

RNS Number : 8723L
Pires Investments PLC
30 April 2015

Pires Investments PLC
("Pires" or the "Company")

Final Results

The Board is pleased to announce the audited consolidated results of Pires for the year ended 31 October 2014.

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

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Chairman's Statement

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

Investments

During the period under review Pires Investments plc and its subsidiaries ("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) 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.

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."

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.

Statement of Comprehensive Income

	Notes	2014 £	2013 £
CONTINUING ACTIVITIES			
Revenue			
Investment income		1,833	4,327
Other income		5,000	25,050
Total revenue		6,833	29,377

Total non-current assets		2,163	1,812
Current assets			
Investments	3	698,612	84,966
Trade and other receivables		122,396	128,588
Cash and cash equivalents		295,198	1,195,379
Total current assets		1,116,206	1,408,933
Total assets		1,118,369	1,410,745
Equity			
Issued share capital	4	11,853,192	11,853,192
Share premium	4	2,904,840	2,904,840
Retained earnings		(13,943,973)	(13,617,064)
Capital redemption reserve		164,667	164,667
Total equity		978,726	1,305,635
Liabilities			
Current liabilities			
Trade and other payables		139,643	105,110
Total liabilities and current liabilities		139,643	105,110
Total equity and liabilities		1,118,369	1,410,745

Statement of Cash Flows

	Note	2014 £	2013 £
<i>Cash flows from operating activities</i>			
Net cash absorbed by operating activities	5	(271,131)	(372,045)
<i>Cash flows from investing activities</i>			
Payments to acquire tangible fixed assets		(1,256)	(2,109)
Payments to acquire investments		(674,349)	(863,206)
Proceeds of disposal of investments		44,722	732,302
Finance income received net		1,833	4,327
Net cash used in investing activities		(629,050)	(128,686)
<i>Cash flows from financing activities</i>			
Net (repayments)/advances on borrowings		-	-
Cash from subscriptions for new shares		-	500,000
Expenses of share issue		-	(44,500)
Finance cost paid		-	-
Net cash from financing activities		-	455,500
Net (decrease)/increase in cash and cash equivalents during the year		(900,181)	(45,231)

Cash and cash equivalents at beginning of year	1,195,379	1,240,610
Cash and cash equivalents at end of year	295,198	1,195,379

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.

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.

2. (LOSS)/EARNINGS PER SHARE

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

	2014 pence	2013 pence
Basic and diluted loss per share		
Continuing Operations	(0.01)	(0.02)

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

3. 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.

4. ISSUED SHARE CAPITAL

	Number of shares	Nominal value £	Share premium £
Issued and fully paid:			
At 1 November 2012			
Ordinary shares of 0.1p each	1,755,570,856	1,755,571	2,932,818

Deferred shares of 5p each	136,171,197	6,808,560	-
Deferred shares of 4.9p each	55,570,856	2,722,972	-
		11,287,103	2,932,818
Ordinary shares issued	566,089,008	566,089	16,522
Share issuance costs	-	-	(44,500)

At 31 October 2013

Ordinary shares of 0.1p each	2,321,659,864	2,321,660	2,904,840
Deferred shares of 5p each	136,171,197	6,808,560	-
Deferred shares of 4.9p each	55,570,856	2,722,972	-
		11,853,192	2,904,840

Ordinary shares issued	-	-	-
Share issuance costs	-	-	-

At 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

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

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

5. CASH ABSORBED BY OPERATIONS

	2014	2013
	£	£
(Loss)	(343,909)	(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

Cash absorbed by operations	(271,131)	(372,045)
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6. CONTINGENT LIABILITES

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

7. CAPITAL COMMITMENTS

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

8. 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.

This information is provided by RNS
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