Pires Investments plc

(Incorporated in England and Wales with registered number 02929801)

Annual Report and Financial Statements

for the year ended 31 October 2013

Contents

Company Information

Directors	**P Redmond (chairman)** **R J Armstrong** **A A Quraishi** **C J Yates**
Secretary	**R C Porter ACA**
Registered office	**c/o Morrison & Foerster** CityPoint One Ropemaker Street London EC2Y 9AW
Auditors	**Welbeck Associates** Chartered Accountants and Registered Auditors 30 Percy Street London W1T 2DB
Nominated adviser	**Cairn Financial Advisers LLP** 61 Cheapside London EC2V 6AX
Broker	**Peterhouse Corporate Finance Limited** 31 Lombard Street London EC3V 9BQ
Registrars	**Computershare Investor Services Plc** PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
Registered number	**02929801**

Chairman's Statement

During the period under review, Pires made a number of investments in quoted and unquoted stocks pursuant to its investment strategy, which is to invest principally in the resources and energy sector. We looked closely at a number of pre-IPO and other opportunities during the period and this resulted in the Company making its first significant such investment in the new financial year.

In July 2013, the Company raised £500,000 before expenses by way of the issue of 500 million new ordinary shares at a price of 0.1p per share. As at 31 October 2013 the Company had cash resources of approximately £1.2m (2012: £1.3m).

The cornerstone investee company is Rame Energy plc ("Rame"), in which we invested on a pre-IPO basis in February 2014 and which was admitted to trading on AIM on 10 April of this year. Our initial investment of £410,000 was in the form of a convertible loan note which was convertible at a minimum 25% discount to the IPO placing price. In addition, we invested a further £55,000 on admission in ordinary shares at the placing price; further details of the investment will be found on page 3 of this document under the heading "Investment Review".

Rame is a well-established UK based international specialist energy producer with a strong presence in Latin America, in particular Chile. Since establishing an office there in 2006, it has been involved in the construction of a significant proportion of wind power projects in that country, developing and implementing power solutions for many of Chile's major mining and industrial corporations. It has developed its own portfolio of projects and is now in the process of becoming an independent power producer in its own right, with significant equity positions in its future developments. We believe that it now has the capacity to make a quantum leap from being a well-respected but modest-sized consultancy company to becoming a substantial player in the energy industry in Chile, which is widely regarded as a stable and rapidly growing economy. The Board believes that the implementation of these plans will result in the further enhancement of the value of the Company's investment.

The Board believes that the investment in Rame will set the pattern for the Company's future investments. Our objective is to provide capital at the pre-IPO stage to well-established companies that are seeking to come to the market in the near term and where the Board believes that the Company's funding and assistance can hasten this process. Although we are looking at other resource and energy projects currently, we are also reviewing opportunities outside of this sector.

The Directors remain mindful of the need to restrain costs and generate additional income streams. The Board believes that the Company is now moving forward in a positive way and it looks forward to further positive developments in the current trading period.

Peter Redmond
Chairman
29 April 2014

Investment Review

Rame Energy plc

On 10 February 2014, Pires announced an investment of £410,000 in Rame Energy plc ("Rame") via a three year convertible loan note, convertible at a minimum 25% discount to its IPO price, with automatic conversion should Rame's IPO occur within six months of Pires' investment. Rame was admitted to AIM on 4 April 2014 and Pires' convertible loan noted therefore converted into 3,037,037 new ordinary shares in Rame, valued at £547,000. Pires subscribed for an additional 308,233 new ordinary shares as part of the IPO placing at 18p per share, at a cost of £55,000. Pires therefore now has 3,345,270 ordinary shares in Rame, representing 3.5% of the issued share capital of Rame. Pires also has warrants to subscribe for 125,000 new ordinary shares in Rame at the placing price until February 2017.

Rame raised $3.6 million by way of pre-IPO investment and a further £2.1 million by way of a placing of new ordinary shares and convertible loan notes on admission to AIM.

Rame is a UK-based specialist international energy producer, established in 2002, and with a strong and experienced management team. Rame has a well-established presence in the Chilean wind power market and experience in a wide range of power resources, including solar and diesel power. It has been at the forefront of wind power development in Chile, developing projects for Barrick Gold, Anglo American and Antofagasta Minerals among others.

It is now capitalising on its experience and expertise to develop, own and operate power generation projects, with its initial focus being in Chile and thereafter globally as dictated by the needs of its clients. Rame plans to become a niche independent power producer taking full advantage of opportunities created by increasing energy costs and demands in power intensive industrial activities such as mining.

Rame has entered into binding agreements with Santander Investment Chile for the co-financing of 15MW of wind farms across two project sites in Chile, with conditional loan agreements in place with Chilean bank, Banco BICE, to provide the debt package for the projects. It also has agreed indicative terms for the financing of another 9MW Chilean wind farm project where binding terms have now been executed for a 10 year power purchase agreement . Rame has a 20% interest in the equity of the initial two projects, with an option to acquire the balance, and is expected to have a minimum 20% interest in the third.

Rame has a portfolio of 28 onshore wind energy assets in Chile which, based on the Company's estimations using wind data and industry standard software, have a potential installed capacity in excess of 1.4 GW. Its next two projects are expected to provide 84MW of power at an advanced stage of development. Rame intends, subject to financing, to install approximately 300 MW of wind, solar, biomass and diesel projects over the next three years.

Shale Energy plc

Pires has a shareholding of 31,105 5p ordinary shares in Shale Energy plc with a book value of £27,995. It is seeking to acquire interests in shale energy licences in the UK; and it has been in negotiations to acquire an interest in a company holding such licences, though the outcome of these negotiations is at present uncertain.

Strategic Report

Business review and future developments

At the General Meeting held on 16 April 2012, members approved the adoption of an investing policy for the Company and this policy was re-adopted at the Annual General Meeting held on 21 March 2013. The policy is to invest, principally but not exclusively, in the resources and energy sectors and full details of the policy are set out below.

Investing Policy

The Company's Investing Policy is to invest principally, but not exclusively in the resources and energy sectors. The Company will initially focus on projects located in Asia but will also consider investments in other geographical regions. The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings. Once a target has been identified, additional funds may need to be raised by the Company to complete a transaction.

The proposed investments to be made by the Company may be in either quoted or unquoted securities made by direct acquisition and may be in companies, partnerships or joint ventures, or direct interests in projects and can be at any stage of development. The Company’s equity interest in a proposed investment may range from a minority position to 100 per cent ownership.

The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist.

The Company proposes to carry out a comprehensive and thorough project review process in which all material aspects of any potential investment will be subject to rigorous due diligences, as appropriate. It is likely that the Company’s financial resources will be invested in a small number of projects or investments or potentially in just one investment which may be deemed to be a reverse takeover under the AIM Rules. Where this is the case, it is intended to mitigate risk by undertaking an appropriate due diligence process. Any transaction constituting a reverse takeover under the AIM Rules will require shareholder approval. The possibility of building a broader portfolio of investment assets has not, however, been excluded.

The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends. Given the nature of the Company’s Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of net asset value.

The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence of prospective opportunities. The Directors will also consider appointing additional directors with relevant experience if the need arises.

The objective of the Directors is to generate capital appreciation and any income generated by the Company will be applied to cover costs or will be added to the funds available to further implement the Investment Policy. In view of this, it is unlikely that the Directors will recommend a dividend in the early years. However, they may recommend or declare dividends at some future date depending on the financial position of the Company.

Strategic Report

Key performance indicators

The key performance indicators are set out below:

	31 October 2013	31 October 2012	Change %
Net asset value	£1,305,635	£1,202,769	+9%
Net asset value – fully diluted per share	0.057p	0.069p	-17%
Cash and cash equivalents	£1,195,379	£1,240,610	-4%

Principal business risks and uncertainties

Market Risks

The value of the Company's assets will depend, to a significant degree, on the Company's ability to identify and make suitable investments in a reasonable timeframe. The Directors intend that appropriate due diligence be carried out by the Company on potential prospects, but there is an inherent risk in investing in companies or businesses.

Funding

It is likely that, if the Company identifies and wishes to pursue an investment opportunity or a reverse takeover, it may need to raise further funds for further working or development capital. There is no guarantee that the then prevailing market conditions will allow for such a fundraising or that new investors will be prepared to invest on a basis which is acceptable to shareholders.

Financial risk management objectives and policies

Details of the Company's financial instruments and financial risk management policies can be found in notes 14 and 15 to the financial statements.

Assessment of Business Risk

The Board regularly reviews operating and strategic risks and considers in such reviews financial and non-financial information including:

- a review of the business at each Board meeting, focusing on any new decisions/risks arising;
- the performance of investments;
- selection criteria of new investments; and
- reports prepared by third parties.

C J Yates

Director
29 April 2014

Directors' Report

The Directors present their annual report and the audited financial statements of Pires Investments Plc for the year ended 31 October 2013.

The Company's shares of 0.1p each are traded on AIM Market of the London Stock Exchange.

Results and dividends

The Company's loss from continuing activities for the year was £352,634 (2012 profit: £348,688). The 2012 result benefitted from a gain of £1,526,949 arising from the creditors' voluntary arrangement which was approved during the year and was after charging £825,211 arising from discontinued activities.

The Directors are unable to recommend the payment of a dividend, given the deficit on distributable reserves.

Principal activities and review of business

The principal activities of the Company throughout the year under review and since have been as an investment company which has involved the seeking, investigation and making of investments.

The review of the business is contained within the Strategic Report on page 4.

Events after the Reporting Period

Since 31 October 2013, the Company has made an investment of £410,000 in Rame Energy plc by way of a convertible loan. On 10 February 2014, the Company's convertible loan note was converted into 3,037,037 new ordinary shares In Rame Energy plc, which would realise £547,000 at the placing price. In addition, as part of the IPO for Rame Energy, the Company subscribed for 308,233 new ordinary shares in Rame Energy. Following the conversion and subscription the Company has an interest of 3,345,270 ordinary shares, representing approximately 3.5 per cent of Rame Energy's issued share capital.

Directors

The following Directors have held office since 31 October 2012:

P Redmond
A A Quraishi
C J Yates
R J Armstrong (appointed 14 February 2014)

Charitable and political donations

No charitable or political donations were made during the year (2012: nil).

Going concern

The financial statements have been prepared on a going concern basis because, as set out in detail in Note 1 (Going Concern), the Directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future.

Substantial shareholders

As at 15 April 2014, either the Company had been notified in accordance with Chapter 5 of the Disclosure and Transparency Rules of the following holdings, or the Company's share register showed the following shareholdings representing 3% or more of the Company's issued ordinary share capital:

Directors' Report (continued)

Shareholder	Ordinary shares of 0.1p each Number	% of the issued ordinary share capital
Ambrosia Investment Limited	375,000,000	16.15%
Gledhow Investments plc	200,000,000	8.61%
Jim Nominees Limited	198,007,117	8.53%
W B Nominees Limited	180,500,000	7.77%
XCAP Nominees Limited	151,254,000	6.51%
TD Direct Investing Nominees Limited	127,707,624	5.50%
AIMS Consultancy Limited	125,000,000	5.38%
L R Nominees Limited	121,302,731	5.22%
Euroclear Nominees Limited	70,000,000	3.02%

Auditor

Welbeck Associates have expressed their willingness to continue in office as auditor and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting.

By order of the Board

C J Yates

Director
29 April 2014

Report on Remuneration

Policy on Directors' remuneration

The policy of the Board is to provide remuneration packages designed to attract, motivate and retain Directors of the calibre necessary to maintain the Company's position and to reward them for enhancing shareholder value. It aims to provide sufficient levels of remuneration to do this, but to avoid paying more than is necessary. The remuneration will reflect the Directors' responsibilities and time commitment and, where appropriate, will contain incentives to deliver the Company's objectives.

Remuneration of the Directors

During the period, the following remuneration and other benefits were charged to the Company:

	Salaries 2013 £	Fees 2013 £	Total 2013 £	Total 2012 £
P Redmond (see notes 1 &2 below)	-	15,000	15,000	8,125
A A Quraishi (see notes 1 &2 below)	-	15,000	15,000	8,125
C J Yates (see notes 1 &3 below)	27,083	8,750	35,833	38,187
P D Collins (see 3 below)	-	-	-	688
M C Woodcock (see note 3 below)	-	-	-	3,667
	27,083	38,750	65,833	58,792

Notes:

1 In addition, companies or businesses in which Mr Redmond, Mr Quraishi and Mr Yates were interested were paid consultancy fees in respect of services provided and disbursements totalling £11,000, £13,942 and £3,500 respectively.

2 Mr Redmond and Mr Quraishi were each, in April 2012, granted a warrant to subscribe 1.5% of the Company's issued share capital from time to time and a total of £19,212 for these share based payments was recognised in the Statement of Comprehensive Income for the year ended 31 October 2012.

3 In respect of the year ended 31 October 2012, these numbers represented the gross salary and fees paid to the Director during the year and the amount settled under the CVA in respect of unpaid salary and fees.

Directors' interests

The Directors' beneficial interests in the share capital of the Company as at 31 October 2012 and 31 October 2013 were:

	Ordinary shares of 0.1p each 31 October 2013	Ordinary shares of 0.1p each 31 October 2012
P Redmond (note 1)	-	-
A A Quraishi (note 1)	-	-
R J Armstrong (note 2)	-	-
C J Yates	6,766,819	200,000

Notes:

1 On 17 April 2012, the Board granted to each of P Redmond and A A Quraishi a warrant over 1.5% of the Company's issued ordinary share capital from time to time exercisable at 0.1p per new ordinary share at any time up to 17 April 2015

2 R J Armstrong was appointed as a non-executive director of the company on 14 February 2014. Mr Armstrong has an interest of 15,113,436 ordinary shares in the Company

C J Yates
Director
29 April 2014

Statement of Directors Responsibilities

Statement of Directors' responsibilities

The Directors are responsible for preparing 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 are required to prepare the Company financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the Company financial statements under IFRSs as adopted by the EU. Under company law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, International Accounting Standard 1 requires the Directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgements and accounting estimates that are reasonable and prudent
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the Company's ability to continue as a going concern.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Disclosure of information

In the case of each of the persons who are acting as Directors of the Company at the date when this report was approved:-

- so far as each of the Directors is aware, there is no relevant audit information (as defined in the Companies Act 2006) of the which the Company's auditor is not aware; and
- each of the Directors has taken all the steps that he ought to have taken as a Director to make himself aware of any relevant audit information (as defined) and to establish that the Company's auditor is aware of that information.

The Directors are also responsible for the maintenance and integrity of the investor information contained on the website. Legislation in the UK concerning the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Publication of Accounts on the Company Website

Financial statements are published on the Company's website. The maintenance and integrity of the website is the responsibility of the Directors. The Directors' responsibility also extends to the financial statements contained therein.

By order of the Board

C J Yates

Director
29 April 2014.

Corporate Governance Report

The Company's shares are traded on AIM and, accordingly, compliance with the revised UK Corporate Governance Code is not mandatory. However, the Company has sought to comply with the principles underlying the provisions of the Code in so far as it considers them to be appropriate for a company of this size and nature. The Board is accountable to the Company's shareholders for good corporate governance. This report and the Remuneration Report describe how the Company applies the provisions of good corporate governance.

Directors

The Board currently consists of the Non-executive Chairman and three other Non-executive Directors whilst it is seeking investment opportunities. It is responsible for approving Company policy and strategy and for implementing it with support from consultants. The Directors will review the composition of the Board on a regular basis. All Directors have access to advice from the Company Secretary and independent professional advice at the Company's expense.

Relations with shareholders

The Company values the views of its shareholders and recognises their interest in the Company's strategy and performance. The Annual General Meeting is used to communicate with investors and they are encouraged to participate and the Directors are available to answer questions. Separate resolutions are proposed on each issue so that they can be given proper consideration.

Audit Committee

During the year the Audit Committee initially comprised Aamir Quraishi and Peter Redmond and now comprises Peter Redmond and Christopher Yates. The Committee has met with the auditors and considered the results and the audit process, and has satisfied itself as to the auditor's independence during the year.

Remuneration Committee

During the year the Remuneration Committee initially comprised Aamir Quraishi and Peter Redmond and now comprises Peter Redmond and Christopher Yates. The policy of the Company on remuneration is to reward individual performance so as to promote the best interests of the Company and enhance shareholder value. The remuneration of Directors is approved by the Board. Individual Directors do not participate in decisions concerning their own remuneration.

Internal control

The Board is committed to the maintenance of effective internal controls. The Board recognises its responsibility for maintaining a strong system of internal control to safeguard shareholders' investment and the Company's assets and for reviewing its effectiveness. The system of internal financial control is designed to provide reasonable, but not absolute, assurance against material misstatement or loss.

The Board has determined that there is currently no requirement for an internal audit function whilst it is seeking investment opportunities. However, the Directors will continue to review the requirement for an internal audit function on a regular basis.

Peter Redmond
Director
29 April 2014

Report of the Independent Auditor

We have audited the financial statements of Pires Investments Plc for the year ended 31 October 2013 which comprise the income statement, statement of changes in equity, balance sheet, statement of cash flows and the related notes to the financial statements. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor

As explained more fully in the Directors' Responsibilities Statements, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition we read all financial and non-financial information in the Chairman's Statement, Directors' Report and Statement of Corporate Governance to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 October 2013 and of the Company's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matters prescribed by the Companies Act 2006

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

Report of the Independent Auditor (continued)

Matters on which we are required to report by exception

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

- adequate accounting records have not been kept by the Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Company 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.

Jonathan Bradley-Hoare (Senior Statutory Auditor)
For and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
30 Percy Street
London
W1T 2DB
29 April 2014

Statement of Comprehensive Income

	Notes	**2013 £**	2012 (see note below) £
CONTINUING ACTIVITIES			
Revenue			
Investment income	5	**4,327**	835
Other income		**25,050**	28,500
Total revenue		**29,377**	29,335
Losses on investments held at fair value through profit or loss	13	**(45,939)**	-
Operating expenses		**(336,072)**	(348,562)
Exceptional credit arising from CVA		**-**	1,526,949
Operating (loss) / profit from continuing activities	3	**(352,634)**	1,207,722
Finance costs	6	**-**	(33,823)
(Loss) / profit before taxation from continuing activities		**(352,634)**	1,173,899
Tax	8	**-**	-
(Loss) / profit for the year from continuing activities		**(352,634)**	1,173,899
Loss on disposal of discontinued operations	9	**-**	(825,211)
(Loss)/profit for the period and total comprehensive income attributable to equity holders of the Company		**(352,634)**	348,688
Basic (loss) / earnings per share			
Equity holders			
From continuing operations	10	**(0.02)p**	0.12p
From discontinued operations		**-**	(0.08)p
Basic and diluted	10	**(0.02)p**	0.04p

Note:

The financial statements for the year to 31 October 2012 were prepared on a consolidated basis, so the comparatives have been restated to reflect the results of the Company only.

Statement of Changes in Equity

	Share Capital £	Share Premium £	Shares to be issued £	Capital Redemption Reserve £	Retained Earnings £	Total £
Balance at 1 November 2011	**9,587,103**	**3,017,818**	**-**	**164,667**	**(13,632,330)**	**(862,742)**
Total comprehensive income for the year ended 31 October 2012	-	-	-	-	348,688	348,688
Issue of shares	1,700,000	-	82,611	-	-	1,782,611
Share issuance costs	-	(104,212)	-	-	-	(104,212)
Cost of share based payments	-	19,212	-	-	19,212	38,424
As at 31 October 2012	**11,287,103**	**2,932,818**	**82,611**	**164,667**	**(13,264,430)**	**1,202,769**
Total comprehensive income for the year ended 31 October 2013	-	-	-	-	(352,634)	(352,634)
Issue of shares	566,089	16,522	(82,611)	-	-	500,000
Share issuance costs	-	(44,500)	-	-	-	(44,500)
As at 31 October 2013	**11,853,192**	**2,904,840**	**-**	**164,667**	**(13,617,064)**	**1,305,635**

PIRES INVESTMENTS PLC

(Incorporated in England and Wales with registered number 02929801)

Statement of Financial Position

	Note	2013 £	2012 £
Non-current assets			
Property, plant and equipment	11	**1,812**	-
Investments in subsidiary undertakings	16	**-**	-
Total non-current assets		**1,812**	-
Current assets			
Investments	13	**84,966**	-
Trade and other receivables	17	**128,588**	89,023
Cash and cash equivalents		**1,195,379**	1,240,610
Total current assets		**1,408,933**	1,329,633
Total assets		**1,410,745**	1,329,633
Equity			
Issued share capital	18	**11,853,192**	11,287,103
Share premium	18	**2,904,840**	2,932,818
Equity share capital to be issued (including premium)		**-**	82,611
Retained earnings		**(13,617,064)**	(13,264,430)
Capital redemption reserve		**164,667**	164,667
Total equity		**1,305,635**	1,202,769
Liabilities			
Current liabilities			
Trade and other payables	19	**105,110**	126,864
Total liabilities and current liabilities		**105,110**	126,864
Total equity and liabilities		**1,410,745**	1,329,633

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2014 and were signed on its behalf by:

C J Yates

Director

Statement of Cash Flows

	Note	2013 £	2012 £
Cash flows from operating activities			
Net cash absorbed by operating activities	20	**(372,045)**	(297,905)
Cash flows from investing activities			
Payments to acquire tangible fixed assets		**(2,109)**	-
Payments to acquire investments		**(863,206)**	-
Proceeds of disposal of investments		**732,302**	-
Finance income received net		**4,327**	835
Net cash used in investing activities		**(128,686)**	835
Cash flows from financing activities			
Net (repayments)/advances on borrowings		**-**	(26,531)
Cash from subscriptions for new shares		**500,000**	1,700,000
Expenses of share issue		**(44,500)**	(85,000)
Finance cost paid		**-**	(50,789)
Net cash from financing activities		**455,500**	1,537,680
Net (decrease)/increase in cash and cash equivalents during the year		**(45,231)**	1,240,610
Cash and cash equivalents at beginning of year		**1,240,610**	-
Cash and cash equivalents at end of year		**1,195,379**	1,240,610

Notes to the Financial Statements

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.

In the previous year, the Company and its then subsidiaries were the operators of leisure activities. These businesses ceased to operate or were disposed of by 16 April 2012.

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

The address of the registered office is c/o Morrison & Foerster, CityPoint, One Ropemaker Street, London EC2Y 9AW.

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 all periods up to and including the year ended 31 October 2012, financial statements were prepared on a Group Consolidated basis. The 31 October 2012 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.

The Directors have prepared cash flow forecasts through to 30 April 2015, which show that the Company will have sufficient available cash resources to provide for its future requirements. In preparing their forecasts the Directors have given due regard to the risks and uncertainties affecting the business as set out in the Strategic Report and the liquidity risk disclosed in note 14.

On this basis, 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.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Statement of compliance

The Directors anticipate that the adoption of new standards which are in issue but not yet effective and have not been early adopted by the Company will be relevant to the Company but will not result in significant changes to the Company's accounting policies. These are:

		Effective for accounting periods beginning on or after:
IFRS 2,8,16,24,36	Amendments resulting from Annual improvements 2010-2012 Cycle	1 July 2014
IFRS 3,13,IAS 40	Amendments resulting from Annual improvements 2011-2013 Cycle	1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 7 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Consolidated Financial Statements – Amendments for investment entities	1 January 2014
IFRS 11	Joint arrangements	1 January 2014
IFRS 12	Disclosure of Interests in Other Entities – Amendments for investment entities	1 January 2014
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service.	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 28	Investment in associates	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Impairment of assets	1 January 2014
IAS 38	Amendments resulting from Annual improvements 2010-2012 Cycle	1 July 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for novation of derivatives	1 January 2014
IFRIC 21	Levies	1 January 2014
IFRS 10	Consolidated financial statements – Identification of the concept of control of an entity and the requirement to include in consolidated accounts	1 January 2014

The Directors anticipate that the adoption of the above Standards and Interpretations in future periods will have little or no impact on the Financial Statements of the Company.

Critical judgments and key sources of estimation uncertainty

The preparation of the financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amounts, events or actions, actual results ultimately may differ from these estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

In certain circumstances, where fair value cannot be readily established, the Company is required to make judgements over carrying value impairment, and evaluate the size of any impairment required.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

The major area in which estimates and judgements are most important is the valuation of investments and such estimates and judgements are made on the basis described under “Financial assets designated at fair value through profit or loss” below in this note 1.

Depreciation

Computer equipment is measured at cost less provision for depreciation. Depreciation is provided on these assets at 33 1/3% of cost per annum which is calculated to write off the cost less estimated residual value of the assets over their expected useful lives.

Income recognition

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset’s net carrying amount. Dividend income is recognised at the time any market share price is adjusted to exclude the right to receive such dividend or, if there is no such adjustment, when received.

Deferred taxation

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

Share based awards

The Company has applied the requirements of IFRS 2 Share based payment.

All services received in exchange for the grant of any share based remuneration are measured at their fair values. These are indirectly determined by reference to the fair value of the share options/warrants awarded. Their value is appraised at the grant date and excludes the impact of any non-market vesting conditions (for example, profitability and sales growth targets).

Share based payments are ultimately recognised as an expense in the Statement of Comprehensive Income with a corresponding credit to the retained earning reserve in equity, net of deferred tax where applicable. If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options/warrants expected to vest. Non-market vesting conditions are included in assumptions about the number of options/warrants that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options/warrants expected to vest differs from previous estimates. No adjustment is made to the expense or share issue cost recognised in prior periods if fewer share options ultimately are exercised than originally estimated.

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs up to the nominal value of the shares issued are allocated to share capital with any excess being recorded as share premium.

Where share options are cancelled, this is treated as an acceleration of the vesting period of the options. The amount that otherwise would have been recognised for services received over the remainder of the vesting period is recognised immediately within the Statement of Comprehensive Income.

Fair value is measured by use of the Black-Scholes model. 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.

Investments in subsidiaries

Investments in subsidiaries are stated in the Company's statement of financial position at cost less any attributable impairment losses.

Financial assets

The Company classifies its financial assets into one of the following categories, cash and cash equivalents, loans and receivables and investments held at fair value through profit or loss depending on the purpose for which the asset was acquired. The Company has not classified any of its financial assets as held to maturity, held for trading or available for sale.

Cash and cash equivalents

Cash and cash equivalents comprise cash at hand and current and deposit balances at banks, 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.

Loans and receivables

Loans and receivable from third parties are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

Financial assets designated at fair value through profit or loss

All short term investments are designated upon initial recognition as held at fair value through profit or loss (FVTPL). Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the Statement of Comprehensive Income as "Net change in fair value of investments".

Notes to the Financial Statements (continued)

1. ACCOUNTING POLICIES (continued)

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted.

Financial liabilities

Financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. All interest related charges are recognised as an expense in finance cost in the income statement using the effective interest rate method.

The Company's financial liabilities comprise trade and other payables.

Trade payables are recognised initially at their fair value and subsequently measured at amortised cost less settlement payments.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received net of direct issue costs.

The share premium account represents premiums received on the initial issuing of the share capital. Any transaction costs associated with the issuing of shares are deducted from share premium, net of any related income tax benefits.

Share capital account represents the nominal value of the shares issued.

Retained earnings include all current and prior period results as disclosed in the Statement of Comprehensive Income.

2. BUSINESS AND GEOGRAPHICAL REPORTING

The Company's operations are solely in the United Kingdom. Following the disposal of the Company's trading operations its only trading activity is rendering services and so no segmental analysis of operations is included.

3. OPERATING (LOSS)/PROFIT

	2013 **£**	2012 £
Operating (loss) / profit from continuing activities is stated after charging:		
Depreciation of property, plant and equipment	**296**	50
Cost of share based payments (see note 24)	-	19,212

Notes to the Financial Statements (continued)

4. AUDITORS REMUNERATION

During the year the Company obtained the following services from the Company's auditor (in respect of continuing and discontinuing activities):

	2013	2012
	£	£
Fees payable to auditors for the audit of the Company's financial statements	**14,000**	10,000
Fees paid to the Company's auditors in respect of prior year audit	**3,440**	-
Fees payable to the Company's auditor and its associates for other services:		
Audit of the Company's subsidiaries pursuant to legislation	**-**	1,000
Other services relating to taxation	**1,500**	-
All other services	**2,100**	250
	21,040	11,250

All other services in the current year relate to accountancy services in relation to a former subsidiary and those of the previous year are costs associated with company formation.

5. INVESTMENT INCOME

The Company's finance income were:

	2013	2012
	£	£
Interest receivable	**2,941**	835
Dividends receivable	**1,386**	-
	4,327	835

6. FINANCE COSTS

The Company's finance costs were:

	2013	2012
	£	£
Interest payable on bank loans and overdrafts	**-**	(21,328)
Other interest payable and finance costs	**-**	(12,495)
	-	(33,823)

Notes to the Financial Statements (continued)

7. REMUNERATION

The Company's employee benefit expense (for continuing and discontinued activities in 2012) was:

	2013	2012
	£	£
Wages and salaries	**65,833**	124,792
Social security costs	**4,891**	12,804
Share based payments (all in respect of Directors)	**-**	19,212
	70,724	156,808

The average monthly number of persons employed by the Company, including Directors, during the year was as follows:

	2013	2012
	No	No
	3	3

Details of Directors' emoluments, including details of warrants awarded, are given in the Report on Remuneration. These disclosures form part of the audited financial statements of the Company. The Directors of the Company are considered to represent key management of the Company as defined by IFRS.

8. TAX EXPENSE

	2013	2012
	£	£
Factors affecting the tax charge for the year		
(Loss)/ profit on ordinary activities before taxation	**(352,634)**	348,688
(Loss)/ profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 23.41% (2012: 24.83%)	**(82,552)**	86,579
Effects of:		
Extraordinary CVA gain not taxable	**-**	(379,192)
Expenses not deductible for tax purposes net of income not subject to corporation tax	**218**	12,716
Provisions against amounts due from subsidiaries	**-**	186,300
Tax depreciation in excess of book depreciation	**(424)**	-
Loss on disposal of capital assets	**-**	6,209
Tax losses arising in the year carried forward	**72,004**	82,617
Tax losses of prior year offset against realised investment gains	**(3,611)**	-
Unrealised taxable losses not subject to tax in the period	**14,365**	-
Share-based payment charge not deductible	**-**	4,771
Tax charge	**-**	-

Notes to the Financial Statements (continued)

8. TAX EXPENSE (continued)

The Company has tax losses available to carry forward against relevant future taxable income and profits of approximately £2.0 million (2012: £1.9 million) in respect of which no deferred tax asset has been recognised.

Where it is anticipated that future taxable profits will be available against which these losses will be utilised a deferred tax asset is recognised.

9. DISCONTINUED ACTIVITIES

On 16 April 2012, the Company sold two subsidiaries, Oak Heritage Limited and Rother Valley Steam Railway Limited, and also sold the assets of a further subsidiary, Ringwood Town & Country Experience Limited. The activities of Oak Heritage Limited and Ringwood Town & Country Experience Limited are treated as discontinued activities in the year ended 31 October 2012. As referred to above, Rother Valley Steam Railway was treated as having ceased business in October 2011, during the year ended 31 October 2011. The consideration for the disposals was £25,002 together with the discharge by the acquirer of certain loans outstanding at the date of transaction totalling £190,230. The net loss attributable to discontinued activities comprised loss on disposal, and provision against the value, of equity shares of £25,201 and the write off of intra company debts of £800,010. As a result the total loss on disposal of discontinued operations was £825,211.

During the year to 31 October 2012, discontinued activities generated £25,000 from investing activities and absorbed £26,529 from financing activities.

10. (LOSS)/EARNINGS PER SHARE

	2013	2012
	£	£
(Loss)/profit attributable to the owners of the Company		
Continuing Operations	**(327,634)**	1,173,899
Discontinued Operations	**-**	(825,211)
	(327,634)	348,688

	2013 No. of shares	2012 No. of shares
Weighted average number of shares for calculating basic loss per share	**1,945,616,874**	954,477,964

	2013	2012
	£	£
Basic and diluted loss per share		
Continuing Operations	**(0.02)**	0.12
Discontinued Operations	**-**	(0.08)
	(0.02)	0.04

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

Notes to the Financial Statements (continued)

11. PROPERTY, PLANT AND EQUIPMENT

	Computer equipment
Cost	**£**
At 1 November 2011	361
Disposals during the year	(361)
At 1 November 2012	**-**
Additions during the year	**2,108**
At 31 October 2013	**2,108**
Depreciation	
At 1 November 2011	50
Charge for the year	50
Disposal during the year	(100)
At 1 November 2012	**-**
Charge for the year	**296**
As at 31 October 2013	**296**
Carrying amount	
As at 31 October 2013	**1,812**
At 31 October 2012	-
At 31 October 2011	311

12. FAIR VALUE MEASUREMENT

The table below sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 – valued using quoted prices in active markets for identical assets.

Level 2 – valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.

Level 3 – valued by reference to valuation techniques using inputs that are not based on observable market data.

There were no transfers between Level 1 and Level 3 in 2013 or 2012.

Notes to the Financial Statements (continued)

13. INVESTMENTS

Investments held at fair value through profit or loss

Investments at fair value at 1 November 2012	-
Purchase of investments	**863,207**
Investment disposals	**(732,302)**
Gain on disposal of investments	**15,424**
Movement in investment holding losses	**(61,363)**
Investments at fair value at 31 October 2013	**84,966**
Categorised as	
Level 1 – quoted prices	56,971
Level 3 – Unquoted investments	27,995

The valuation techniques used by the Company are explained in the accounting policy note, "financial assets designated at fair value through profit or loss".

Gains / (losses) on investments held at fair value through profit or loss

Realised gain on disposal of investments	15,424
Movement in investment holding losses	(61,363)
Net loss on investments held at fair value through profit or loss	(45,939)

Unquoted investments (Level 3)

The value of the unquoted investments as at 31 October 2013 was £27,995 and the amount comprised a holding in Shale Energy PLC.

Shale Energy PLC is an independent gas business and emerging coal bed methane and shale gas developer. The Company is focused on producing shale gas through sites based in the UK. 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.

Notes to the Financial Statements (continued)

14. RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to a variety of financial risks which result from both its operating and investing activities. The Company's risk management is coordinated by 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.

The main risks the Company is exposed to through its financial instruments are credit risk, foreign currency risk, liquidity risk and market price risk.

Capital risk management

The Company's objectives when managing capital are:

- to safeguard the Company's ability to continue as a going concern, so that it continues to provide returns and benefits for shareholders;
- to support the Company's growth; and
- to provide capital for the purpose of strengthening the Company's risk management capability.

The Company actively and regularly reviews and manages its capital structure to ensure an optimal capital structure and equity holder returns, taking into consideration the future capital requirements of the Company and capital efficiency, prevailing and projected profitability, projected operating cash flows, projected capital expenditures and projected strategic investment opportunities. Management regards total equity as capital and reserves, for capital management purposes.

Credit risk

The Company's financial instruments, that are subject to credit risk, are cash and cash equivalents and loans and receivables. The credit risk for cash and cash equivalents is considered negligible since the counterparties are reputable financial institutions.

The Company's maximum exposure to credit risk is £1,291,731 (2012: £1,313,486) comprising cash and cash equivalents and loans and receivables.

Liquidity risk

Liquidity risk arises from the possibility that the Company might encounter difficulty in settling its debts or otherwise meeting its obligations related to financial liabilities. The Company manages this risk through maintaining a positive cash balance and controlling expenses and commitments. The Directors are confident that adequate resources exist to finance current operations.

Market price risk

The Company's exposure to market price risk mainly arises from potential movements in the fair value of its investments.

The Company's exposure to price risk on quoted investments is as follows:

Change in equity	**2013**	2012
	£	£
Increase in quoted investments by 10%	**5,697**	-
Decrease in quoted investments by 10%	**(5,697)**	-

Notes to the Financial Statements (continued)

15. FINANCIAL INSTRUMENTS

Financial assets by category:

The IAS 39 categories of financial asset included in the statement of financial position and the headings in which they are included are as follows:

Financial Assets	**2013**	2012
	£	£
Fair value through profit or loss investments	**84,966**	-
Loans and receivables	**96,352**	72,876
Cash and cash equivalents	**1,195,379**	1,240,610
Total	**1,376,697**	1,313,486

Financial liabilities by category:

The IAS 39 categories of financial liabilities included in the statement of financial position and the headings in which they are included are as follows:

	2013	2012
	£	£
Trade and other payables	**51,526**	91,982

16. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

Cost	**£**
At 1 November 2011	10,436,164
Disposals during the year	(10,436,064)
At 1 November 2012	**100**
Disposals during the year	**(100)**
At 31 October 2013	**-**
Provision for diminution in value	
At 1 November 2011	10,435,961
Disposals during the year	(10,435,861)
At 1 November 2012	**100**
Disposals during the year	**(100)**
At 31 October 2013	**-**
Net book value	
At 31 October 2013 and 31 October 2012	-

Subsidiary undertakings

During the year the company disposed of its last remaining subsidiary. The loss on disposal had been fully provided for in the previous year.

Notes to the Financial Statements (continued)

17. TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
Amount held by Insolvency Practitioner in connection with CVA	**16,682**	17,303
Other receivables	**79,670**	55,573
Prepayments and accrued income	**32,236**	16,147
	128,588	89,023

As described in note 14, the Directors do not consider credit risk to be material to the Company's operations.

18. SHARE CAPITAL

	Number of shares	Nominal value £	Share premium
Issued and fully paid:			
At 1 November 2011			
Ordinary shares of 5p each	55,570,856	**2,778,543**	3,017,818
Deferred shares of 5p each	136,171,197	**6,808,560**	-
		9,587,103	3,017,818
Ordinary shares issued	1,700,000,000	**1,700,000**	-
Share issuance costs	-	**-**	(104,212)
Share based payments	-	**-**	19,212
At 31 October 2012			
Ordinary shares of 0.1p each	1,755,570,856	**1,755,571**	2,932,818
Deferred shares of 5p each	136,171,197	**6,808,560**	-
Deferred shares of 4.9p each	55,570,856	**2,722,972**	-
		11,287,103	2,932,818
Ordinary shares issued	566,089,008	**566,089**	16,522
Share issuance costs	-	**-**	(44,500))
At 31 October 2013			
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

In a general meeting held on 16 April 2012, a special resolution was approved to subdivide each ordinary share of 5p into a share of 4.9p each (which was re-designated as a deferred share) and a share of 0.1p each (which continued to be an ordinary share).

Notes to the Financial Statements (continued)

18. SHARE CAPITAL (continued)

On 18 April 2012, the Company placed 1,000,000,000 new ordinary shares of 0.1p each at par and on 24 April 2012 placed a further 700,000,000 such shares at the same price. In aggregate, the placings generated net proceeds to the Company of £1,615,000 after the costs of the placing. Pursuant to the CVA, the Company allotted 66,089,008 new ordinary shares on 19 November 2012 at a value of 0.125p per share in part settlement of unsecured debt subject to the CVA. On 5 August 2013, the Company allotted 500,000,000 new ordinary shares for cash at a price of 0.1p per share.

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.

Warrants

The Company issued warrants on 24 October 2003 entitling warrant holders to subscribe in cash at a p 2.38p per Ordinary 1p share for up to 101,419,687 Ordinary shares. Following the exercise of warran restructurings of the Company's share capital, the number of warrants outstanding at 31 October 2013 a October 2012 was 2,021,791 exercisable at a price of £1.19 each. The warrants expired on 2 Decembe and none of the warrants outstanding at 31 October 2013 were exercised.

The Company has also issued warrants to subscribe 6% of the issued share capital of the Company from to time as detailed in note24

19. TRADE AND OTHER PAYABLES

	2013	2012
	£	£
Trade payables	**21,459**	60,370
Other payables	**28,187**	25,000
Accruals and deferred income	**53,584**	34,882
Taxation and social security	**1,880**	6,612
	105,110	126,864

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statement of financial position to be a reasonable approximation of their fair value.

Notes to the Financial Statements (continued)

20. CASH ABSORBED BY OPERATIONS

	2013	2012
	£	£
(Loss)/profit	**(327,634)**	348,688
Depreciation	**296**	50
Realised gain on disposal of investments	**(15,424)**	-
Fair value movements in investments	**61,363**	-
Loss on disposal of discontinued activities	**-**	774,205
Extraordinary credit from CVA	**-**	(1,526,949)
Share based payments	**-**	19,212
Finance income	**(4,327)**	(835)
Finance costs	**-**	50,789
Decrease/(increase) in receivables	**(64,565)**	(89,929)
(Decrease)/increase in payables	**(21,754)**	126,864
Cash absorbed by operations	**(372,045)**	(297,905)

21. CONTINGENT LIABILITES

At 31 October 2013 and 2012, the Company had no material contingent liabilities.

22. CAPITAL COMMITMENTS

At 31 October 2013 and 2012, the Company had no capital commitments authorised or contracted by the Directors.

23. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The Directors do not consider there to be a single ultimate controlling party.

Transactions with Directors

	2013	2012
	£	£
Fees for consultancy services and disbursements supplied by Benedict Investments Limited, a company of which AA Quraishi is a director and the controlling shareholder	**11,500**	7,027
Fees for consultancy services supplied by Catalyst Consultancy Limited, a company beneficially controlled by P Redmond and of which he is a director	**11,000**	13,750
Fees for consultancy services supplied by C J Yates as a consultant for services other than director's duties	**3,500**	-

Notes to the Financial Statements (continued)

23. RELATED PARTY TRANSACTIONS (continued)

Fees paid for financial advisory services rendered by Corporate Finance Partners Limited, a company of which C J Yates is a director (but who did not render the services and had no beneficial interest in the fee). The fee was subject to the CVA and this amount represents the amount paid in cash and shares	-	3,000

24. SHARE BASED PAYMENTS

The Company has been subject to the following potential share issue obligations during the year, none of which are share based payments of the current year:The Company had a share option scheme for all employees of the Company and its subsidiaries from time to time. Options were exercisable at a price equal to the average quoted market price of the Company's shares on the date of grant. The vesting period varied between 1 and 4 years. If the options remained unexercised after a period of 10 years from the date of grant, the options expired. Options were forfeited if the employee left the Company (or the relevant subsidiary) before the options vested and were exercisable for a period of no more than six months after his leaving. At 1 November 2011, there were options extant over 91,428 ordinary shares exercisable at a price of 87.5 pence per share which lapsed by 31 October 2012. At 31 October 2012 and 2013, there were no options extant under the scheme.

On 16 April 2012, the Company granted a warrant to Peterhouse Capital Limited which gave Peterhouse Capital Limited the right to subscribe new ordinary shares of 0.1p each representing up to 3% of the issued share capital of the Company from time to time. The subscription price for the exercise of this warrant is 0.1p per share and the warrant may be exercised at any time up to 20 March 2015. On 17 April 2012, the Company granted warrants to each of P Redmond and A A Quraishi which each gave the holder the right to subscribe new ordinary shares of 0.1p each representing up to 1.5% of the issued share capital of the Company from time to time. The subscription price for the exercise of these warrants is 0.1p per share and the warrants may be exercised at any time up to 17 April 2015.

In April 2012, the Company granted warrants, as described above, over an aggregate of 6% of the issued ordinary share capital of the Company from time to time. These warrants may be exercised at any time up to their expiry date and vested on issue. Due to the increase in the total number of issued ordinary shares of the Company during year ended 31 October 2013, the warrants granted rights to subscribe a number of ordinary shares increased by 33,965,332 in the year.

The Directors have used the Black Scholes option pricing model to estimate the fair value of the warrants applying the assumptions below:

Number of shares arising from warrants granted	105,334,260
Grant date share price	0.10p
Exercise share price	0.10p
Risk free rate	3.00%
Expected volatility	50%
Option life	3 years
Calculated fair value per share	0.0365p

Notes to the Financial Statements (continued)

24. SHARE BASED PAYMENTS (continued)

The estimated fair value of the warrants granted in 2012 £38,424 has been charged to the statement of comprehensive income and share premium. All warrants were outstanding at the year end.

	Exercise price for the year ended 31 October 2013	**Number of shares to be issued upon exercise for the year ended 31 October 2013**	Exercise price for the year ended 31 October 2012	Number of shares to be issued upon exercise price for the year ended 31 October 2012
	£		£	
Outstanding at beginning of period	**0.10p**	**105,334,260**	-	-
Arising during the period	**0.10p**	**33,965,332**	0.10p	105,334,260
Exercised during the period	**-**	**-**	-	-
Outstanding at end of period	**0.10p**	**139,229,592**	0.10p	105,334,260
Exercisable at end of period	**0.10p**	**139,229,592**	0.10p	105,334,260

25. POST BALANCE SHEET EVENTS

Since 31 October 2013, the Company has made an investment of £410,000 in Rame Energy plc by way of a convertible loan. On 10 February 2014, the Company's convertible loan note was converted into 3,037,037 new ordinary shares In Rame Energy plc, which would realise £547,000 at the placing price. In addition, as part of the IPO for Rame Energy, the Company has subscribed for 308,233 new ordinary shares in Rame Energy. Following the conversion and subscription the Company has an interest of 3,345,270 ordinary shares, representing approximately 3.5 per cent of Rame Energy's issued share capital.