at 30 November 2013, this investment is accounted for as an associated company. Expenses directly related to the acquisition of Greenstar were \$32,000, which have been included within the investment's carrying value. The Group's share of the results of Greenstar between 30 October 2013 and 30 November 2013 was \$2,000.

Greenstar brings a wide reputation and long track record to the Group of agricultural consultancy, operational and project management and inward investment advisory services to large-scale commercial agricultural projects in Africa. Greenstar also importantly brings access to significant deal flow for the Company's implementation of its Investing Policy.



**4. DISCONTINUED OPERATIONS**

As more fully described in the Group's audited financial statements for the 17 month period ended 31 May 2013, on 22 March 2013 the Group lost control of HAMCM and its subsidiary undertakings (the 'HAMCM Group') as a result of the Group being unable to repay the amounts outstanding on the SLF at that date of \$54,640,000. This amount became repayable following the enforcement by Richmond (as defined in the financial statements for the 17 month period ended 31 May 2013) of HAMCM's Default under the SLF which led to an Early Repayment Event (as defined in the financial statements for the 17 month period ended 31 May 2013). The HAMCM Group carried out all of the Group's Ta<sub>2</sub>O<sub>5</sub> Operations. As a result of this loss of control, the Group also ceased to be involved in the distribution and sale of Ta<sub>2</sub>O<sub>5</sub> concentrate with effect from that date. The process of the disposal of the HAMCM Group was organised on behalf of Richmond (acting in its capacity as Security Trustee) by Euro Pacific Canada Inc., a full service IIROC registered brokerage headquartered in Toronto, Canada and specializing in foreign markets and securities. The disposal process was completed on 24 June 2013 with no payments due to the Group.

The Ta<sub>2</sub>O<sub>5</sub> Operations represented the major business segment of the Group and accordingly, as required by IFRS 5, the results of the Ta<sub>2</sub>O<sub>5</sub> Operations are presented as discontinued operations within the Consolidated statement of profit or loss and other comprehensive income. Cash flows pertaining to the Ta<sub>2</sub>O<sub>5</sub> Operations are presented separately in the Consolidated cash flow statement. The results of operations and cash flows reported for the period ended 30 June 2012 have been re-presented for these discontinued operations as required by IFRS 5.

**5. CONVERTIBLE REDEEMABLE PREFERENCE SHARES**

As at 31 May 2013, the Company and Group had outstanding 1,028,075 Convertible redeemable preference shares ('CRPS') with a nominal value of \$4,336,000 and accrued and unpaid dividends of \$506,000. As more fully described in the financial statements for the 17 month period ended 31 May 2013, under IFRS the CRPS were accounted for as including both equity and liability components. The liability component of the CRPS was recorded at 31 May 2013 at \$3,759,000 (excluding the CRPS dividend due) and the equity component was recorded at \$617,000. On 24 July 2013 the terms and conditions of the CRPS were amended at the Class Meeting of the Preference Shareholders to permit the Company to redeem in full the outstanding CRPS, including the related CRPS Dividends due, through a special redemption. Pursuant to the amended terms, the Company, at its election, could redeem the 1,028,075 CRPS outstanding and the related CRPS dividend due through the issue of such number of new Ordinary Shares as was equivalent to the number of Ordinary Shares in issue immediately prior to the Company electing to make the special redemption.

On 8 August 2013 the Company elected to redeem the CRPS and issued 172,237,386 new Ordinary Shares (refer to note 6.4) and 1,883,912,614 Deferred Shares (refer to notes 6.2 and 6.5) to redeem the CRPS and settle the outstanding cumulative CRPS dividend due at that date of \$588,000. The Deferred Shares have no economic value but were required to be issued to maintain the par value of the Company's issued share capital. The fair value of the Ordinary Shares issued in accordance with the special redemption was \$1,470,000 which was allocated to the liability component of the CRPS of \$4,382,000 (including the CRPS dividend). The difference of \$2,912,000 was credited to profit and loss within investment revenues as a gain on settlement of the CRPS liabilities. \$97,000 of the equity component of the CRPS was reclassified to Deferred Share capital and the balance of \$520,000 was reclassified to accumulated losses.

Following the redemption in full of the CRPS, the Company and Group has no further obligations in respect of the CRPS.

**6. SHARE CAPITAL****6.1. Share capital**

	<b>30 November 2013 Unaudited £</b>	30 June 2012 Unaudited £	31 May 2013 Audited £
<b>Share capital</b>			
<i>Authorised</i>			
3,000,000,000 Ordinary Shares of £0.0005 each (30 June 2012: 212,500,000 Ordinary Shares of £0.008 each; 31 May 2013: 3,000,000,000 Ordinary Shares of £0.008 each)	1,500,000	1,700,000	24,000,000
45,000,000,000 Deferred Shares of £0.0005 each (30 June 2012 and 31 May 2013: nil)	22,500,000	-	-
7,000,000 Preference Shares of £1.00 each (30 June 2011 and 31 December 2011: 7,000,000)	7,000,000	7,000,000	7,000,000
	<u>31,000,000</u>	<u>8,700,000</u>	<u>31,000,000</u>

	<b>30 November 2013 Unaudited £000</b>	30 June 2012 Unaudited £000	31 May 2013 Audited £000
<i>Allotted, called up and fully paid</i>			
435,675,097 Ordinary Shares of £0.0005 each (30 June 2012: 119,658,819 Ordinary Shares of £0.008 each; 31 May 2013: 157,689,658 Ordinary Shares of £0.008 each)	218	957	1,261
4,249,257,484 Deferred Shares of £0.0005 each (30 June 2012: nil; 31 May 2013: nil)	2,215	-	-
Nil Preference Shares of £1.00 each (30 June 2012: 1,028,075; 31 May 2013: 1,028,075)	-	1,028	1,028
	<u>2,433</u>	<u>1,985</u>	<u>2,289</u>

## 6.2. Share capital re-organisation and rights attaching to the different classes of shares

On 19 June 2013 at the Extraordinary General Meeting of Shareholders (the '2013 EGM'), Shareholders approved the reorganisation of the Company's share capital by subdividing each Ordinary Share (of £0.008 each) into sixteen Ordinary Shares (of £0.0005 each) and then immediately re-designating fifteen of each sixteen such Ordinary Shares into fifteen Deferred Shares of £0.0005 each. The Deferred Shares do not carry voting rights or a right to receive a dividend. The holders of Deferred Shares do not have the right to receive notice of any general meeting of the Company, nor have any right to attend, speak or vote at any such meeting. In addition, holders of Deferred Shares will only be entitled to a payment (of an amount equal to the nominal value of such share) on a return of capital or on a winding up of the Company after each of the holders of Ordinary Shares has received a payment of £100,000 in respect of each Ordinary Share. Accordingly, the Deferred Shares have no economic value. The Deferred Shares are not admitted to trading on any stock exchange.

The reason for this reorganisation was to reduce the par value of the Company's Ordinary Shares such that the Company would be permitted to issue new Ordinary Shares for cash in the future. The recent trading price of the Company's Ordinary Shares had been below their previous par value and the Company was prohibited by the Companies (Jersey) Law 1991 from issuing an Ordinary Share for a value that is lower than its par value.

Following the re-organisation, the same aggregate number of Ordinary Shares remained in issue (therefore preserving the proportionate interests of Shareholders) but the par value of each such Ordinary Share was reduced from £0.008 to £0.0005. Further, the Company continues to have one class of Ordinary Shares which carry no right to fixed income. Each Ordinary Share carries the right to one vote at the general meetings of the Company.

## 6.3. Allotment authorities free from pre-emption rights

At the Company's Annual General Meeting held on 27 November 2013 (the '2013 AGM'), Shareholders approved new allotment authorities free from pre-emption rights to the Directors over up to 600,000,000 new Ordinary Shares, such authorities expiring at the earlier of fifteen months from the date of the 2013 AGM and the Annual General Meeting of the Company to be held in 2014. No new Ordinary Shares have been allotted under these authorities between the date of the 2013 AGM and the date of this report.

## 6.4. Ordinary Shares in issue

A reconciliation of the Company's Ordinary Shares in issue during the six month period ended 30 November 2013 is presented below:

	<b>No.</b>	<b>Issue price GBp</b>
New Ordinary Shares issued for cash	44,750,000	0.27 – 0.60
New Ordinary Shares issued in consideration for the acquisition of Greenstar (note 3)	41,688,426	0.20
New Ordinary Shares issued to settle outstanding supplier obligations	19,309,627	0.21 - 0.70
Redemption of CRPS including outstanding dividends (note 5 and 6.6)	172,237,386	0.05
Ordinary Shares issued in the period	<u>277,985,439</u>	
At 1 June 2013	<u>157,689,658</u>	
<b>At 30 November 2013</b>	<b><u>435,675,097</u></b>	

**6.5. Deferred shares in issue**

A reconciliation of the Company's Deferred Shares in issue during the six month period ended 30 November 2013 is presented below:

	<b>No.</b>
New Deferred Shares arising on the Company's capital reorganisation (note 6.2)	2,365,344,870
Redemption of Preference Shares including outstanding dividends (note 5 and 6.6)	1,883,912,614
Deferred Shares issued in the period	4,249,257,484
At 1 June 2013	-
<b>At 30 November 2013</b>	<b><u>4,249,257,484</u></b>

**6.6. Preference Shares in issue**

On 8 August 2013 the Company redeemed all of the 1,028,075 issued and outstanding Preference Shares at that date in exchange for the issue of 172,237,386 new Ordinary Shares and 1,883,912,614 Deferred Shares. Further details are provided in notes 5, 6.4, and 6.5.