RNS Number : 7220W
Pires Investments PLC
29 April 2016

Pires Investments Plc
("Pires" of the "Company")

Final Results and Notice of AGM

The Board is pleased to announce the audited consolidated results of Pires for the year ended 31 October 2015.

Copies of the accounts are today being sent to shareholders and will shortly be available on the Company's website at www.piresinvesments.com.

The Board also announces that a Notice of Annual General Meeting has today been posted to shareholders. The Annual General Meeting will be held at the offices of Cooley (UK) LLP, Dashwood, 69 Old Broad Street, London EC2M 1QS on 27 May at 10.30 a.m.

The Notice of Annual General Meeting may be downloaded from the Company's website at www.piresinvestments.com.

Enquiries:

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Chairman's Statement

The results for the year under review are disappointing - although the level of losses sustained in the first half were stemmed, the Company continued to make losses at a reduced level in the second half of the period.

The principal factors contributing to the loss were the continuing poor performance of the share price of the Company's principal investment, Rame Energy plc ("Rame"), the lack of progress on the European wind projects of our subsidiary, Ventec Renewable Energy Limited ("Ventec"), and the level of the Company's operating costs relative to its modest asset base.

Other than Rame, our investments particularly in Kennedy Ventures plc ("Kennedy") and 3Legs Resources plc ("3Legs") performed satisfactorily, although the size of these investments mean that gains are more than offset by the decrease in the share price of Rame. Rame has recently announced a significant round of non-equity financing which should enable it to take a number of its wind projects to the ready to build stage and on the 28 April 2016 announced its intention to carry out a £2.8m equity private placement at 9p per share and an intention to make an open offer on the same terms to existing shareholders.

As shareholders will be aware, Kennedy acquired a controlling stake in a tantalite project in Namibia - under Kennedy's management, this has now returned to production. 3Legs Resources, which became an investing company following the disposal of its Polish shale gas projects, acquired a cancer immunotherapy business -

SalvaRx - on 22 March 2016 by means of a reverse transaction into 3Legs - which changed its name to SalvaRx Group plc ("SALV"). Since the reverse transaction SALV has announced significant developments which give it an interest in two further compounds which are progressing to human trials in the coming year, plus significant off-balance sheet funding for one of these projects.

The Company has partially realised some of its investments and intends to continue this process in the coming months.

The projects which Ventec was pursuing in the European wind sector did not prove possible to take forward and consequently, as announced by the Company on 11 March 2016, Ventec was disposed of to Ambrosia Investments, our largest shareholder. The consideration for the disposal was £2 and in addition Ambrosia agreed to settle intercompany liabilities amounting to circa £45,000. This disposal recovered most of the costs incurred in the venture.

Subsequent to the year end the Company undertook a share capital reorganisation in order to reduce the par value of its shares to below the market price, which allows the Company to raise additional equity finance.

Following a review of the Company's activities, the Board concluded that the strategy of investing in developing companies as they came to market was not practical without much more substantial funds for the purpose. In continuing to implement its investing policy, the Company will now adopt a more focussed approach and would also consider using the Company to undertake a reverse transaction.

Prior to 31 October 2015, in order to conserve working capital, the Board reviewed the cost structure of the Company and took steps to reduce expenditure. An operating plan has now been adopted which will bring about a further significant cost reduction, including a reduction in directors' remuneration to a level consistent with the Company's size and status.

It is the board's intention to raise additional funds in the near future by way of a placing, a further announcement will be made in due course.

Peter Redmond

Chairman

Business review and future developments

Investments

During the period under review the Company made the following significant changes to its investments:

On 13 February 2015, the Company subscribed for 34,482,760 new Ordinary shares in a placing by 3Legs Resources PLC ("3Legs") for a consideration of £80,600. The 34,482,760 new Ordinary shares represented approximately 8.0 per cent of 3Leg's total voting rights. 3Legs is an Isle of Man company whose shares are traded on AIM. The Company subsequently disposed of 8,000,000 Ordinary shares for a consideration of £19,849, representing a gain of 6% over the price paid. As at the year end the market value of the Company's holding in 3Legs was £84,083.

During the period under review the Company disposed of 300,095,238 Ordinary shares in Armstrong Ventures plc ("Armstrong") for a consideration of £71,750, representing a 14% gain over the price paid. As at the year end the market value of the Company's residual holding in Armstrong was £27,295.

During the period, the Company made a number of disposals of its Ordinary shares in Kennedy Ventures plc ("Kennedy"), disposing of 978,000 ordinary shares for a consideration of £80,688, representing a 660% gain over the price paid. As at the year end the market value of the Company's residual holding was £61,320.

During the period, the Company disposed of 100,000 Ordinary shares in Rame Energy plc out of its total holding of 3,485,270 Ordinary shares, representing a 34% loss over the price paid. As at the year end the market value of the Company's residual holding was £321,601.

STATEMENT OF COMPREHENSIVE INCOME

	2015 £	2014 £
CONTINUING ACTIVITIES		
Revenue		
Investment income	134	1,833
Other income	6,200	5,000
Total revenue	6,334	6,833
Losses on investments held at fair value through profit or loss	(80,380)	(15,981)
Operating expenses	(380,652)	(317,761)
Operating (loss) from continuing activities	(454,698)	(326,909)
(Loss) before taxation from continuing activities	(454,698)	(326,909)
Tax	-	-
(Loss) for the period and attributable to equity holders of the Company	(454,698)	(326,909)

Basic (loss) per share

Equity holders		
Basic and diluted	(0.02)p	(0.01)p

STATEMENT OF CHANGES IN EQUITY

	Share Capital £	Share Premium £	Capital Redemption Reserve £	Retained Earnings £	Total £
Balance at 1 November 2013	11,853,192	2,904,840	164,667	(13,617,064)	1,305,635
Total comprehensive income for the year ended 31 October 2014	-	-	-	(326,909)	(326,909)
Issue of shares	-	-	-	-	-
Share issuance costs	-	-	-	-	-
As at 31 October 2014	11,853,192	2,904,840	164,667	(13,943,973)	978,726
Total comprehensive income for the year ended 31 October 2015	-	-	-	(454,698)	(454,698)
As at 31 October 2015	11,853,192	2,904,840	164,667	(14,398,671)	524,028

STATEMENT OF FINANCIAL POSITION

	2015 £	2014 £
Non-current assets		
Property, plant and equipment	1,057	2,163
Investment in subsidiaries	-	-
Total non-current assets	1,057	2,163
Current assets		
Investments	516,520	698,612
Trade and other receivables	50,561	122,396
Cash and cash equivalents	61,825	295,198
Total current assets	628,906	1,116,206
Total assets	629,963	1,118,369
Equity		
Issued share capital	11,853,192	11,853,192
Share premium	2,904,840	2,904,840
Retained earnings	(14,398,671)	(13,943,973)
Capital redemption reserve	164,667	164,667
Total equity	524,028	978,726
Liabilities		
Current liabilities		
Trade and other payables	105,935	139,643
Total liabilities and current liabilities	105,935	139,643
Total equity and liabilities	629,963	1,118,369

STATEMENT OF CASH FLOWS

	2015 £	2014 £
Cash flows from operating activities		
(Loss)	(454,698)	(343,909)
Depreciation	1,106	904
Realised (gain)/loss on disposal of investments	(38,969)	73,612
Fair value movements in investments	119,349	(85,409)
Finance income	(134)	(1,833)
(Increase)/decrease in receivables	71,835	32,971
Increase/(decrease) in payables	(33,708)	52,533
Net cash used in operating activities	(335,219)	(271,131)
Cash flows from investing activities		
Payments to acquire tangible fixed assets	-	(1,256)
Payments to acquire investments	(80,600)	(674,349)
Proceeds of disposal of investments	182,312	44,722
Finance income received net	134	1,833
Net cash used in investing activities	101,846	(629,050)
Cash flows from financing activities		
Finance cost paid	-	-
Net cash from financing activities	-	-
Net (decrease)/increase in cash and cash equivalents during the year	(233,373)	(900,181)
Cash and cash equivalents at beginning of year	295,198	1,195,379
Cash and cash equivalents at end of year	61,825	295,198

1. ACCOUNTING POLICIES

General Information

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

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

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

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

Principal accounting policies

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

Basis of preparation

The consolidated 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 consolidated 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

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

Any consideration of the foreseeable future involved making a judgement, at a particular point in time, about future events which are inherently uncertain. The ability of the 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.

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

2. (LOSS)/EARNINGS PER SHARE

	2015 £	2014 £
(Loss)/profit attributable to the owners of the Company		
Continuing Operations	**(454,698)**	(326,909)

	2015 No. of shares	2014 No. of shares
Weighted average number of shares for calculating basic loss per share	**2,321,659,864**	2,321,659,864
	2015 pence	2014 pence
Basic and diluted loss per share		
Continuing Operations	**(0.02)**	(0.01)

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

3. INVESTMENTS

	2015 £	2014 £
Investments at fair value brought forward	**698,612**	84,966
Purchase of investments	**80,600**	674,349
Investment disposals	**(143,343)**	(44,723)

Provision for impairment of unquoted investments	-	(27,777)
Movement in investment holding gains	**(119,349)**	11,797
Balance	**516,520**	698,612
Categorised as		
Level 1 - quoted prices	494,297	676,389
Level 3 - Unquoted investments	22,223	22,223
Gains / (losses) on investments held at fair value through profit or loss		
Movement in investment holding gains	(119,349)	85,409
Realised gain on disposal of investments	38,969	(73,613)
Impairment of Level 3 investments	-	(27,777)
Net loss on investments held at fair value through profit or loss	(80,380)	(15,981)

Unquoted investments (Level 3)

The value of the unquoted investments as at 31 October 2015 was £22,223 and the amount comprised a holding in Evolution Energy E&P plc (previously named Shale Energy plc).

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

4. ISSUED SHARE CAPITAL

	Number of shares	Nominal value £	Share premium £
Issued and fully paid:			
At 1 November 2013 and 31 October 2014			
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
Ordinary shares issued in the year	-	**-**	-
At 31 October 2015			
Ordinary shares of 0.1p each	2,321,659,864	**2,321,660**	2,904,840

Deferred shares of 5p each	136,171,197	**6,808,560**	-
Deferred shares of 4.9p each	55,570,856	**2,722,972**	-
		11,853,192	2,904,840

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.

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

(a) the ordinary shares of 0.1p each were sub-divided into one ordinary share of 0.001p each and one deferred share of 0.099p each;

(b) the ordinary shares of 0.001p each were consolidated on the basis of one ordinary share of 0.25p for every 250 ordinary shares of 0.001p each;

(c) the deferred shares of 5p each, 4.9p each and 0.099p each are to be bought back by the company for cancellation from the proceeds of the issue of one ordinary share of 0.25p at a price of £1

5. CONTINGENT LIABILITES

At 31 October 2015 and 2014, the Company had no material contingent liabilities.

6. CAPITAL COMMITMENTS

At 31 October 2015 and 2014, the Company had no capital commitments authorised or contracted by the Directors.

7. POST BALANCE SHEET EVENTS

Reconstruction of Share Capital

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

(a) the ordinary shares of 0.1p each were sub-divided into one ordinary share of 0.001p each and one deferred share of 0.099p each;

(b) the ordinary shares of 0.001p each were consolidated on the basis of one ordinary share of 0.25p for every 250 ordinary shares of 0.001p each;

(c) the deferred shares of 5p each, 4.9p each and 0.099p each are to be bought back by the company for cancellation from the proceeds of the issue of one ordinary share of 0.25p at a price of £1.

Disposal of Ventec Renewable Energy Limited ("Ventec")

On 10 March 2016, Pires disposed of the entire issued share capital of Ventec Renewable Energy Limited ("Ventec") and its subsidiary Ventec Wind 1 GmbH to Ambrosia Investment Limited, a substantial shareholder of the Company. Ventec was formed in July 2014 with a view to entering into a number of European renewable energy projects. Ultimately it was not possible to complete such transactions. Prior to the disposal, Pires obtained an independent valuation for Ventec and its subsidiary which confirmed the directors' view that the subsidiary had nil economic value. Consideration for the disposal was £2 and additionally the purchaser settled intercompany liabilities amounting to circa £45,000 due from Ventec to Pires.

AUDIT REPORT

The auditor's report contained am "Emphasis of Matter". The full text of the auditor's report is set out below. We have audited the Group and Parent Company financial statements (the "financial statements") of Pires Investments plc for the year ended 31 October 2015 which comprise the Group statement of comprehensive income, Group statement of changes in equity, Company statement of financial position, Company 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 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 Company and the Company 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.

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 2015 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 Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

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 2016