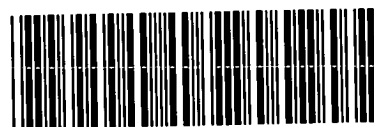


PRIMORUS INVESTMENTS PLC

REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2019



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PRIMORUS INVESTMENTS PLC

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PRIMORUS INVESTMENTS PLC

CHAIRMAN'S STATEMENT INCORPORATING THE STRATEGIC REPORT

I am pleased to present the Chairman's Statement and Strategic report for the year ended 31 December 2019.

Overview

Primorus Investments plc ("Primorus" or the "Company") has a strong balance sheet with total assets as at 31 December 2019 amounting to £4.865 million (2018: £5.276 million), and net assets of £4.757 million (2018: £5.158 million).

It has been a successful year for the Company with the sound progress in several investments as detailed below.

Highlights for the period were as follows:

- Greatland Gold Plc share price up over 300% from our initial average acquisition price. Further spectacular drill results from Havieron. Newcrest Mining ("Newcrest") completes Stage two of the Farm-in process and moves immediately to Stage 3, in advance of what is contractually required.
- Fresho Gross Order Volume over A\$2 million per day through the platform before wholesale food trade impacted by venue closures. At request of suppliers, launches "Fresho for home delivery" and signs up over 25,000 customers in first weeks. Exciting new high-margin B2C business evolving to complement current B2B business.
- TruSpine Technologies ("TruSpine") moving toward IPO with investment from, and proposed appointment of, Annabel Schild (whose family was involved with the £409m Huntleigh Technology takeover) as a non-executive director.
- SOA Energy advises that drill plans for the Ofek oil discovery remain on time with expected spud date expected to be in mid 2020.
- The Company is debt-free and the Board still foresees no short to medium term need or intention to raise capital.

Sound progress has also been made elsewhere in our portfolio and we look forward to providing updates as key news develops at Sport:80, Zuuse, WeShop, Nomad Energy, SOA, and StreamTV.

We regularly meet the CEOs and management of companies which are seeking funds to further their businesses. It is notable the comments we receive on the perceived difficulty in securing funding outside the VC/VCT and private equity universe. Several companies pointed out to us that there is simply a dearth of investors able to participate directly in pre-IPO and private funding rounds and that VC/VCT funding terms are onerous to the point of being unattractive.

It is important for shareholders to understand that whilst we do everything possible to support our existing investments because it is in our interest to do so, we do not have a direct effect on the exact timing of any given IPO and or trade sale. We do, however, maintain regular dialogue with the companies in question and use the Board's extensive experience in public markets to make a value judgement on when and if a transaction may occur.

Summary

As the Chairman of Primorus, I would like to begin by thanking shareholders for their continued support. We have achieved a lot in the year, including further investment exits, the construction of a better-balanced and growing portfolio of listed and private investments. We have also gone through the year without any need to raise further capital and therefore have issued no new shares. All of this in the face of several difficult macro-economic events, unprecedented political uncertainty during Brexit and parliamentary elections in the UK and the COVID-19 crisis. That being said, and despite significant efforts, we believe there is still much further upside to be reflected in the price of our shares at the time of writing.

PRIMORUS INVESTMENTS PLC

CHAIRMAN'S STATEMENT INCORPORATING THE STRATEGIC REPORT – CONTINUED

The Board and I are well aware of the challenges that face investment companies in terms of gaining recognition for the value of their portfolios. Discounts to net asset values are the norm for UK listed investment companies, however it is my firm belief that the discount to value equation for Primorus is unduly wide. I can reassure shareholders that through a combination of improving market awareness and concluding successful exits, we will endeavour to make significant progress towards our goal of growing the balance sheet in the short to medium term.

What we have achieved in the past year however, should not be understated as it puts us in a much stronger position going forward. We, like all companies, are of course affected by the current situation caused by the COVID-19 pandemic. The ability for us to comment on the timings and pricings of investment exits is always tricky and currently near impossible. We do, however, see a significant amount of resilience and, dare we say it, opportunity within the portfolio as events play out around us. Many of our investments are expected to take short-term hits to revenue lines (where applicable) but we actually hope to see many of them emerging from this crisis in a position of strength that may well actually improve our investment outlook in the medium term. Some of our investments are powering ahead regardless as detailed in our recent Q1 2020 investor update and below.

Greatland Gold PLC ("Greatland") has undertaken exploration across its projects including the much-anticipated Havieron which now forms part of a Farm-in Agreement with Newcrest Mining (NCZ.AX) ("Newcrest"). We believe Greatland to be an opportunity of the highest order.

The Havieron Joint Venture (now standing at Greatland Gold 60%, Newcrest Mining Ltd 40%) has reported further outstanding drill results. Furthermore, Newcrest have highlighted the significance of a new type of high-grade breccia mineralisation. Newcrest recently completed Stage 2 of its farm-in agreement with Greatland and in so doing moved to a 40% ownership. The pace at which this has been done is in advance of the minimum Farm-in contractual requirements. We believe this speaks volumes about the size and potential of Havieron and the surrounding region.

Fresho has grown its platform substantially and is busy expanding into new markets. They have attracted further funding and are well financed to further execute their business plan over the next 12 months. We have been made an offer to sell all of our stock position which we have currently declined.

As reported in our recent Q1 2020 investor update, during the recent COVID-19 crisis, Fresho has begun turning B2B suppliers into B2C vendors, demand has been high with some 25,000 households in Australia and New Zealand signing up to Fresho order-for-your-home. Whilst B2C was always on the roadmap for Fresho, the strategy had been to continue to focus on the extraordinary growth in the B2B business. Since the world changed overnight, Fresho now finds itself on a potentially game-changing path with both business streams operating in parallel. Significantly, Fresho has continued to add a number of large food wholesalers for its B2B business as well. It is likely that many of these have been spurred to make real business process change in light of the current crisis to ensure they are competitive when the world returns to normal. Fresho has significant cash reserves to weather the current dip in B2B business and we also believe the potential exit for us as shareholders may be higher than otherwise, should the B2C business continue to grab customers.

Elsewhere, as reported recently in our Q1 2020 investor update, our oil and gas portfolio has begun to clear some key hurdles and with respect to SOA Energy, we expect there to be news of a drilling campaign on the Ofek Licence in Israel soon.

PRIMORUS INVESTMENTS PLC

CHAIRMAN'S STATEMENT INCORPORATING THE STRATEGIC REPORT – CONTINUED

In our core pre-IPO investment portfolio, most of our investee companies continue to make significant progress despite a difficult funding environment for unlisted companies. Our largest overall investment, Engage Technology Partners, has begun sales of its pure SaaS, fully-self serve product range and whilst early days, the spike in sales and billable transactions is very impressive. Our investment in Zuuse continues to perform well. Zuuse is an international construction payments and lifecycle software vendor with significant operations in the UK, United States and Australia.

Other investee companies such as WeShop, TruSpine and Sport:80 have made progress, however, there is no doubt the timing to exits have been affected by weak UK equity markets for IPOs and scarce funding for smaller private companies.

We are committed to building up distributable reserves such that when appropriate we can either buy our own shares back in the market or pay dividends to shareholders.

Reflecting on the last year and looking forward, I am confident that the overall balance of our investments should enhance the potential for profitable returns and with no debt and no foreseeable need to raise capital, we are in a good position to maximise any potential uplifts and exits in our portfolio for existing shareholders.

During the year, the Company also consolidated its shares on basis of 20 old shares to 1 new share which maintains the same rights. This assists to narrow the spread in company price which at times has exceeded 30% previously.

Financial Results

The operating loss for the year was £401,000 (2018: £4,000 loss). The net loss after tax was £401,000 (2018: £4,000 loss). The increase in loss for the year is mainly attributable to reduced gains from sale of available-for-sale ("AFS") investments which in 2019 was £190,000 gain (2018: £913,000 gain).

Total assets including cash at 31 December 2019 amounted to £4.865 million (2018: £5.276 million).

Outlook

The Board reiterates the message sent to shareholders in our recent Q1 2020 investor update.

That is, despite the tumultuous events of recent weeks, our principal listed investment, Greatland Gold, has had a stellar performance and this has continued into the current period. Many of our core investments in the technology space, whilst taking some short, sharp pain are designed to thrive in a post-crisis world. These companies are at the vanguard of business process change and we believe the majority require minimal additional capital. We feel this is an enviable position for Primorus Investments to find itself in and we look forward to a successful period ahead. The Board still sees no requirement to raise any capital in the short to medium term and would like to thank shareholders for their continued support.

We look forward to 2020 being one in which we can further demonstrate our business model by exiting some more of our investment positions, thereby realising tangible value for all shareholders.

We will also continue to seek out further investments in line with the Company's investing strategy.

The Directors would like to take this opportunity to thank our shareholders, staff and consultants for their continued support.



Jeremy Taylor-Firth
Chairman
23 April 2020

PRIMORUS INVESTMENTS PLC

COMPANY INFORMATION

Directors	J Taylor-Firth (Non-executive Chairman) A Clayton (Executive Director) D Strang (Non-executive Director)
Secretary	D Strang
Registered Office:	Suite 3B, 38 Jermyn Street, London, SW1Y 6DN
Company Registration Number:	03740688
Country of Incorporation:	United Kingdom
Nominated Adviser	Cairn Financial Advisers LLP Cheyne House, Crown Court 62-63 Cheapside London EC2V 6AX
Broker	Turner Pope Investments (TPI) Ltd 8 Frederick's Place London EC2R 8AB
Auditor	Chapman Davis LLP 2 Chapel Court London SE1 1HH
Bankers	Barclays Bank plc Corporate Banking One Churchill Place London E14 5HP
Solicitors	Hill Dickinson LLP The Broadgate Tower 20 Primrose Street London EC2A 2EW
Registrars	Share Registrars Limited Suite E, First Floor 9 Lion and Lamb Yard Farnham, Surrey GU9 7LL

PRIMORUS INVESTMENTS PLC

REPORT OF THE DIRECTORS

The Directors present their annual report and the audited Financial Statements for the year ended 31 December 2019.

Principal Activities

Primorus Investments plc is an investing company with a focus to acquire a diverse portfolio of direct and indirect interests in exploration and producing projects and assets in the natural resources sector in addition to acquisitions in the leisure, corporate services, consultancy and brand licensing sectors. The Company will consider possible opportunities anywhere in the world.

Results

The results for the year are set out on page 18 and are stated in UK sterling. The Company made a loss after taxation of £401,000 (2018: loss of £4,000). The Directors do not recommend payment of a dividend (2018: £Nil).

Review of the Business & Future Developments

A review of the business for the year, and future developments are set out in the Chairman's Statement Incorporating the Strategic Report on pages 1 to 3.

Key Performance Indicators

Due to the current status of the Company, the Board has not identified any performance indicators as key.

Going Concern

The Directors note the losses that the Company has made for the year ended 31 December 2019. The Directors have prepared cash flow forecasts for the period ending 30 June 2021 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

Events After the Reporting Period

Events After the Reporting Period are outlined in Note 16 to the Financial Statements.

Directors' Remuneration and interests

The Company remunerates the Directors at a level commensurate with the size of the Company and the experience of its Directors. The Remuneration Committee has reviewed the Directors' remuneration and believes it upholds the objectives of the Company with regard to this issue. Details of the Directors' emoluments and payments made for professional services rendered are set out in Note 4 to the Financial Statements.

All the Directors below served during throughout the period unless otherwise stated:

Jeremy Taylor-Firth
Alastair Clayton
Donald Strang

Each of the Directors, at the date of this report, hold fully vested options over ordinary shares. Jeremy Taylor-Firth holds 4.35 million options, Alastair Clayton holds 8.1 million options and Donald Strang holds 4.85 million options (total options held by Directors is 17.3 million). The option details are disclosed in Note 13 to the financial statements.

PRIMORUS INVESTMENTS PLC

REPORT OF THE DIRECTORS - CONTINUED

Substantial Shareholding

As at 22 April 2020, the Company had been notified of the following substantial shareholdings in the ordinary share capital, over 3%;

	Number of ordinary shares	% of issued share capital
R.Labrum	16,800,000	12.01%
JIM Nominees Limited (JARVIS)	16,626,147	11.89%
HSDL Nominees Limited (IWSIPP)	13,472,255	9.63%
JIM Nominees Limited (SIPP)	11,471,208	8.20%
Wealth Nominees Limited (NOMINEE)	6,776,064	4.85%
Hargreaves Lansdown (Nominees) Limited (15942)	6,540,215	4.68%
Lawshare Nominees Limited (SIPP)	6,189,538	4.43%
HSDL Nominees Limited	6,062,102	4.34%
Interactive Investor Services Nominees Limited (SMKTNOMS)	5,184,370	3.71%
JIM Nominees Limited (ISA)	4,977,582	3.56%
HSDL Nominees Limited (IWMAXI)	4,930,412	3.53%
Hargreaves Lansdown (Nominees) Limited (VRA)	4,845,280	3.47%
Share Nominees Ltd	4,819,688	3.45%
Hargreaves Lansdown (Nominees) Limited (HLNOM)	4,329,616	3.10%

Suppliers' Payment Policy

It is the Company's policy to agree appropriate terms and conditions for its transactions with suppliers by means ranging from standard terms and conditions to individually negotiated contracts and to pay suppliers according to agreed terms and conditions, provided that the supplier meets those terms and conditions. The Company does not have a standard or code dealing specifically with the payment of suppliers.

Trade payables at the year end all relate to sundry administrative overheads and disclosure of the number of days purchases represented by year end payables is therefore not meaningful.

Charitable Contributions

During the year the Company made charitable donations amounting to Nil (2018: Nil).

Directors' Indemnities

The Company has put in place qualifying third party indemnity provisions for all of the Directors of the Company which was in force at the date of approval of this report.

Principal risks and uncertainties

The principal risks and uncertainties facing the are detailed within the Corporate Governance section of this report.

Auditors

Chapman Davis LLP as auditor have expressed their willingness to continue in office as auditors and a resolution proposing their reappointment will be submitted at the AGM.

Annual General Meeting

Notice of the forthcoming Annual General Meeting will be enclosed separately.

By Order of the Board



Donald Strang
Director
23 April 2020

PRIMORUS INVESTMENTS PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are responsible for preparing the Annual 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 under IFRS as adopted by the EU and applicable law. The Financial Statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on the going concern basis, unless it is inappropriate to presume that the Company will continue in business.

The Directors are responsible for keeping adequate accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

In so far as each of the Directors are aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

PRIMORUS INVESTMENTS PLC

CORPORATE GOVERNANCE STATEMENT

Changes to corporate governance regime

The Board of Primorus Investments Plc are committed to the principles of good corporate governance and believe in the importance and value of robust corporate governance and in our accountability to our shareholders and stakeholders.

The AIM Rules for companies, updated in early 2018, required AIM companies to apply a recognised corporate governance code from 28 September 2018. Primorus has chosen to adhere to the Quoted Company Alliance's Corporate Governance Code for Small and Mid-Size Quoted Companies (the "QCA Code") and listed below are the 10 broad principles of the QCA Code and the Company's disclosure with respect to each point.

THE PRINCIPLES OF THE QCA CODE

1. Principle One

Business Model and Strategy

The Board has concluded that the highest medium and long term value can be delivered to its shareholders by the adoption of an investing strategy for the Company. Primorus Investments plc is an investing company with a focus to acquire a diverse portfolio of direct and indirect interests in exploration and producing projects and assets in the natural resources sector in addition to acquisitions in the leisure, corporate services, consultancy and brand licensing sectors. The Company will consider possible opportunities anywhere in the world.

2. Principle Two

Understanding Shareholder Needs and Expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company through its website, www.primorusinvestments.com, and via Alastair Clayton, Executive Director, who is available to answer investor relations enquiries.

3. Principle Three

Considering wider stakeholder and social responsibilities

The Board recognises that the long term success of the Company is reliant upon the efforts of the employees of the Company and its investee companies and stakeholders. The Board is therefore charged with the responsibility to ensure that there is as close as practicable oversight and contact with its key investee companies and shareholder relationships. Furthermore the Board considers the wider impacts of any investee company in terms of their social and environmental impacts.

4. Principle Four

Risk Management

In addition to its other roles and responsibilities, the Audit Committee is responsible to the Board for ensuring that procedures are in place and are being implemented effectively to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit and Compliance Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks and controls to mitigate them, have been identified:

PRIMORUS INVESTMENTS PLC

CORPORATE GOVERNANCE STATEMENT – CONTINUED

Activity	Risk	Impact	Control(s)
Financial	Liquidity, market and credit risk. Inappropriate controls and accounting policies.	Inability to continue as going concern. Reduction in asset values. Incorrect reporting of assets.	Robust capital management policies and procedures. The Board agrees and signs off all annual reports which detail accounting policies. Due to size of the Company – the Board discusses and agrees all payments over £25,000. Audit Committee.
Regulatory adherence	Breach of rules.	Censure.	Strong compliance regime instilled at all levels of the Company.
Strategic	Damage to reputation. Inadequate disaster recovery procedures.	Inability to secure new capital or investments. Loss of key operational and financial data.	Effective communications with shareholders coupled with consistent messaging to potential investees. Robust compliance. Off-site storage of data.
Management	Recruitment and retention of key people.	Reduction in operating capability.	Stimulating and safe working environment. Balancing salary with longer term incentive plans.

The Directors have established procedures, as represented by this statement, for the purpose of providing a system of internal control. An internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the Executive Director, Alastair Clayton. However, the Board will continue to monitor the need for an internal audit function. The Board works closely with and has regular ongoing dialogue with the Company financial controller and has established appropriate reporting and control mechanisms to ensure the effectiveness of its control systems.

PRIMORUS INVESTMENTS PLC

CORPORATE GOVERNANCE STATEMENT - CONTINUED

5. Principle Five

A Well Functioning Board of Directors

As at the date hereof the Board comprised: the Executive Director Alastair Clayton, a Non-Executive Chairman, Jeremy Taylor-Firth and a Non-executive Director, Donald Strang. Biographical details of the current Directors are set out within Principle Six below. Executive and Non-Executive Directors are subject to re-election at intervals of no more than 3 years. The Executive Director is considered to be a full time employee whilst the Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board elects a Chairman to chair every meeting.

The Board meets formally at least 4 times per annum but regular contact is maintained so that all Directors are informed of relevant developments and are able to have discussions whenever required. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board has agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee. Both Non-Executive Directors are considered to be part time but are expected to provide as much time to the Company as is required. The Board considers that this is appropriate given the Company's current stage of operations. It shall continue to monitor the need to match resources to its operational performance and costs and the matter will be kept under review going forward.

Jeremy Taylor-Firth is considered by the Board to be an Independent Director. The Board notes that the QCA recommends a balance between executive and non-executive Directors and recommends that there be two independent non-executives. As it has only one independent non-executive director, the Board does not currently fully comply with this requirement and will consider making further appointments as the scale and complexity of the Company grows, which is expected to be when the Company achieves a market capitalisation of over £10 million.

Attendance at Board and Committee Meetings

The Company shall report annually on the number of Board and committee meetings held during the year and the attendance record of individual Directors. To date in the current financial year the Directors have a 100% record of attendance at such meetings. In order to be efficient, the Directors meet formally and informally both in person and by telephone. To date there have been at least quarterly formal meetings of the Board, and the volume and frequency of such meetings is expected to continue at this rate.

6. Principle Six

Appropriate Skills and Experience of the Directors

The Board currently consists of three Directors. The Company believes that the current balance of skills in the Board as a whole, reflects a very broad range of commercial and professional skills across geographies and industries and each of the Directors has experience in public markets.

The Board recognises that it currently has a limited diversity and this will form a part of any future recruitment consideration if the Board concludes that replacement or additional directors are required.

The Board shall review annually the appropriateness and opportunity for continuing professional development whether formal or informal. Currently each of the Board are involved in financial markets and increase their awareness and skills via reading and participation in commercial transactions from time to time.

PRIMORUS INVESTMENTS PLC

CORPORATE GOVERNANCE STATEMENT – CONTINUED

Mr Jeremy Taylor-Firth

Chairman and Independent Non-executive Director

Jeremy has 20 years of experience in investment management. In June 2006 he joined Singer & Friedlander Investment Management as an Investment Director. This business was then acquired by Williams de Broe where he worked until October 2010. Jeremy is currently an Investment Manager with Hanson Asset Management, where he has worked since 2015.

In the above capacities Jeremy has gained extensive knowledge of portfolio management, investment management, investment assessment, risk assessment and suitability as well as developed a deep understanding of private and public markets for investments in equities and debt. Furthermore Jeremy has developed an extensive network of investment professionals and market participants.

Mr Alastair Clayton

Executive Director

Alastair has over 20 years' experience in identifying, financing mineral, energy and technology businesses in Australia, the USA, Europe, Africa and Asia. A qualified geologist, Alastair also has a Graduate Diploma in Finance and Economics and maintains a broad network of Equity Provider and Private Equity relationships in Europe, Asia and the US.

Mr Donald Strang

Non-executive Director

Donald is a member of the Australian Institute of Chartered Accountants and has been in business for over 20 years, holding senior financial and management positions in both publicly listed and private enterprises in Australia, Europe and Africa. He has considerable corporate and international expertise and over the past decade has focussed on mining and exploration activities. He is currently a director of various AIM companies.

7. Principle Seven

Evaluation of Board Performance

Internal evaluation of the Board, the Committee and individual Directors is undertaken on an annual basis in the form of informal discussions between the Directors.

The annual report details the progress which the Board and the Company has made for the year.

No succession planning is deemed necessary at this point due to the small size of the Company.

Each Director is also assessed by shareholders on a three-year rotation basis at AGM when their re-appointment is due.

8. Principle Eight

Corporate Culture

The Board recognises that its decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board.

A large part of the Company's activities are centred upon what needs to be an open and respectful dialogue with investee companies and investors and other stakeholders. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great import on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

PRIMORUS INVESTMENTS PLC

CORPORATE GOVERNANCE STATEMENT – CONTINUED

The Directors consider that at present the Company has an open culture facilitating comprehensive dialogue and feedback and enabling positive and constructive challenge. The Company has adopted a code for Directors' and employees' dealings in securities which is appropriate for a company whose securities are traded on AIM and is in accordance with the requirements of the Market Abuse Regulation which came into effect in 2016.

9. Principle Nine

Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board, the respective responsibilities of the Chairman and Executive Director arising as a consequence of delegation by the Board. The Board has adopted appropriate delegations of authority which set out matters which are reserved to the Board. The Chairman is responsible for the effectiveness of the Board, while management of the Company's business and primary contact with shareholders has been delegated by the Board to the Executive Director.

Audit Committee

The Audit Committee comprises Jeremy Taylor-Firth (Chairman) and Donald Strang. This committee has primary responsibility for monitoring the quality of internal controls and ensuring that the financial performance of the Company is properly measured and reported. It receives reports from the executive management and auditors relating to the interim and annual accounts and the accounting and internal control systems in use throughout the Company. The Audit Committee will endeavour to meet not less than twice in each financial year and it has unrestricted access to the Company's auditors.

Remuneration Committee

The Remuneration Committee comprises Donald Strang (Chairman) and Alastair Clayton. The Remuneration Committee reviews the performance of the executive directors and employees and makes recommendations to the Board on matters relating to their remuneration and terms of employment. The Remuneration Committee also considers and approves the granting of share options pursuant to the share option plan and the award of shares in lieu of bonuses pursuant to the Company's Remuneration Policy.

Nominations Committee

The Board has agreed that appointments to the Board will be made by the Board as a whole and so has not created a Nominations Committee.

Non-executive Directors

The Board has appointed 2 Non-executive Directors.

Due to the small size of the Company, it is deemed not necessary to appoint further non-executive directors until the Company's market capitalisation is over £10 million.

In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement. There are no plans at this stage to increase the governance framework until the company achieves minimum £10m market capitalisation.

PRIMORUS INVESTMENTS PLC

Corporate Governance Statement

10. Principle Ten

Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. The Company has close ongoing relationships with its private shareholders. Shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting.

Investors also have access to current information on the Company through its website, www.primorusinvestments.com, and via Alastair Clayton, Executive Director, who is available to answer investor relations enquiries. The Company will endeavour, subject to the necessary formalities, to move to electronic communications with shareholders in order to maximise efficiency. The company's website details various information: annual reports, AGM notice of meetings and RNS announcements detailing results of meetings and other relevant information.

The Company shall include, when relevant, in its annual report, any matters of note arising from the audit or remuneration committees. There are no specific items to be noted for the current year.

PRIMORUS INVESTMENTS PLC

REPORT OF THE AUDITOR

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMORUS INVESTMENTS PLC

OPINION

We have audited the financial statements of Primorus Investments Plc (the 'Company') for the year ended 31 December 2019 which comprise the statement of comprehensive income, the statement of financial position, the statement of changes in equity, the statement of cash flows and notes to the financial statements, including a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the company financial statements is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

In our opinion:

- the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2019 and of the Company's loss for the year then ended;
- the Company financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

CONCLUSIONS RELATING TO GOING CONCERN

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

PRIMORUS INVESTMENTS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMORUS INVESTMENTS PLC - CONTINUED

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit. Our audit procedures in relation to these matters were designed in the context of our audit opinion as a whole. They were not designed to enable us to express an opinion on these matters individually and we express no such opinion.

We have determined the matters described below to be the key audit matters to be communicated in our report.

CARRYING VALUE OF AVAILABLE FOR SALE UNLISTED INVESTMENTS

The Company's Available for Sale Investment assets ('AFS assets') represent the most significant asset on its statement of financial position totalling £4.8m as at 31 December 2019, of which unlisted investments represented £4.1m of the total AFS assets.

The carrying value of Unlisted AFS investments represents significant assets of the Company and assessing whether facts or circumstances exist to suggest that impairment indicators were present, and if present, whether the carrying amount of these asset may exceed its recoverable amount was considered key to the audit. This assessment involves significant judgement applied by management to the Company's unlisted investments.

We considered it necessary to assess this significant judgement whether facts and circumstances existed to suggest that impairment indicators were present, and if present, whether the carrying amount of these assets may exceed its recoverable amount.

How the Matter was addressed in the Audit

The procedures included, but were not limited to, assessing and evaluating management's assessment of whether any impairment indicators have been identified across the Company's Unlisted AFS investments, the indicators being:

- A lack of flow of information in regards to the investee companies' growth activities and/or, trading and strategic advancement.
- Discontinuation of, or a plan to discontinue, activities in the relevant projects, or cessation or delays in project development by the Investee Companies.
- Sufficient information exists to suggest exploration and evaluation assets are unlikely be successfully developed or profitably sold by the Investee Companies.
- Updates on funding and trading activities by Investee Companies.

We also reviewed Stock Exchange RNS announcements and Board meeting minutes for the year and subsequent to year end for activity to identify any indicators of impairment. We also assessed the disclosures included in the financial statements.

Materiality

In planning and performing our audit we applied the concept of materiality. An item is considered material if it could reasonably be expected to change the economic decisions of a user of the financial statements. We used the concept of materiality to both focus our testing and to evaluate the impact of misstatements identified. Based on professional judgement, we determined overall materiality for the financial statements as a whole to be £120,000, based on a 2.5% percentage consideration of the Company's total assets.

PRIMORUS INVESTMENTS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMORUS INVESTMENTS PLC - CONTINUED

OTHER INFORMATION

The Directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

OPINIONS ON OTHER MATTERS PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Strategic Report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Strategic Report and the Directors' report have been prepared in accordance with applicable legal requirements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of Directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

RESPONSIBILITIES OF DIRECTORS

As explained more fully in the Directors' responsibilities statement, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

PRIMORUS INVESTMENTS PLC

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF PRIMORUS INVESTMENTS PLC - CONTINUED

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) or ISA IAASB will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

USE OF OUR REPORT

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.

Rowan Palmer

(Senior Statutory Auditor)

For and on behalf of Chapman Davis LLP, Statutory Auditor

London

Chapman Davis LLP is a limited liability partnership registered in England and Wales (with registered number OC306037).

23 April 2020

PRIMORUS INVESTMENTS PLC

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME YEAR ENDED 31 DECEMBER 2019

	Notes	2019 £000	2018 £000
Revenue			
Investment income	2	24	7
Realised gain/(loss) on disposal of AFS investments	2	(62)	985
Unrealised gain/(loss) on market value movement of AFS investments	2	228	(79)
Total gains on AFS investments		<u>190</u>	<u>913</u>
Impairment provision on AFS investments	7	-	(100)
Share based payments		-	(212)
Administrative costs		<u>(591)</u>	<u>(605)</u>
Operating (loss)	3	<u>(401)</u>	<u>(4)</u>
(Loss) before tax		<u>(401)</u>	<u>(4)</u>
Taxation	5	-	-
(Loss) for the year attributable to equity holders of the company		<u>(401)</u>	<u>(4)</u>
(Loss) per Share			
Basic and diluted (loss) per share (pence)	6	<u>(0.2868)</u>	<u>(0.0029)</u>

There are no other recognised gains or losses for the year.

The Accounting Policies and Notes form an integral part of these Financial Statements.

PRIMORUS INVESTMENTS PLC

STATEMENT OF FINANCIAL POSITION AT 31 DECEMBER 2019

ASSETS	Notes	2019 £000	2019 £000	2018 £000	2018 £000
Non-Current Assets					
Available for Sale Investments	7	4,805		4,779	
			4,805		4,779
Current Assets					
Trade and other receivables	8	15		89	
Cash and cash equivalents	9	45		408	
			60		497
Total Assets			4,865		5,276
LIABILITIES					
Current Liabilities					
Trade and other payables	10	(108)		(118)	
Total Liabilities			(108)		(118)
Net Assets			4,757		5,158
EQUITY					
Equity Attributable to Equity Holders of the Company					
Share capital	12	15,391		15,391	
Share premium account		35,296		35,296	
Share based payment reserve		683		683	
Retained earnings		(46,613)		(46,212)	
Total Equity			4,757		5,158

These Financial Statements were approved by the Board of Directors and authorised for issue on 23 April 2020.

Donald Strang

Donald Strang
Director

Alastair Clayton

Alastair Clayton
Director

The Accounting Policies and Notes form an integral part of these Financial Statements.

PRIMORUS INVESTMENTS PLC

STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2019

	Share capital	Share premium	Share based payment reserve	Retained earnings	Total attributable to owners of the Company
	£000	£000	£000	£000	£000
Balance at 31 December 2017	15,391	35,296	471	(46,208)	4,950
Loss for the year	-	-	-	(4)	(4)
Total comprehensive income for the year	-	-	-	(4)	(4)
Share options issued	-	-	212	-	212
Transactions with owners of the company	-	-	212	-	212
Balance at 31 December 2018	15,391	35,296	683	(46,212)	5,158
Loss for the year	-	-	-	(401)	(401)
Total comprehensive income for the year	-	-	-	(401)	(401)
Balance at 31 December 2019	15,391	35,296	683	(46,613)	4,757

PRIMORUS INVESTMENTS PLC

STATEMENT OF CASH FLOWS YEAR ENDED 31 DECEMBER 2019

	2019 £000	2019 £000	2018 £000	2018 £000
Cash Flows from Operating Activities				
Operating Loss		(401)		(4)
Adjustments for:				
Share based payment charge	-		212	
Impairment provision	-		100	
Change in trade and other receivables	74		(47)	
Change in trade and other payables	(10)		21	
Change in AFS Investments	(26)		(175)	
Taxation (paid)			-	
		(363)		107
Net Cash used in Operating Activities		(363)		107
Cash Flows from Investing Activities				
Loan advanced to related party	-		(260)	
Net Cash used in Investing Activities		-		(260)
Cash Flows from Financing Activities				
Proceeds from share issues	-		-	
Share issue costs	-		-	
Net Cash in generated from Financing Activities		-		-
Net Change in Cash and Cash Equivalents		(363)		(153)
Cash and Cash Equivalents at beginning of period		408		561
Cash and Cash Equivalents at end of period		45		408

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019

1. Accounting Policies

Basis of Preparation

Primorus Investments Plc is a company incorporated in the United Kingdom. The Company's shares are listed on the AIM market of the London Stock Exchange, and on the Aquis Stock Exchange Growth Market as operated by Aquis Exchange Plc ("AQSE").

The Financial Statements are for the year ended 31 December 2019 and have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards as adopted by the EU ("adopted IFRS"). These Financial Statements (the "Financial Statements") have been prepared and approved by the Directors on 23 April 2020 and signed on their behalf by Donald Strang and Alastair Clayton.

The accounting policies have been applied consistently throughout the preparation of these Financial Statements, and the financial report is presented in Pound Sterling (£) and all values are rounded to the nearest thousand pounds (£'000) unless otherwise stated.

Investing Policy

The Company's investing policy is to acquire a diverse portfolio of direct and indirect interests in exploration and producing projects and assets in the natural resources sector in addition to acquisition(s) in the leisure, corporate services, consultancy and brand licensing sectors. The Company will consider possible opportunities anywhere in the world.

The Directors have considerable experience investing, both in structuring and executing deals and in raising funds. The Directors will use this experience to identify and investigate investment opportunities, and to negotiate acquisitions. Wherever necessary the Company will engage suitably qualified technical personnel to carry out specialist due diligence prior to making an acquisition or an investment.

The Company may invest by way of 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. 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 may be both an active and a passive investor depending on the nature of the individual investments in its portfolio. Although the Company intends to be a long-term investor, the Directors will place no minimum or maximum limit on the length of time that any investment may be held.

The Directors may offer new Ordinary Shares by way of consideration as well as cash, thereby helping to preserve the Company's cash for working capital and as a reserve against unforeseen contingencies including by way of example, and without limitation, delays in collecting accounts receivable, unexpected changes in the economic environment and unforeseen operational problems. 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.

There are no restrictions in the type of investment that the Company might make nor on the type of opportunity that may be considered other than set out in this Investing policy.

In addition, the Directors may consider from time to time other means of facilitating returns to Shareholders including dividends, share repurchases, demergers, and schemes of arrangements or liquidation.

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1. Accounting Policies (continued)

Going Concern

The Directors noted the losses that the Company has made for the Year Ended 31 December 2019. The Directors have prepared cash flow forecasts for the period ending 30 June 2021 which take account of the current cost and operational structure of the Company.

The cost structure of the Company comprises a high proportion of discretionary spend and therefore in the event that cash flows become constrained, costs can be quickly reduced to enable the Company to operate within its available funding.

These forecasts demonstrate that the Company has sufficient cash funds available to allow it to continue in business for a period of at least twelve months from the date of approval of these financial statements. Accordingly, the financial statements have been prepared on a going concern basis.

It is the prime responsibility of the Board to ensure the Company remains a going concern. At 31 December 2019 the Company had cash and cash equivalents of £45,000 and no borrowings. The Company has minimal contractual expenditure commitments and the Board considers the present funds together with future disposals of AFS Investments sufficient to maintain the working capital of the Company for a period of at least 12 months from the date of signing the Annual Report and Financial Statements. For these reasons the Directors adopt the going concern basis in the preparation of the Financial Statements.

New standards, amendments and interpretations adopted by the Company

No new and/or revised Standards and Interpretations have been required to be adopted, and/or are applicable in the current year by/to the Company, as standards, amendments and interpretations which are effective for the financial year beginning on 1 January 2019 are not material to the Company.

New standards, amendments and interpretations not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 17 Insurance Contracts (effective date 1 January 2021).

There are no other IFRSs or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the Company.

Sources of Estimation and Key Judgements

The preparation of the Financial Statements requires the Company to make estimates, judgements and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and related disclosure of contingent assets and liabilities. The Directors base their estimates on historic experience and various other assumptions that they believe are reasonable under the circumstances, the results of which form the basis of making judgements about the carrying value of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Revenue

Revenue is measured by reference to the fair value of consideration received or receivable by the Company for services provided, excluding VAT and trade discounts. Revenue is credited to the Income Statement in the period it is deemed to be earned.

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1. Accounting Policies (continued)

Revenue (continued)

Interest income from financial assets at FVPL is included in the net fair value gains/(losses) on these assets. Interest income on financial assets at amortised cost and financial assets at, available-for-sale securities, held-to-maturity investments and loans and receivables is calculated using the effective interest method is recognised in the statement of profit or loss as part of investment or other income.

Finance Income and Costs

Finance income and costs are reported on an accruals basis.

Taxation

Current tax is the tax currently payable based on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with shares in subsidiaries and joint ventures is not provided if reversal of these temporary differences can be controlled by the Company and it is probable that reversal will not occur in the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Company are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the balance sheet date.

Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Non-monetary items that are measured at historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Any exchange differences arising on the settlement of monetary items or on translating monetary items at rates different from those at which they were initially recorded are recognised in the profit or loss in the period in which they arise. Exchange differences on non-monetary items are recognised in other comprehensive income to the extent that they relate to a gain or loss on that non-monetary item taken to other comprehensive income, otherwise such gains and losses are recognised in the income statement.

The Company's functional currency and presentational currency is Sterling.

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1. Accounting Policies (continued)

Equity

Equity comprises the following:

- "Share capital" representing the nominal value of equity shares.
- "Share premium" representing the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Share based payment reserve" represents the value of equity benefits provided to employees and directors as part of their remuneration and provided to consultants and advisors hired by the Company from time to time as part of the consideration paid.
- "Retained earnings" representing retained profits.

Financial Assets

Financial assets are divided into the following categories: loans and receivables and available-for-sale financial assets. Financial assets are assigned to the different categories by management on initial recognition, depending on the purpose for which they were acquired, and are recognised when the Company becomes party to contractual arrangements. Both loans and receivables and available for sale financial assets are initially recorded at fair value.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Trade, most other receivables and cash and cash equivalents fall into this category of financial assets. Loans and receivables are measured subsequent to initial recognition at amortised cost using the effective interest method, less provision for impairment. Any change in their value through impairment or reversal of impairment is recognised in the income statement.

Provision against trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is determined as the difference between the asset's carrying amount and the present value of estimated future cash flows.

A financial asset is derecognised only where the contractual rights to the cash flows from the asset expire or the financial asset is transferred and that transfer qualifies for derecognition. A financial asset is transferred if the contractual rights to receive the cash flows of the asset have been transferred or the Company retains the contractual rights to receive the cash flows of the asset but assumes a contractual obligation to pay the cash flows to one or more recipients. A financial asset that is transferred qualifies for derecognition if the Company transfers substantially all the risks and rewards of ownership of the asset, or if the Company neither retains nor transfers substantially all the risks and rewards of ownership but does transfer control of that asset.

Available-for-sale financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Company's available-for-sale financial assets include listed and unlisted securities. These available-for-sale financial assets are measured at fair value. Gains and losses are recognised in the income statement and reported within revenue, except for impairment losses and foreign exchange differences, which are recognised separately within the income statement. When the asset is disposed of or is determined to be impaired, the cumulative gain or loss is recognised in the income statement.

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

1. Accounting Policies (continued)

Financial Liabilities

Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Company becomes a party to the contractual provisions of the instrument.

All financial liabilities initially recognised at fair value less transaction costs and thereafter carried at amortised cost using the effective interest method, with interest-related charges recognised as an expense in finance cost in the income statement. A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged or cancelled or expires.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

Share-Based Payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of the options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability or sales growth targets, or remaining an employee of the entity over a specified time period; and
- including the impact of any non-vesting conditions (for example, the requirement for employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied.

In addition, in some circumstances, employees may provide services in advance of the grant date, and therefore the grant-date fair value is estimated for the purposes of recognising the expense during the period between service commencement period and grant date.

At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in profit or loss, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received, net of any directly attributable transaction costs, are credited to share capital (nominal value) and share premium.

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

2. Segment Reporting & Revenue

The Company is now operating in a single UK based segment with a single primary activity to invest in businesses so as to generate a return for the shareholders. The loss from this segment, generated from sale of investments, was £62,000 (2018: gain £985,000). The non-current assets of the segment are £4,805,000 (2018: £4,779,000).

	2019 £000	2018 £000
Revenue		
Investment income – interest received on loan notes	24	7
Realised (loss)/gain on disposal of AFS investments	(62)	985
Unrealised gain/(loss) on market value movement of AFS investments	228	(79)
	<u>190</u>	<u>913</u>

3. Operating Activities and Auditor's Remuneration

	2019 £000	2018 £000
Included within results from operating activities are the following:		
Operating lease rentals - land and buildings	9	35
Auditor's remuneration:		
Audit services:		
- Company statutory audit	10	10
Non-audit services:		
- Taxation compliance	-	-
	<u>-</u>	<u>-</u>

4. Information Regarding Directors and Employees

	2019 £000	2018 £000
Employment costs, including Directors, during the year:		
Wages and salaries	343	336
Share based payments	-	-
	<u>343</u>	<u>336</u>
Average number of persons, including Directors employed	No.	No.
Administration	4	4
	<u>4</u>	<u>4</u>
Directors' remuneration	£000	£000
Emoluments	323	320

The Company operates only the basic pension plan required under UK legislation, contributions thereto during the year amounted to £nil (2018: £nil).

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

4. Information Regarding Directors and Employees (continued)

Emoluments of the Individual Directors

	Fees and salaries	Share based payments (non-cash)	Total
	£000	£000	£000
2019			
A Clayton	200	-	200
J Taylor Firth	60	-	60
D Strang	63	-	63
	323	-	323
2018	£000	£000	£000
A Clayton	200	106	306
J Taylor Firth	60	106	166
D Strang	60	-	60
	320	212	532

Directors' fees totalling £43,000 have been accrued and remain unpaid as at 31 December 2019 (2018: £51,000). This amount is included within trade and other payables, Note 10.

Directors' interest in share options is set out in Note 13.

Key Management Personnel

The key management personnel are considered to be the Directors. Their remuneration is included in Note 4 above.

5. Income Tax (Credit)/Expense

The relationship between the expected tax (credit)/expense based on the effective tax rate of the Company at 19% (2018: 19%) and the tax (credit)/expense actually recognised in the income statement can be reconciled as follows:

	2019 £000	2018 £000
Loss for the year before tax	(401)	(4)
Tax rate	19%	19%
Expected tax credit		(1)
Expenses not deductible for tax purposes	76	41
Deferred tax asset not recognised	-	-
Set off against tax losses	(76)	(40)
Actual tax expense	-	-

Deferred Tax

The amount of approximate unused tax losses for which no deferred tax asset is recognised in the statement of financial position is £1,835,000 (2018: £1,759,000).

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

6. Loss per Share

		Weighted average No. of shares	Basic per share amount (pence)
2019	£000		
Loss after tax	(401)		
Earnings attributable to ordinary shareholders	<u>(401)</u>		
Weighted average number of shares		139,830,968	
Total basic and diluted loss per share			<u>(0.2868)</u>
2018 (restated)	£000		(pence)
Loss after tax	(4)		
Earnings attributable to ordinary shareholders	<u>(4)</u>		
Weighted average number of shares		139,830,968	
Total basic and diluted loss per share			<u>(0.0029)</u>

7. Available for Sale Investments

	2019 £000	2018 £000
Investment in listed and unlisted securities		
Valuation at beginning of the period	4,779	3,761
Additions at cost	522	3,621
Disposal proceeds	(663)	(4,332)
Investee loan "sold" included within equity sale	-	943
(Loss) / gains on disposals	(62)	985
Gain / (loss) on Market value revaluation	228	(79)
Impairment in value of unlisted investment	-	(100)
Foreign exchange gain/ (loss)	1	(20)
Valuation at the end of the period	<u>4,805</u>	<u>4,779</u>
The available for sale investments splits are as below:		
Non-current assets – listed	706	907
Non-current assets – unlisted	4,099	3,872
	<u>4,805</u>	<u>4,779</u>

The Directors have reviewed the carrying value of the unlisted investments, and have considered no impairment is required (2018: £100,000).

Available-for-sale investments comprise both listed and unlisted investments. The listed investments are traded on stock markets throughout the world and are held by the Company as a mix of strategic and short term investments.

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

8. Trade and Other Receivables

Current trade and other receivables	2019 £000	2018 £000
Trade receivables	-	-
Other receivables	4	30
Prepayments and accrued income	11	59
	<u>15</u>	<u>89</u>

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

9. Cash at Bank and Cash Equivalents

	2019 £000	2018 £000
Cash at Bank	<u>45</u>	<u>408</u>

10. Trade and Other Payables

Current trade other payables	2019 £000	2018 £000
Trade payables	20	19
Other payables	43	51
Taxation and social security	26	29
Accruals and deferred income	19	19
	<u>108</u>	<u>118</u>

All amounts are short term and the carrying values are considered to be a reasonable approximation of fair value.

11. Risk Management Objectives and Policies

Financial assets by category

The categories of financial asset included in the balance sheet and the headings in which they are included are as follows:

Current assets	2019 £000	2018 £000
Loans and receivables	15	30
Cash	45	408
	<u>60</u>	<u>438</u>

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

11. Risk Management Objectives and Policies (continued)

Financial Liabilities by Category

The categories of financial liability included in the balance sheet and the headings in which they are included are as follows:

Current liabilities	2019 £000	2018 £000
Financial liabilities measured at amortised cost	106	118

The Company is exposed to market risk through its use of financial instruments and specifically to credit risk, and liquidity risk which result from both its operating and investing activities. The Company's risk management is coordinated at its headquarters, in close co-operation with the Board of Directors, and focuses on actively securing the Company's short to medium term cash flows by minimising the exposure to financial markets. Long term financial investments are managed to generate lasting returns. The Company does not actively engage in the trading of financial assets for speculative purposes nor does it write options. The most significant financial risks to which the Company is exposed to are described below.

Interest rate sensitivity

The Company is not substantially exposed to interest rate sensitivity, other than in relation to interest bearing bank accounts.

Credit risk analysis

The Company's exposure to credit risk is limited to the carrying amount of trade receivables. The Company continuously monitors defaults of customers and other counterparties, identified either individually or by Company, and incorporates this information into its credit risk controls. Where available at reasonable cost, external credit ratings and/or reports on customers and other counterparties are obtained and used. Company's policy is to deal only with creditworthy counterparties. Company management considers that trade receivables that are not impaired for each of the reporting dates under review are of good credit quality, including those that are past due.

None of the Company's financial assets are secured by collateral or other credit enhancements.

The credit risk for liquid funds and other short-term financial assets is considered negligible, since the counterparties are reputable banks with high quality external credit ratings.

Liquidity risk analysis

The Company's continued future operations depend on the ability to raise sufficient working capital through the issue of equity share capital. The Directors are confident that adequate funding will be forthcoming with which to finance operations. Controls over expenditure are carefully managed.

Capital Management Policies

The Company's capital management objectives are:

- to ensure the Company's ability to continue as a going concern; and
- to provide a return to shareholders

The Company monitors capital on the basis of the carrying amount of equity less cash and cash equivalents.

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

12. Share Capital

	2019	2018
	£000	£000
Allotted, issued and fully paid		
139,830,968 ordinary shares of 0.20p each (2018: 2,796,619,344 of 0.01p each)	279	279
28,976,581 deferred shares of 45p each (2018: 28,976,581)	13,040	13,040
28,976,581 A deferred shares of 4p each (2018: 28,976,581)	1,159	1,159
92,230,985 B deferred shares of 0.99p each (2018: 92,230,985)	913	913
	15,391	15,391

The deferred shares and the A and B deferred shares do not carry voting rights.

	Ordinary Shares Number	Nominal Value £'000
Ordinary shares of 0.01p each		
As at 31 December 2017	2,796,619,344	279
No issue of shares during the period	-	-
As at 31 December 2018	2,796,619,344	279

In October 2019 the ordinary shares of 0.01p each were subject of a 1 for 20 share consolidation via the creation of new ordinary shares of 0.2p each. There were no issues of share in the year ended 31 December 2019. The called up, allotted, issued and fully paid new ordinary shares of 0.2p each totalled:

As at 31 December 2019	139,830,968	279
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Details of the share options and warrants the Company has in issue are disclosed in Note 13.

13. Share-based payments

Details of share options and warrants granted to Directors, employees & consultants, over the ordinary shares are as follows:

Further to the share consolidation effected in October 2019 the unexercised options in issue as at 31 December 2018 were restated as:

	Exercise Price (Original) £	Exercise Price (Amended) £	Expiry date	At 31 December 2018 (Original) No.	At 31 December 2018 (Amended) No.
Share options					
D. Strang	0.004	0.08	14/11/2023	10,000,000	500,000
D. Strang	0.003	0.06	31/12/2020	12,000,000	600,000
A Clayton	0.003	0.06	31/12/2020	12,000,000	600,000
J Taylor-Firth	0.003	0.06	31/12/2020	12,000,000	600,000
Consultants	0.004	0.08	14/11/2023	10,000,000	500,000
D Strang	0.003	0.06	03/08/2022	75,000,000	3,750,000
A Clayton	0.003	0.06	03/08/2022	75,000,000	3,750,000
A Clayton	0.003	0.06	09/01/2025	75,000,000	3,750,000
J Taylor-Firth	0.003	0.06	09/01/2025	75,000,000	3,750,000
				356,000,000	17,800,000

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

13. Share-based payments (continued)

During the year no options were granted (2018: 150,000,000 pre consolidation), exercised or expired.

	At 1 January 2019 (Amended) No.	Issued during the year No.	Exercised or expired during the year No.	At 31 December 2019 No.	Exercise Price (Amended) £	Date from which exercisable	Expiry date
Share options							
D. Strang	500,000	-	-	500,000	0.08	14/11/2013	14/11/2023
D. Strang	600,000	-	-	600,000	0.06	30/11/2015	31/12/2020
A Clayton	600,000	-	-	600,000	0.06	30/11/2015	31/12/2020
J Taylor-Firth	600,000	-	-	600,000	0.06	30/11/2015	31/12/2020
Consultants	500,000	-	-	500,000	0.08	14/11/2013	14/11/2023
D Strang	3,750,000	-	-	3,750,000	0.06	03/08/2017	03/08/2022
A Clayton	3,750,000	-	-	3,750,000	0.06	03/08/2017	03/08/2022
A Clayton	3,750,000	-	-	3,750,000	0.06	09/01/2018	09/01/2025
J Taylor-Firth	3,750,000	-	-	3,750,000	0.06	09/01/2018	09/01/2025
	<u>17,800,000</u>	<u>-</u>	<u>-</u>	<u>17,800,000</u>			

The share price range during the year was £0.03 to £0.018 (2018: £0.04 to £0.019).

The weighted average values of options are as follows:	2019	2018
Weighted average exercise price of options granted	6.11p	6.11p
Weighted average exercise price of options exercisable at the end of the year	6.11p	6.11p
Weighted average option life remaining	3.53 years	4.53 years

For those options granted where IFRS 2 "Share-Based Payment" is applicable, the fair values were calculated using the Black-Scholes model. The inputs into the model were as follows:

	Risk free rate	Share price volatility	Expected life	Share price at date of grant
9 January 2018	1.10%	102.63%	7.00 years	£0.036

Expected volatility was determined by calculating the historical volatility of the Company's share price for 12 months prior to the date of grant. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

All option numbers and prices have been adjusted for the share consolidation.

The Company recognised total expenses of £nil (2018: £212,000) relating to equity-settled share-based payment transactions during the year, and £nil was transferred via equity to retained earnings on the exercise of nil options (2018: nil options) during the year (2018: £nil).

During the year, no warrants expired (2018: 4.075 million pre consolidation).

PRIMORUS INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

14. Capital Commitments

The Directors have confirmed that there were no contingent liabilities or capital commitments which should be disclosed at 31 December 2019. No provision has been made in the financial statements for any amounts in relation to any capital expenditure requirements of the Company's associate or investments, and such costs are expected to be fulfilled in the normal course of the operations of the Company.

15. Related Party Transactions

Key Management Personnel

The key management personnel are considered to be the Directors. Their remuneration is included in Note 4 to the accounts. There is no other management compensation to be disclosed.

16. Events after the end of the reporting period

After the reporting date, there has been a significant fall in global stock markets as a result a number of the Company's investments have been impacted by COVID-19. Under IFRS these are non-adjusting events in respect of the year-end 31 December 2019. Although the full extent and timing of the impact of these events is not yet known, the Company expects it may experience delays in returns generated as a result of COVID-19. Consequently, the financial reporting impact will need to be considered in 2020 and could impact areas such as the carrying value of our Available for Sale Investments.

17. Ultimate Controlling Party

There is not considered to be an ultimate controlling party of the Company.