

RNS Number : 5359D
Pires Investments PLC
27 April 2017

Pires Investments plc

("Pires" or the "Company")

Final Results for 12 months to 31 October 2016

The Board is pleased to announce the audited results of Pires for the year ended 31 October 2016.

Copies of the accounts will be posted to shareholders by close of business on 28 April 2017 and will shortly be available on the Company's website at www.piresinvestments.com.

Chairman's Statement

The results for the financial period under review were disappointing. This was principally due to Rame Energy plc ("Rame"), our largest investment, going into administration and therefore delivering no return to shareholders. The Company's other investments continued to perform satisfactorily, although this was insufficient to offset the loss on Rame. The Company also made certain disposals during the period that generated a positive return, including part of our investment in Armstrong Investments plc (now EVR Holdings plc).

During the period under review, the Company raised £100,000 in new equity via a placing, principally with Ambrosia Investments Limited ("Ambrosia"), at the time our largest shareholder. Following the administration of Rame, Ambrosia also provided a working capital facility of £200,000 which, to date, has not been drawn down.

Following the year end, the Company was able to complete further equity placings at 3p per share to raise £675,000 in aggregate, before expenses. Subsequently, the Company has invested £500,000 in Eco (Atlantic) Oil & Gas Limited, an oil exploration company previously listed only on the Toronto Stock Exchange. This company's shares were admitted to AIM in February 2017 as part of a £5 million fund raising and are currently trading at a premium to the placing price.

Costs were reduced during the period but the Board recognises that these remain too high for a company of Pires' current size and steps have been taken to reduce them further. The Company currently has net assets of approximately £785,000 (2.3p fully diluted per share), which principally comprise cash and investments.

Going forward, the Company previously announced that it was looking for a single acquisition or investment rather than focusing on holding multiple investments. This remains the Board's objective. The Board is reviewing a number of such transactions and is optimistic about bringing one of these opportunities to fruition.

In this context, we were pleased to welcome Nicholas Lee onto the Board in February 2017. Nicholas is an experienced corporate financier with an extensive background in smaller quoted companies, in particular in terms of investment and acquisitions. He is Chairman of Paternoster Investments plc, now our largest shareholder. We expect that his assistance will be invaluable in terms of bringing a transaction to fruition in the current trading period.

Peter Redmond

Chairman

Business review and future developments

Investments

During the period under review Pires Investments plc ("the Company") made the following significant changes to its investments:

SalvaRx Group Plc ("SalvaRx") consolidated its share capital adjusting the Company's shareholding to 264,827 Ordinary shares. The Company disposed of 12,500 Ordinary shares in SalvaRx for a consideration of £4,148. As at the year end the market value of the Company's holding in SalvaRx was £78,221.

The Company disposed of 1,020,000 Ordinary shares in EVR Holdings plc ("EVR") for a consideration of £20,089. As at the year end the market value of the Company's residual holding in EVR was £25,563.

The Company made a number of disposals of its shares in Kennedy Ventures plc ("Kennedy"), disposing of 515,000 ordinary shares for a consideration of £24,518. As at the year end the market value of the Company's residual holding was £26,618.

On the 1 July 2016 Rame Energy Plc ("Rame") announced that its shares had been suspended from trading on AIM. On 5 August 2016 Rame announced that administrators had been appointed. In light of this the Company decided to write off its residual holding of 3,230,000 Ordinary shares, which at the suspension price had a market value of £230,138.

STATEMENT OF COMPREHENSIVE INCOME

	2016 £	2015 £
CONTINUING ACTIVITIES		
Revenue		
Investment income	33	134
Other income	21	6,200
Total revenue	54	6,334
Losses on investments held at fair value through profit or loss	(302,463)	(80,380)
Operating expenses	(248,611)	(314,207)
Operating (loss) from continuing activities	(551,020)	(388,253)
(Loss) before taxation from continuing activities	(551,020)	(388,253)
Tax	-	-
(Loss) for the year from continuing activities	(551,020)	(388,253)
Loss on disposal of discontinued operations	(8,617)	-
(Loss) for the period and attributable to equity holders of the Company	(559,637)	(388,253)
Basic (loss) per share		
Equity holders		
From continuing operations	-	-
From discontinued operations	-	-
Basic and diluted	(5.00)p	(0.02)p

STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Capital Redemption Reserve £	Retained Earnings £	Total £
Balance at 1 November 2014	11,853,192	2,904,840	164,667	(13,942,095)	980,604
Total comprehensive income for the year ended 31 October 2015	-	-	-	(388,253)	(388,253)
As at 31 October 2015	11,853,192	2,904,840	164,667	(14,330,348)	592,351
Issue of shares	5,285	94,715	-	-	100,000
Share issue costs	-	(2,000)	-	-	(2,000)
Total comprehensive income for the year ended 31 October 2016	-	-	-	(559,637)	(559,637)
As at 31 October 2016	11,858,477	2,997,555	164,667	(14,889,985)	130,714

STATEMENT OF FINANCIAL POSITION

	2016 £	2015 £
Non-current assets		
Property, plant and equipment	230	1,057
Investment in subsidiaries	1	18,503
Total non-current assets	231	19,560
Current assets		
Investments	152,624	516,520
Trade and other receivables	53,865	76,340
Cash and cash equivalents	49,448	61,825
Total current assets	255,937	654,685
Total assets	256,168	674,245
Equity		
Issued share capital	11,858,477	11,853,192
Share premium	2,997,555	2,904,840
Retained earnings	(14,889,985)	(14,330,348)
Capital redemption reserve	164,667	164,667
Total equity	130,714	592,351
Liabilities		
Current liabilities		
Trade and other payables	125,454	81,894
Total liabilities and current liabilities	125,454	81,894
Total equity and liabilities	256,168	674,245

STATEMENT OF CASH FLOWS

	2016 £	2015 £
Cash flows from operating activities		
(Loss)	(559,637)	(388,253)
Depreciation	827	1,107
Realised (gain)/loss on disposal of investments	3,996	(38,969)
Fair value movements in investments	298,647	119,349
Finance income	(33)	(134)
Decrease in receivables	22,475	47,931

Increase/(decrease) in payables	43,560	(57,749)
Net cash used in operating activities	(190,165)	(316,718)
<i>Cash flows from investing activities</i>		
Payments to acquire tangible fixed assets	-	-
Payments to acquire investments	-	(80,600)
Proceeds of disposal of investments	61,434	182,312
Proceeds from disposal of subsidiary operations	18,321	-
Net proceeds from share issues	98,000	-
Finance income received net	33	134
Net cash used in investing activities	177,788	101,846
<i>Cash flows from financing activities</i>		
Finance cost paid	-	-
Net cash from financing activities	-	-
Net (decrease) in cash and cash equivalents during the year	(12,377)	(214,873)
Cash and cash equivalents at beginning of year	61,825	276,698
Cash and cash equivalents at end of year	49,448	61,825

1. ACCOUNTING POLICIES

General Information

Pires Investments plc ("the Company") was throughout the year an investing company with an investing policy adopted on 16 April 2012 and re-adopted on 21 March 2013.

The Company is a limited liability company incorporated and domiciled in England.

The address of the registered office is c/o Cooley Services Limited, Dashwood House, 69 Old Broad Street, London, EC2M 1QS.

These financial statements are prepared in Pounds Sterling, because that is the currency of the primary economic environment in which the Company operates.

Principal accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs. The financial statements have also been prepared under the historical cost convention.

For the year ended 31 October 2015, financial statements were prepared on a Group Consolidated basis. The 31 October 2016 financial information has been restated to show the Company financial information as there is no longer the requirement to prepare Group financial statements.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in these accounting policies.

Going Concern

The financial statements have been prepared on the going concern basis.

Any consideration of the foreseeable future involved making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the Company to carry out its planned business objectives is dependent on its continuing ability to raise adequate capital from equity investors and/or the realisation of quoted investments.

At the time of approving these financial statements and after making due enquiries, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company's financial statements.

2. (LOSS)/EARNINGS PER SHARE

	2016 £	2015 £
(Loss) attributable to the owners of the Company		
Continuing Operations	(551,020)	(388,253)
	2016 No. of Shares	2015 No. of shares
Weighted average number of shares for calculating basic loss per share	11,400,805	2,321,659,864
	2016 Pence	2015 pence
Basic and diluted loss per share		
Continuing Operations	(5.00)	(0.02)

There were no dilutive instruments which would give rise to diluted earnings per share.

3. INVESTMENTS

	2016 £	2015 £
Investments at fair value brought forward	516,520	698,612
Purchase of investments	-	80,600
Investment disposals	(65,429)	(143,343)
Movement in investment holding	(298,467)	(119,349)
Balance	152,624	516,520
<i>Categorised as</i>		
Level 1 - quoted prices	130,401	494,297
Level 3 - Unquoted investments	22,223	22,223
Gains / (losses) on investments held at fair value through profit or loss		
Movement in investment holding gains	(298,467)	(119,349)
Realised (loss)/gain on disposal of investments	(3,996)	38,969
Net loss on investments held at fair value through profit or loss	(302,463)	(80,380)

Unquoted investments (Level 3)

The value of the unquoted investments as at 31 October 2016 was £22,223 and the amount comprised a holding in Evolution Energy E&P plc (previously named Shale Energy plc).

Evolution Energy E&P plc is an unquoted public company whose focus is the acquisition or development of oil, gas or shale gas assets principally in the UK and USA. The holding is valued on the basis of evaluation of subsequent pre-IPO fundraising. The latest fundraising price and liquidity of private investors are reflected in determining the fair value of the investment holding. The Directors consider this value to be supported by information they have received over the course of the financial year.

4. 18.ISSUED SHARE CAPITAL

	Number of shares	Nominal value £	Share premium £
Issued and fully paid:			
At 1 November 2014 and 31 October 2015			
Ordinary shares of 0.1p each	2,321,659,864	2,321,660	2,904,840
Deferred shares of 5p each	136,171,197	6,808,560	-
Deferred shares of 4.9p each	55,570,856	2,722,972	-
		11,853,192	2,904,840
At 31 October 2016			
Ordinary shares issued in the year:			
Ordinary shares of 0.001p each - share reorganisation	2,321,659,864		
Ordinary shares of 0.25p each - Consolidation	9,286,639	-	2,904,840
Ordinary shares of 0.25p each	100,000	5,285	92,715
	9,386,639	5,285	2,997,555
Deferred shares of 0.099p each - share reorganisation	2,321,659,864	2,321,660	-
Deferred shares of 5p each	136,171,197	6,808,560	-
Deferred shares of 4.9p each	55,570,856	2,722,972	-
		11,858,477	2,997,555

On 31 March 2016 shareholders approved a capital reorganisation under which:

- (a) the ordinary shares of 0.1p each were sub-divided into one ordinary share of 0.001p each and one deferred share of 0.099p each;
- (b) the ordinary shares of 0.001p each were consolidated on the basis of one ordinary share of 0.25p for every 250 ordinary shares of 0.001p each;
- (c) the deferred shares of 5p each, 4.9p each and 0.099p each are to be bought back by the company for cancellation from the proceeds of the issue of one ordinary share of 0.25p at a price of £1

The holders of the ordinary shares are entitled to one vote for each share held on a poll. They are also entitled to receive dividends declared in proportion to the number of shares held (subject to any right of another class, and none currently exists, to receive a preferred dividend) and, on a return of capital and subject to the limited participation rights of the holders of the two classes of deferred shares detailed below and any subsequently created class of shares with preferential rights, to participate in such return in proportion to the number of shares held.

Neither class of deferred shares have any voting or dividend rights and only have rights to a repayment of the nominal value of the shares and then only after a £100,000 per ordinary share has been returned to each holder of ordinary shares. The Company has the right to acquire for cancellation each entire class of deferred share for an aggregate consideration of 1p and the Company intends to exercise such right in due course.

5. CONTINGENT LIABILITIES

At 31 October 2016 and 2015, the Company had no material contingent liabilities.

6. CAPITAL COMMITMENTS

At 31 October 2016 and 2015, the Company had no capital commitments authorised or contracted by the Directors.

7. POST BALANCE SHEET EVENTS

Issue of equity

On 2 November 2016 the Company's broker, Peterhouse Corporate Finance Limited ("Peterhouse") raised £525,000 gross of expenses, for the Company, through the issue to third party investors of 17,500,000 new ordinary shares in the Company at a placing price of 3 pence per Placing Share.

Placees also received one warrant for every two placing shares subscribed for. The warrants have an exercise price of 4.25 pence each, and are exercisable for a period of 18 months from the date of issue, the last exercise date being 2 May 2018.

On 28 November 2016, Peterhouse, in response to further investor demand, raised £150,000 gross of expenses, for the Company, through the issue of 5,000,000 new ordinary shares at a placing price of 3 pence per Placing Share.

Placees also received one warrant for every two placing shares subscribed for. The warrants have an exercise price of 4.25 pence each, and are exercisable for a period of 18 months from the date of issue, the last exercise date being 25 May 2018.

On 8 February 2017 the Company subscribed for 3,125,000 ordinary shares in Eco (Atlantic) Oil & Gas Ltd at a price of 16 pence per share for a consideration of £500,000, representing approximately 2.6% of their issued share capital.

On 13 February 2017 the Company appointed Nicholas Lee as a Non-executive director.

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