

# **Pires Investments plc**

(Incorporated in England and Wales with registered number 02929801)

## **Annual Report and Financial Statements**

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FOR THE YEAR ENDED 31 OCTOBER 2014

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## Company Information

<b>Directors</b>	<b>Peter Redmond (Chairman)</b> <b>Placid Gonzales (Non-Executive Director)</b> <b>John May (Non-Executive Director)</b>
<b>Secretary</b>	<b>Carly Hines</b>
<b>Registered office</b>	<b>c/o Morrison &amp; Foerster</b> CityPoint One Ropemaker Street London EC2Y 9AW
<b>Independent Auditors</b>	<b>Welbeck Associates</b> Chartered Accountants and Registered Auditors 30 Percy Street London W1T 2DB
<b>Nominated adviser</b>	<b>Cairn Financial Advisers LLP</b> 61 Cheapside London EC2V 6AX
<b>Broker</b>	<b>Peterhouse Corporate Finance Limited</b> 3 <sup>rd</sup> Floor New Liverpool House 15 – 17 Eldon Street London  EC2M 7LD
<b>Registrars</b>	<b>Computershare Investor Services plc</b> PO Box 82 The Pavilions Bridgwater Road Bristol BS99 7NH
<b>Company Registration number</b>	<b>02929801</b>

## Chairman's Statement

### Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

During the period under review, the Company set about implementing its investment strategy which is to invest substantially in companies in the resources and energy sectors, either at the pre-IPO stage or as quoted companies.

From previous announcements, investors will be aware that we have made significant investments in Rame Energy plc ("Rame"), a renewable energy business which is now quoted on AIM but in which we invested at the pre-IPO stage, and in two AIM-quoted investing companies, Armstrong Ventures plc ("Armstrong") and 3 Legs Resources plc ("3 Legs"), both of which are seeking a reverse takeover. We also have a modest investment in Kennedy Ventures plc ("Kennedy"), which at the time of making the investment was a shell company but which has since acquired a majority interest in a tantalite deposit in Namibia. Demand for tantalite is driven by the increased use of electronic devices. The deposit is expected to be back in production in the near future and is hoped to be the first of a number of tantalite asset acquisitions.

Our investment in Rame was made principally at the pre-IPO stage, investing £410,000 in February 2014. We invested a further £55,000 at IPO and made a further modest investment to maintain our stake in a later fundraising round. Since IPO, Rame has successfully completed a 15 MW wind project at Raki in Chile and this is expected to be operational imminently; Rame has a 20% continuing equity interest in the project. Rame has announced the expansion of its pipeline of wind projects in partnership with Santander from 118MW to 133MW and it plans to commence work on two sites from this pipeline with a combined size of 54MW during Q4 2015. Having acquired an UK-based solar energy specialist, Rame has now commenced its first significant solar project in Chile. It has also commenced its first off-grid wind project, and sold one of its smaller Chilean wind projects on a basis that could earn it up to \$2 million in consideration and fees, while retaining an option to take a 20% equity stake in that site. While Rame's share trading performance has been disappointing since IPO, we remain confident of their business model and we hope to see significant progress over the next twelve months.

While the Rame investment has not borne immediate positive results in stock market terms, we continue to regard investment in renewable energy to be a potentially fruitful area, though it needs to be approached selectively, particularly bearing in mind conditions in the local markets where the projects are situated. With regard to Chile, we took into account what we considered to be its relatively stable and growing economy, its structural energy deficit and its transparent and user-friendly renewable energy regime.

We have established a subsidiary, Ventec Renewable Energy Limited, to assist the Company in identifying, analysing, assessing and structuring renewable energy projects, particularly in wind, in specific European markets with a view to acquiring or earning an equity position in such projects, working in partnership with a significant European wind consultancy/developer.

Our investment in Kennedy, although modest, has performed well in overall terms, sitting at a 150% premium to our investment price and demonstrates what can be achieved through taking stakes in shell companies and seeking reverse acquisitions.

Close to the end of the financial period, we invested a larger sum - £100,000 - in a placing of shares in Armstrong in the hope of achieving a similar result. Since then, Armstrong has reviewed a number of potential reverse takeovers and we are hopeful that it will complete such a transaction in the coming months. Since the year end, we have also participated with an investment of £80,000 in the refinancing of 3 Legs, an Isle of Man domiciled AIM-quoted company, for a similar purpose.

We now hold a range of investments in line with our investing strategy and we hope to show positive returns from these investments in the current trading period. Meanwhile we continue to review the Company's expenditure base and options for expanding its capital base.

Peter Redmond  
Chairman  
29 April 2015

## Strategic Report

Annual Report and Financial Statements  
FOR THE YEAR ENDED 31 OCTOBER 2014

### Business review and future developments

#### Investments

During the period under review Pires Investments plc ("the Group") made the following investments:

The Company converted a loan note into 3,037,037 new ordinary shares in Rame Energy plc ("Rame"). The Company also subscribed for 308,233 ordinary shares at a price of 18 pence per share and in total holds 3,345,270 ordinary shares presenting approximately 3.5 per cent of Rame's issued share capital. As at year end the market value of the Company's holding in Rame was £487,938, representing an unrealised loss of £39,407.

The Company subscribed for 476,190,476 shares in Armstrong Ventures plc ("Armstrong") at a price of 0.021 pence per share for a consideration of £100,000, representing approximately 13 per cent of Armstrong's issued share capital. As at the year end the market value of the Company's holding in Armstrong was £130,952, representing an unrealised gain of £30,952.

The Company subscribed for 2,000,000 shares in Kennedy Ventures plc ("Kennedy") at a price of £0.0125 pence per share for a consideration of £25,000. As at year end the market value of Kennedy was £57,500, representing an unrealised gain of £32,500.

Subsequent to 31 October 2014 the Company has subscribed for 34,482,760 ordinary shares in 3Legs Resources plc for a consideration of £80,000.

#### Investing Policy

The Group's investing policy, as disclosed on the website ([www.piresinvestments.com](http://www.piresinvestments.com)) is as follows:

"The Group's Investing Policy is to invest principally, but not exclusively in the resources and energy sectors. The Group will initially focus on projects located in Asia but will also consider investments in other geographical regions. The Group 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 Group to complete a transaction.

The proposed investments to be made by the Group 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 Group's equity interest in a proposed investment may range from a minority position to 100 per cent ownership.

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

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

**Strategic Report**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

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 Group 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 Group.

The Directors confirm that, as required by the AIM Rules, they will at each annual general meeting of the Group seek shareholder approval of its Investing Policy.”

**Key performance indicators**

The key performance indicators are set out below:

	<b>31 October 2014</b>	<b>31 October 2013</b>	<b>Change %</b>
Net asset value	961,726	£1,305,635	(26%)
Net asset value – fully diluted per share	0.041	0.057	(28%)
Cash and cash equivalents	£295,198	£1,195,379	(75%)

**Principal business risks and uncertainties***Identifying suitable targets*

The Group is dependent upon the ability of the Directors to identify suitable investment opportunities and to implement its Investing Policy. There is no guarantee that the Group will be able to source further opportunities, or complete Investments, at an appropriate price, or at all, as a consequence of which resources may be expended fruitlessly on investigative work and due diligence.

*Market conditions*

Market conditions may have a negative impact on the Group’s ability to execute investments in suitable entities which generate acceptable returns. There is no guarantee that the Group will be successful in sourcing suitable investments.

*Costs associated with potential investments*

The Group expects to incur certain third party costs associated with the sourcing of suitable investments. The Company can give no assurance as to the level of such costs, and given that there can be no guarantee that negotiations to acquire any given investment will be successful, the greater the number of deals that do not reach completion, the greater the likely impact of such costs on the Group’s performance, financial condition and business prospects.

*Valuation error*

The Group may miscalculate the realisable value of an investment in a project. A lack of reliable information, errors in assumptions or forecasts and/or inability to successfully implement an investment, among other factors, could all result in the project having a lower realisable value than anticipated. If the Group is not able to realise an investment at its anticipated levels of profitability, projected investment returns could be adversely affected.

*Funding*

It is likely that, if the Company identifies and wishes to pursue an investment opportunity or a reverse takeover, it is likely to need to raise further funds for further working or development capital. There is

## Strategic Report

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

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 Group's financial instruments and financial risk management policies can be found in notes 13 and 14 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.

Peter Redmond  
Director  
29 April 2015

# PIRES INVESTMENTS PLC

## Directors' Report

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

The Directors present their annual report and the audited group financial statements of Pires Investments plc for the year ended 31 October 2014.

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

### Results and dividends

The Group's loss from continuing activities for the year was £326,909 (2013 loss: £352,634). 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 Group 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 3.

### Events after the Reporting Period

Since 31 October 2014, the Company has subscribed for 34,482,760 new ordinary shares in a placing by 3Legs Resources plc for a consideration of £80,000. The new shares represent approximately 8.0 per cent of 3Legs total voting rights.

### Directors

The following Directors have held office since 1 November 2013:

Peter Redmond

Aamir Quraishi (resigned 18 December 2014)

Christopher Yates (resigned 18 December 2014)

Richard Armstrong (appointed 14 February 2014 and resigned 18 December 2014)

Placid Gonzales and John May were appointed to the Board on 18 December 2014.

### Charitable and political donations

No charitable or political donations were made during the year (2013: nil).

### Going concern

The financial statements have been prepared on a going concern basis because, as set out in detail in Note 2 (Going Concern), the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.



PIRES INVESTMENTS PLC  
**Directors' Report (continued)**

Annual Report and Financial Statements  
FOR THE YEAR ENDED 31 OCTOBER 2014

**Substantial shareholders**

As at 1 April 2015, the Company's share register showed the following shareholdings representing 3% or more of the Company's issued ordinary share capital:

<b>Shareholder</b>	<b>Ordinary shares of 0.1p each Number</b>	<b>% of the issued ordinary share capital</b>
*Ambrosia Investment Limited	375,000,000	16.15%
Jim Nominees Limited	290,898,591	12.53%
Pershing Nominees Limited	225,000,000	9.69%
TD Direct Investing Nominees Limited	131,034,577	5.64%
*AIMS Consultancy Limited	125,000,000	5.38%
W B Nominees Limited	111,660,000	4.81%
XCAP Nominees Limited	86,754,000	3.74%
Barclayshare Nominees Limited	72,768,566	3.13%

\* Emmanouil Vandirlis, a consultant and part of the key management of the Group, indirectly has an interest in 23.1% of the Company, by way of his controlling shareholding in the above companies and additional shares held through a nominee account.

**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

Peter Redmond  
Director  
29 April 2015

# PIRES INVESTMENTS PLC

## Report on Remuneration

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 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. 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.

### Remuneration of the Directors

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

	<b>Salaries</b>	<b>Fees</b>	<b>Total</b>	<b>Total</b>
	<b>2014</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Peter Redmond	20,000	24,000	44,000	15,000
Aamir Quraishi	15,000	2,500	17,500	15,000
Christopher Yates	12,500	5,950	18,450	35,833
Richard Armstrong	13,616	4,250	17,866	-
	<b>61,116</b>	<b>36,700</b>	<b>97,816</b>	<b>65,833</b>

### Directors' interests

The Directors' beneficial interests in the share capital of the Company as at 31 October 2013 and 31 October 2014 were:

	<b>Ordinary shares of</b>	<b>Ordinary shares of</b>
	<b>0.1p each 31</b>	<b>0.1p each 31</b>
	<b>October 2014</b>	<b>October 2013</b>
Peter Redmond (note 1)	-	-
Aamir Quraishi (note 1)	-	-
Richard Armstrong	15,113,436	15,113,436
Christopher Yates	6,766,819	6,766,819

#### Notes:

- 1 On 17 April 2012, the Board granted to each of Peter Redmond and Aamir 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 and have lapsed post year end.

Peter Redmond  
Director  
29 April 2015

# PIRES INVESTMENTS PLC

## Statement of Directors Responsibilities

Annual Report and Financial Statements  
FOR THE YEAR ENDED 31 OCTOBER 2014

### 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 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 Director's responsibility also extends to the financial statements contained therein.

By order of the Board

Peter Redmond  
29 April 2015  
Director

# PIRES INVESTMENTS PLC

## Corporate Governance Report

Annual Report and Financial Statements  
FOR THE YEAR ENDED 31 OCTOBER 2014

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 Chairman and two other 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 comprised Christopher Yates and Peter Redmond and now comprises John May and Peter Redmond. 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 comprised Christopher Yates and Peter Redmond and now comprises John May and Placid Gonzales. 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 2015

## PIRES INVESTMENTS PLC

### **Independent auditor's report to the members of Pires Investments Plc**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

We have audited the financial statements of Pires Investments plc for the year ended 31 October 2014 which comprise the statement of comprehensive income, statement of changes in equity, statement of financial position, 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 Group'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 Group'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 Group and the Group'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 Group'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, Strategic Report, and Report of the Directors to identify any information that is apparently materially incorrect based on, or materially inconsistent with the knowledge acquired by us in the course of performing the audit.

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Company's affairs as at 31 October 2014 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRS 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.

**Independent auditor's report to the members of Pires Investments Plc  
(continued)**

Annual Report and Financial Statements  
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**Emphasis of Matter – Going Concern**

In forming our opinion on the financial statements, which is not modified, we draw your attention to the disclosures made in note 2 to the financial statements concerning the Group's ability to continue as a going concern.

These conditions, along with other matters explained in note 2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the ability of the Group to continue as a going concern. The Directors have plans to manage the cash flows of the Group to enable it to continue as a going concern. These plans include either raising capital or liquidating quoted investments to provide the working capital requirements for the next 12 months. The financial statements do not include the adjustments that would result if the Group were unable to continue as a going concern.

**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 Group, or returns adequate for our audit have not been received from branches not visited by us; or
- the Group 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 2015

PIRES INVESTMENTS PLC

**Group Statement of Comprehensive Income**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

	Notes	2014 £	2013 £
<b>CONTINUING ACTIVITIES</b>			
<b>Revenue</b>			
Investment income	6	1,833	4,327
Other income		5,000	25,050
<b>Total revenue</b>		<b>6,833</b>	<b>29,377</b>
Gains/losses on investments held at fair value through profit or loss	12	(15,981)	(45,939)
Operating expenses		(317,761)	(336,072)
<b>Operating (loss) / profit from continuing activities</b>	4	<b>(326,909)</b>	<b>(352,634)</b>
<b>(Loss) / profit before taxation from continuing activities</b>		<b>(326,909)</b>	<b>(352,634)</b>
Tax	8	-	-
<b>(Loss)/profit for the period and total comprehensive income attributable to equity holders of the Company</b>		<b>(326,909)</b>	<b>(352,634)</b>

**Basic (loss) / earnings per share**

Equity holders

Basic and diluted	9	(0.01)p	(0.02)p
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The Company has elected to take exemption under section 408 of the Companies Act 2006 not to present the Parent Company profit and loss accounts. The loss for the Parent Company for the year was £325,031 (2013: £352,634).

The accounting policies and notes are an integral part of these financial statements.

## PIRES INVESTMENTS PLC

**Company Statement of Changes in Equity**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

**GROUP**

	Share Capital £	Share Premium £	Shares to be issued £	Capital Redemption Reserve £	Retained Earnings £	Total £
<b>Balance at 1 November 2012</b>	<b>11,287,103</b>	<b>2,932,818</b>	<b>82,611</b>	<b>164,667</b>	<b>(13,264,430)</b>	<b>1,202,769</b>
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)
<b>As at 31 October 2013</b>	<b>11,853,192</b>	<b>2,904,840</b>	<b>-</b>	<b>164,667</b>	<b>(13,617,064)</b>	<b>1,305,635</b>
Total comprehensive income for the year ended 31 October 2014	-	-	-	-	(326,909)	(326,909)
<b>As at 31 October 2014</b>	<b>11,853,192</b>	<b>2,904,840</b>	<b>-</b>	<b>164,667</b>	<b>(13,943,973)</b>	<b>978,726</b>

**COMPANY**

	Share Capital £	Share Premium £	Shares to be issued £	Capital Redemption Reserve £	Retained Earnings £	Total £
<b>Balance at 1 November 2012</b>	<b>11,287,103</b>	<b>2,932,818</b>	<b>82,611</b>	<b>164,667</b>	<b>(13,264,430)</b>	<b>1,202,769</b>
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)
<b>As at 31 October 2013</b>	<b>11,853,192</b>	<b>2,904,840</b>	<b>-</b>	<b>164,667</b>	<b>(13,617,064)</b>	<b>1,305,635</b>
Total comprehensive income for the year ended 31 October 2014	-	-	-	-	(325,031)	(325,031)
<b>As at 31 October 2014</b>	<b>11,853,192</b>	<b>2,904,840</b>	<b>-</b>	<b>164,667</b>	<b>(13,942,095)</b>	<b>980,604</b>



# PIRES INVESTMENTS PLC

(Incorporated in England and Wales with registered number 02929801)

## Group Statement of Financial Position

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

	Note	2014 £	2013 £
<b>Non-current assets</b>			
Property, plant and equipment	10	2,163	1,812
Investment in subsidiaries		-	-
<b>Total non-current assets</b>		<b>2,163</b>	<b>1,812</b>
<b>Current assets</b>			
Investments	12	698,612	84,966
Trade and other receivables	16	122,396	128,588
Cash and cash equivalents		295,198	1,195,379
<b>Total current assets</b>		<b>1,116,206</b>	<b>1,408,933</b>
<b>Total assets</b>		<b>1,118,369</b>	<b>1,410,745</b>
<b>Equity</b>			
Issued share capital	17	11,853,192	11,853,192
Share premium	17	2,904,840	2,904,840
Retained earnings		(13,943,973)	(13,617,064)
Capital redemption reserve		164,667	164,667
<b>Total equity</b>		<b>978,726</b>	<b>1,305,635</b>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	139,643	105,110
<b>Total liabilities and current liabilities</b>		<b>139,643</b>	<b>105,110</b>
<b>Total equity and liabilities</b>		<b>1,118,369</b>	<b>1,410,745</b>

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2015 and were signed on its behalf by:

Peter Redmond  
Director

John May  
Director

# PIRES INVESTMENTS PLC

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## Company Statement of Financial Position

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

	Note	2014 £	2013 £
<b>Non-current assets</b>			
Property, plant and equipment	10	2,163	1,812
Investment in subsidiaries		18,503	-
<b>Total non-current assets</b>		<b>20,666</b>	1,812
<b>Current assets</b>			
Investments	12	698,612	84,966
Trade and other receivables	16	124,271	128,588
Cash and cash equivalents		276,698	1,195,379
<b>Total current assets</b>		<b>1,099,581</b>	1,408,933
<b>Total assets</b>		<b>1,120,247</b>	1,410,745
<b>Equity</b>			
Issued share capital	17	11,853,192	11,853,192
Share premium	17	2,904,840	2,904,840
Retained earnings		(13,942,095)	(13,617,064)
Capital redemption reserve		164,667	164,667
<b>Total equity</b>		<b>980,604</b>	1,305,635
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	18	139,643	105,110
<b>Total liabilities and current liabilities</b>		<b>139,643</b>	105,110
<b>Total equity and liabilities</b>		<b>1,120,247</b>	1,410,745

These financial statements were approved and authorised for issue by the Board of Directors on 29 April 2015 and were signed on its behalf by:

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PIRES INVESTMENTS PLC  
**Group Statement of Cash Flows**  
Annual Report and Financial Statements  
FOR THE YEAR ENDED 31 OCTOBER 2014

		2014 £	2013 £
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
<b>Net cash absorbed by operating activities</b>	19	<b>(271,131)</b>	<b>(372,045)</b>
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		<b>(1,256)</b>	(2,109)
Payments to acquire investments		<b>(674,349)</b>	(863,206)
Proceeds of disposal of investments		<b>44,722</b>	732,302
Finance income received net		<b>1,833</b>	4,327
<b>Net cash used in investing activities</b>		<b>(629,050)</b>	<b>(128,686)</b>
<b>Cash flows from financing activities</b>			
Net (repayments)/advances on borrowings		-	-
Cash from subscriptions for new shares		-	500,000
Expenses of share issue		-	(44,500)
Finance cost paid		-	-
<b>Net cash from financing activities</b>		<b>-</b>	<b>455,500</b>
<b>Net (decrease)/increase in cash and cash equivalents during the year</b>		<b>(900,181)</b>	<b>(45,231)</b>
Cash and cash equivalents at beginning of year		<b>1,195,379</b>	1,240,610
<b>Cash and cash equivalents at end of year</b>		<b>295,198</b>	<b>1,195,379</b>

## PIRES INVESTMENTS PLC

**Company Statement of Cash Flows**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

		2014	2013
		£	£
	<b>Note</b>		
<b>Cash flows from operating activities</b>			
<b>Net cash absorbed by operating activities</b>	19	<b>(289,631)</b>	<b>(372,045)</b>
<b>Cash flows from investing activities</b>			
Payments to acquire tangible fixed assets		<b>(1,256)</b>	(2,109)
Payments to acquire investments		<b>(674,349)</b>	(863,206)
Proceeds of disposal of investments		<b>44,722</b>	732,302
Finance income received net		<b>1,833</b>	4,327
<b>Net cash used in investing activities</b>		<b>(629,050)</b>	<b>(128,686)</b>
<b>Cash flows from financing activities</b>			
Net (repayments)/advances on borrowings		-	-
Cash from subscriptions for new shares		-	500,000
Expenses of share issue		-	(44,500)
Finance cost paid		-	-
<b>Net cash from financing activities</b>		<b>-</b>	<b>455,500</b>
<b>Net (decrease)/increase in cash and cash equivalents during the year</b>		<b>(918,681)</b>	<b>(45,231)</b>
Cash and cash equivalents at beginning of year		<b>1,195,379</b>	1,240,610
<b>Cash and cash equivalents at end of year</b>		<b>276,698</b>	<b>1,195,379</b>

# PIRES INVESTMENTS PLC

## Notes to the Group Financial Statements

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 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 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.

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

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 Group 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.

Nevertheless, 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.

# PIRES INVESTMENTS PLC

## Notes to the Group Financial Statements (continued)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 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.

#### 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.

#### Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns.

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.

## Notes to the Group Financial Statements (continued)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 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 earnings 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.

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.

## Notes to the Group Financial Statements (continued)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 1. ACCOUNTING POLICIES (continued)

#### 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 receivables 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".

#### 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 Group'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 Group'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.



**Notes to the Group Financial Statements (continued)**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

**1. ACCOUNTING POLICIES (continued)**

**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. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS**

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.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the period. Judgements and estimates that may affect future periods are as follows:

**GOING CONCERN**

The Company's activities resulted in a loss of £326,909 (2013: Loss of £352,634) and the cash balance was £295,198 as at 31 October 2014 (2013: £1,195,379). As such, the Company's operational existence is dependent on the ability to raise further funding, by way of an equity placing, issuing debt instruments, by the realisation of quoted investments, or by a reduction in operating costs.

After making enquiries, the Directors have formed a judgement that there is a reasonable expectation that the Company can secure further adequate resources to continue in operational existence for the foreseeable future.

For this reason, the Directors continue to adopt the going concern basis in preparing the financial statements. Whilst there are inherent uncertainties in relation to future events, and therefore no certainty over the outcome of the matters described, the Directors consider that, based upon financial projections and dependent on the success of their efforts to complete these activities, the Company will be a going concern for the next twelve months.

# PIRES INVESTMENTS PLC

## Notes to the Group Financial Statements (continued)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 2. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATIONS (continued)

#### FAIR VALUE OF FINANCIAL INSTRUMENTS

The Company holds investments that have been designated as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. 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 consolidated statement of comprehensive income as "Net gains on investments". 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.

### 3. BUSINESS AND GEOGRAPHICAL REPORTING

The Company's operations are solely in the United Kingdom. Its primary trading operation and activity is the rendering of services and so no segmental analysis of operations is included.

### 4. OPERATING (LOSS)/PROFIT

	2014	2013
	£	£
Operating (loss) / profit from continuing activities is stated after charging:		
Depreciation of property, plant and equipment	904	296

### 5. AUDITORS REMUNERATION

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

	2014	2013
	£	£
Fees payable to auditors for the audit of the Company's financial statements	14,500	14,500
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:	-	-
Other services relating to taxation	1,500	1,500
All other services	-	2,100
	<b>16,000</b>	<b>21,540</b>

# PIRES INVESTMENTS PLC

## Notes to the Group Financial Statements (continued)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 6. INVESTMENT INCOME

The Company's finance income were:

	2014	2013
	£	£
Interest receivable	1,583	2,941
Dividends receivable	250	1,386
	<b>1,833</b>	4,327

### 7. REMUNERATION

The Company's employee benefit expense (for continuing and discontinued activities in 2014) was:

	2014	2013
	£	£
Wages and salaries	103,966	65,833
Social security costs	2,003	4,891
	<b>105,969</b>	70,724

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

	2014	2013
	No	No
	4	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.

PIRES INVESTMENTS PLC

**Notes to the Group Financial Statements (continued)**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

**8. TAX EXPENSE**

	2014	2013
	£	£
<b>Factors affecting the tax charge for the year</b>		
(Loss)/ profit on ordinary activities before taxation	<b>(326,909)</b>	(352,634)
(Loss)/ profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 21.83% (2013: 23.41%)	<b>(71,364)</b>	(82,552)
<b>Effects of:</b>		
Extraordinary CVA gain not taxable	-	-
Expenses not deductible for tax purposes net of income not subject to corporation tax	<b>5,224</b>	218
Provisions against amounts due from subsidiaries	-	-
Tax depreciation in excess of book depreciation	<b>(142)</b>	(424)
Loss on disposal of capital assets	-	-
Tax losses arising in the year carried forward	<b>78,863</b>	72,004
Tax losses of prior year offset against realised investment gains	-	(3,611)
Unrealised taxable losses not subject to tax in the period	<b>(12,581)</b>	14,365
Share-based payment charge not deductible	-	-
<b>Tax charge</b>	<b>-</b>	<b>-</b>

The Company has tax losses available to carry forward against relevant future taxable income and profits of approximately £2.4 million (2013: £2.0 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.

PIRES INVESTMENTS PLC

**Notes to the Group Financial Statements (continued)**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

9. (LOSS)/EARNINGS PER SHARE

	2014 £	2013 £
<b>(Loss)/profit attributable to the owners of the Company</b>		
Continuing Operations	<b>(326,909)</b>	(352,634)
<hr/>		
	2014 No. of shares	2013 No. of shares
Weighted average number of shares for calculating basic loss per share	<b>2,321,659,864</b>	1,945,616,874
<hr/>		
	2014 pence	2013 pence
<b>Basic and diluted loss per share</b>		
Continuing Operations	<b>(0.01)</b>	(0.02)

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

10. PROPERTY, PLANT AND EQUIPMENT

Cost	Computer equipment £
At 1 November 2012	-
Disposals during the year	-
<b>At 1 November 2013</b>	<b>2,108</b>
<b>Additions during the year</b>	<b>1,255</b>
<b>At 31 October 2014</b>	<b>3,363</b>
<hr/>	
<b>Depreciation</b>	
At 1 November 2012	-
Charge for the year	-
Disposal during the year	-
<b>At 1 November 2013</b>	<b>296</b>
<b>Charge for the year</b>	<b>904</b>
<b>As at 31 October 2014</b>	<b>1,200</b>
<hr/>	
<b>Carrying amount</b>	
<b>As at 31 October 2014</b>	<b>2,163</b>
At 31 October 2013	1,812
At 31 October 2012	-

# PIRES INVESTMENTS PLC

## Notes to the Group Financial Statements (continued)

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

### 11. 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 2014 or 2013.

### 12. INVESTMENTS

#### Investments held at fair value through profit or loss

Investments at fair value brought forward	84,966
Purchase of investments	674,349
Investment disposals	(44,723)
Provision for impairment of unquoted investments	(27,777)
Movement in investment holding gains	11,797
Balance	698,612

#### Categorised as

Level 1 – quoted prices	676,389
Level 3 – Unquoted investments	22,223

The valuation techniques used by the Group 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

Movement in investment holding gains	85,409
Realised loss on disposal of investments	(73,613)
Impairment of Level 3 investments	(27,777)
Net loss on investments held at fair value through profit or loss	(15,981)

#### Unquoted investments (Level 3)

The value of the unquoted investments as at 31 October 2014 was £22,223 and the amount comprised a holding in Shale Energy plc.

Shale Energy plc is an unquoted public company whose focus is the acquisition or development of oil, gas or shale gas assets principally 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 Group Financial Statements (continued)**

Annual Report and Financial Statements

FOR THE YEAR ENDED 31 OCTOBER 2014

**13. RISK MANAGEMENT OBJECTIVES AND POLICIES**

The Group 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 Group's objectives when managing capital are:

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

The Group 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 Group 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 Group's financial instruments, which 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 £428,053 (2013: £1,291,731) comprising cash and cash equivalents and loans and receivables.

**Liquidity risk**

Liquidity risk arises from the possibility that the Group 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 Group's exposure to market price risk mainly arises from potential movements in the fair value of its investments.

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

<b>Change in equity</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>
Increase in quoted investments by 10%	<b>67,640</b>	5,697
Decrease in quoted investments by 10%	<b>(67,640)</b>	(5,697)

PIRES INVESTMENTS PLC

**Notes to the Group Financial Statements (continued)**

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**14. 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:

	<b>2014</b>	2013
	£	£
Financial assets:		
Fair value through profit or loss investments	<b>698,612</b>	84,966
Loans and receivables	<b>108,419</b>	96,352
Cash and cash equivalents	<b>295,198</b>	1,195,379
<b>Total</b>	<b>1,102,229</b>	1,376,697

**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:

	<b>2014</b>	2013
	£	£
Trade and other payables	<b>62,968</b>	51,526

**15. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS**

<b>Cost</b>	<b>£</b>
At 1 November 2012	100
Disposals during the year	(100)
<b>At 1 November 2013</b>	-
Disposals during the year	-
Additions during the year	18,503
<b>At 31 October 2014</b>	<b>18,503</b>
<b>Provision for diminution in value</b>	
At 1 November 2012	100
Disposals during the year	(100)
<b>At 1 November 2013</b>	-
Disposals during the year	-
<b>At 31 October 2014</b>	-
<b>Net book value</b>	
<b>At 31 October 2014</b>	<b>18,503</b>
At 31 October 2013	-



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All principal subsidiaries of the Group are consolidated into the financial statements. At 31 October 2014 the subsidiaries were as follows:

<b>Subsidiary undertakings</b>	<b>Country of registration</b>	<b>Principal activity</b>	<b>Percentage holding</b>
Ventec Renewable Energy Limited	UK	Renewable Energy	100%
Ventec Wind 1 GmbH	Germany	Renewable Energy	90%
Energy Investment Opportunities Limited	UK	Dormant	100%

**16. TRADE AND OTHER RECEIVABLES**

	<b>Group</b>		<b>Company</b>	
	<b>2014</b>	<b>2013</b>	<b>2014</b>	<b>2013</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Amount held by Insolvency Practitioner in connection CVA	<b>6,104</b>	16,682	<b>6,104</b>	16,682
Other receivables	<b>102,315</b>	79,670	<b>104,190</b>	79,670
Prepayments and accrued income	<b>13,977</b>	32,236	<b>13,977</b>	32,236
	<b>122,396</b>	128,588	<b>124,271</b>	128,588

As described in note 13, the Directors do not consider credit risk to be material to the Company's operations.

**17. ISSUED SHARE CAPITAL**

	<b>Number of shares</b>	<b>Nominal value</b>	<b>Share premium</b>
		<b>£</b>	<b>£</b>
<b>Issued and fully paid:</b>			
<b>At 1 November 2012</b>			
Ordinary shares of 0.1p each	1,755,570,856	<b>1,755,571</b>	2,932,818
Deferred shares of 5p each	136,171,197	<b>6,808,560</b>	-
Deferred shares of 4.9p each	55,570,856	<b>2,722,972</b>	-
		<b>11,287,103</b>	2,932,818
Ordinary shares issued	566,089,008	<b>566,089</b>	16,522
Share issuance costs	-	-	(44,500)
<b>At 31 October 2013</b>			
Ordinary shares of 0.1p each	2,321,659,864	<b>2,321,660</b>	2,904,840
Deferred shares of 5p each	136,171,197	<b>6,808,560</b>	-
Deferred shares of 4.9p each	55,570,856	<b>2,722,972</b>	-
		<b>11,853,192</b>	2,904,840
Ordinary shares issued	-	-	-
Share issuance costs	-	-	-
<b>At 31 October 2014</b>			
Ordinary shares of 0.1p each	2,321,659,864	<b>2,321,660</b>	2,904,840
Deferred shares of 5p each	136,171,197	<b>6,808,560</b>	-
Deferred shares of 4.9p each	55,570,856	<b>2,722,972</b>	-
		<b>11,853,192</b>	2,904,840

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## Notes to the Group Financial Statements (continued)

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### 17. ISSUED SHARE CAPITAL (continued)

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.

### 18. TRADE AND OTHER PAYABLES

	Group		Company	
	2014	2013	2014	2013
	£	£	£	£
Trade payables	<b>35,686</b>	21,459	<b>35,686</b>	21,459
Other payables	<b>26,250</b>	28,187	<b>26,250</b>	28,187
Accruals and deferred income	<b>76,675</b>	53,584	<b>76,675</b>	53,584
Taxation and social security	<b>1,032</b>	1,880	<b>1,032</b>	1,880
	<b>139,643</b>	105,110	<b>139,643</b>	105,110

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.

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**Notes to the Group Financial Statements (continued)**

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**19. CASH ABSORBED BY OPERATIONS**

**Group**

	2014	2013
	£	£
<b>(Loss)</b>	<b>(343,909)</b>	(352,634)
Depreciation	904	296
Realised (loss)/gain on disposal of investments	73,612	(15,424)
Fair value movements in investments	(85,409)	61,363
Finance income	(1,833)	(4,327)
Finance costs	-	-
Decrease/(increase) in receivables	32,971	(64,565)
(Decrease)/increase in payables	52,533	3,246
<b>Cash absorbed by operations</b>	<b>(271,131)</b>	(372,045)

**Company**

	2014	2013
	£	£
<b>(Loss)</b>	<b>(325,031)</b>	(352,634)
Depreciation	904	296
Realised (loss)/gain on disposal of investments	73,612	(15,424)
Fair value movements in investments	(85,409)	61,363
Finance income	(1,833)	(4,327)
Finance costs	-	-
Decrease/(increase) in receivables	13,593	(64,565)
(Decrease)/increase in payables	34,533	3,246
<b>Cash absorbed by operations</b>	<b>(289,631)</b>	(372,045)

**20. CONTINGENT LIABILITIES**

At 31 October 2014 and 2013, the Company had no material contingent liabilities.

**21. CAPITAL COMMITMENTS**

At 31 October 2014 and 2013, the Company had no capital commitments authorised or contracted by the Directors.

**22. POTENTIAL SHARE ISSUES AND SHARE BASED PAYMENTS**

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## Notes to the Group Financial Statements (continued)

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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:

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 was 0.1p per share and the warrant was able to be exercised at any time up to 20 March 2015. On 17 April 2012, the Company granted warrants to each of Peter Redmond and Aamir 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 was 0.1p per share and the warrants were able to be exercised at any time up to 17 April 2015.

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	139,229,592
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

	Exercise price for the year ended 31 October 2014 £	Number of shares to be issued upon exercise for the year ended 31 October 2014	Exercise price for the year ended 31 October 2013 £	Number of shares to be issued upon exercise price for the year ended 31 October 2013
Outstanding at beginning of period	<b>0.10p</b>	<b>139,229,592</b>	0.10p	105,334,260
Arising during the period	-	-	0.10p	33,965,332
Outstanding at end of period	<b>0.10p</b>	<b>139,229,592</b>	0.10p	139,229,592
Exercisable at end of period	<b>0.10p</b>	<b>139,229,592</b>	0.10p	139,229,592

All outstanding warrants had lapsed post year end.

# PIRES INVESTMENTS PLC

## Notes to the Group Financial Statements (continued)

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### 23. RELATED PARTY TRANSACTIONS

#### Ultimate controlling party

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

#### Transactions with Directors

	<b>2014</b>	2013
	£	£
Fees for consultancy services and disbursements supplied by Benedict Investments Limited, a company of which Aamir Quraishi is a director and the controlling shareholder	<b>2,500</b>	11,500
Fees for consultancy services supplied by Catalyst Consultancy Limited, a company beneficially controlled by Peter Redmond and of which he is a director	<b>24,000</b>	11,000
Fees for consultancy services supplied by City and Westminster Corporate Finance LLP, a company beneficially owned by John May	<b>13,653</b>	-
Fees for consultancy services supplied by Christopher Yates as a consultant for services other than director's duties	<b>5,950</b>	3,500

During the period, a member of key management, Emmanouil Vaindirilis, charged consultancy fees of £29,167 through a Company of which he is a Director, Newdoor Capital Limited.

### 24. POST BALANCE SHEET EVENTS

Since 31 October 2014, the Company has subscribed for 34,482,760 new ordinary shares in a placing by 3Legs Resources plc for a consideration of £80,000. The new shares represent approximately 8.0 per cent of 3Legs total voting rights.