Pires Investments plc

"Pires" or ("the Company")

Results for the year ended 31 October 2012

Chairman's Statement

Pires is an investing company focusing on investment in the resources and energy sectors. On 12 April 2013, the Company announced that it had implemented its investing policy, and as a consequence its shares will continue to trade on in accordance with AIM Rule 15.

During the course of the year, the Board reviewed a number of prospective reverse transactions, one in particular to a relatively advanced stage. We continue to review opportunities and certain transactions are under active review at present.

As I explained at the time of the interim results, the profit for the period arises purely from the accounting treatment from the reduction of creditors following the Company Voluntary Arrangement ("CVA") which took place in the early part of 2012 and from the previous activities of the Company being treated as "discontinued activities".

At the time of the CVA and reorganisation, £1.7 million was raised by way of new equity capital. Of this sum, £100,209 has been paid to settle with creditors under the CVA and £158,711 of professional and related costs were incurred in relation to the CVA, reorganisation and refinancing. Operating costs of £178,637 were incurred during the year after the approval of the CVA in part due to the need to resolve certain historic issues which were not covered by the CVA. The Board continues to take steps to reduce outgoings for the future.

While the Company continues to look for reverse takeover transactions, it is also looking to take advantage of opportunities to seed transactions at a pre-IPO stage with the intention of incubating them to come to market in a way which will enhance the value of Pires initial holding. We have made one such investment, at this stage on a small scale, in a shale oil project. We have also invested in a range of liquid quoted investments as announced on 12 April 2013. The Company will re-present its investing policy to shareholders for approval by shareholders at the forthcoming Annual General Meeting.

The Company is now in a position to move forward in a positive manner and your board is confident of taking it forward with substantive transactions during the current financial year.

Peter Redmond

Chairman

29 April 2013

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AUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the year ended 31 October 2012

	Note	**2012**	2011 (restated)
		£	£
CONTINUING ACTIVITIES			
Revenue		**-**	195
Administrative expenses		**(382,600)**	(405,747)
Exceptional credit arising from CVA		**1,526,949**	-
Operating profit/(loss) from continuing activities		**1,144,349**	(405,552)
Finance income		**835**	4
Finance costs		**(50,789)**	(64,293)
Profit/(loss) before taxation from continuing activities		**1,094,395**	(469,841)
Tax		**-**	-
Profit/(loss) for the period from continuing activities		**1,094,395**	(469,841)
Loss from discontinued activities	3	**(312,919)**	(1,310,045)
Profit/(loss) for the period attributable to equity holders of the Company		**781,476**	(1,779,886)
Basic earnings/(loss) per share	4		
Equity holders			
From continuing activities		**0.11p**	(0.85)p
From continuing and discontinued activities		**0.08p**	(3.20)p
Diluted earnings/(loss) per share	4		
Equity holders			
From continuing activities		**0.11p**	N/A
From continuing and discontinued activities		**0.08p**	N/A

The comparative figures for 2011 have been restated to reflect the effect of discontinued activities

AUDITED CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the year ended 31 October 2012

	Share capital £	Share premium £	Shares to be issued	Capital redemption reserve £	Retained earnings £	Total £
Balance at 1 November 2010	9,587,103	3,017,818	-	164,667	(12,343,611)	425,977
Loss for the year ended 31 October 2011	-	-	-	-	(1,779,886)	(1,779,886)
At 31 October 2011	**9,587,103**	**3,017,818**	**-**	**164,667**	**(14,123,497)**	**(1,353,909)**
Loss of the year ended 31 October 2012	**-**	**-**	**-**	**-**	**781,476**	**781,476**
Issue of shares	**1,700,000**	**(104,212)**	**82,611**	**-**	**-**	**1,678,399**
Cost of share based payments	**-**	**19,212**	**-**	**-**	**19,212**	**38,424**
At 31 October 2012	**11,287,103**	**2,932,818**	**82,611**	**164,667**	**(13,322,809)**	**1,144,390**

AUDITED CONSOLIDATED BALANCE SHEET

As at 31 October 2012

	Note	**2012**	2011
		£	£
Non-current assets			
Goodwill		**-**	-
Property, plant and equipment		**-**	489,532
Investments in subsidiaries		**-**	-
Total non-current assets		**-**	489,532
Current assets			
Inventories		**-**	552,736
Trade and other receivables		**86,794**	21,283
Cash and cash equivalents		**1,241,015**	1,049
Total current assets		**1,327,809**	575,068
Total assets		**1,327,809**	1,064,600
Equity			
Issued share capital		**11,287,103**	9,587,103
Share premium		**2,932,818**	3,017,818
Equity share capital to be issued (including premium)	6	**82,611**	-
Retained earnings		**(13,322,809)**	(14,123,497)
Capital Redemption Reserve		**164,667**	164,667
Total equity		**1,144,390**	(1,353,909)
Liabilities			
Non-current liabilities			
Borrowings		**-**	4,234
Total non-current liabilities		**-**	4,234
Current liabilities			
Borrowings		**-**	1,143,605
Trade and other payables		**183,419**	1,270,670
Total current liabilities		**183,419**	2,414,275
Total liabilities		**183,419**	2,418,509
Total equity and liabilities		**1,327,809**	1,064,600

AUDITED CONSOLIDATED CASH FLOW STATEMENT

For the year ended 31 October 2012

	Note	2012	2011
		£	£
Cash flows from operating activities			
Net cash absorbed by operating activities	5	**(295,049)**	(15,418)
Cash flows from investing activities			
Payments to acquire tangible fixed assets		**-**	(11,619)
Proceeds of disposal of fixed assets		**21,667**	-
Finance income received		**835**	-
Net cash used in investing activities		**22,502**	(11,619)
Cash flows from financing activities			
Net (repayments)/advances on borrowings		**(51,698)**	238,977
Cash from subscriptions for new shares		**1,700,000**	-
Expenses of share issue		**(85,000)**	-
Repayment of bank loans		**-**	(125,000)
Repayment of vendor mortgage loan		**-**	(5,949)
Repayments of obligations under hire purchase contracts		**-**	(17,297)
Finance costs paid		**(50,789)**	(64,290)
Net cash from financing activities		**1,512,513**	26,441
Net (decrease)/increase in cash and cash equivalents during the year		**1,239,966**	(596)
Cash and cash equivalents at beginning of year		**1,049**	1,645
Cash and cash equivalents at end of year		**1,241,015**	1,049

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2012

1. GENERAL INFORMATION

Pires Investments plc ("the Company") and its subsidiaries (together "the Group") were during the year property developers and consultants and the operators of leisure activities. By the end of the year, the activities of property developers and consultants had ceased and also the Group's activity of operating the Rother Valley Country Park had ceased and, as a result, all of these activities are reported as discontinued activities. At a general meeting of the Company held on 16 April 2012, the Company adopted an investing policy and later that day disposed of all the Group's remaining trading activities.

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.

The financial information set out in this preliminary announcement has not been audited and does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. The Consolidated Balance Sheet at 31 October 2012 and the Consolidated Statement of Comprehensive Income, the Statement of Consolidated Changes in Equity and the consolidated Cash Flow Statement and associated notes for the year then ended have been extracted from the Group's 2012 statutory financial statements on which the auditors have given an unqualified report.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

The consolidated financial statements have been prepared under the historical cost convention and in accordance with applicable International Financial Reporting Standards (IFRS) as adopted by the European Union.

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its own profit and loss account for the year. Pires Investments plc reported a profit for the financial year of £384,688 (2011: loss of £1,511,801).

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 October 2012. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of the subsidiaries acquired during the year are included in the consolidated income statement from the effective date of acquisition. Where necessary, adjustments are made to the financial information of subsidiaries to bring the accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquiree. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS are recognised at their fair value at the acquisition date.

3. DISCONTINUED ACTIVITIES

In January 2011, Rotherham Metropolitan Borough Council gave notice that it was terminating the Development Agreement between itself and the Company's subsidiary, Oak Ventures Limited, with effect from the end of January 2011 and property development activity therefore ceased. In addition, following the resignation of the Directors responsible for the Company's property consultancy activities, the Company decided to cease these activities as well. In October 2011, Rotherham Metropolitan Borough Council terminated the interim management agreement and associated lease pursuant to which the Company's subsidiary Rother Valley Country Park Limited managed the Rother Valley Country Park and this activity together with the operation by the Company's subsidiary Rother Valley Steam Railway Limited of a miniature railway within the Park ceased and were also treated as discontinued activities. At the start of the year, the assets of Rother Valley Country Park Limited were realised as far as possible before that company was liquidated on 16 March 2012.

On 16 April 2012, the Company sold two subsidiaries, Oak Heritage Limited and Rother Valley Steam Railway Limited, and also sold the assets of a further subsidiary, Ringwood Town & Country Experience Limited. The activities of Oak Heritage Limited and Ringwood Town & Country Experience Limited are treated as discontinued activities. As referred to above, Rother Valley Steam Railway was treated as having ceased business in October 2011, during the previous year. The consideration was £25,002 and the discharge by the acquirer of certain loans outstanding at the the date of acquisition totalling £190,230.

The results of the discontinued activities are as follows:

	2012	2011 (restated)
	£	£
Revenue	**50,213**	1,226,862
Administrative expenses	**(78,833)**	(1,383,167)
Operating loss on discontinued activities	**(28,620)**	(156,305)
Finance costs	**(544)**	-
Loss on disposal of discontinued activities	**(283,755)**	-
Impairment provision	**-**	(1,153,740)
Operating loss on discontinued activities	**(312,919)**	(1,310,045)
Attributable tax expense	**-**	-
Net loss attributable to discontinued activities	**(312,919)**	(1,310,045)

During the year discontinued activities consumed £49,986 (2011: £71,751) of the Group's net operating cash flows, generated £21,667 (2011: consumed £11,258) from investing activities and generated £38,330 (2011: £24,345) from financing activities.

4. EARNINGS/(LOSS) PER SHARE

The basic earnings/(loss) per share from continuing activities is based on a profit for the year of £1,094,395 (2011 restated: loss £469,841) and that from continuing and discontinued activities on a profit for the year of £781,476 (2011: loss £1,779,886) and the weighted average number of ordinary shares in issue for the year of 954,477,964 (2011: 55,570,856). Warrants to subscribe an aggregate of 6% of the Company's issued share capital from time to time at 0.1p per share, as described in note 18, were issued during the year and diluted earnings per share are computed using 966,300,516 ordinary shares.

At 31 October 2011, there were potentially 91,428 shares that could be issued under the terms of options and these lapsed during the year. In addition at 31 October 2012 and 2011 there were also 2,021,791 warrants originally issued in 2003 exercisable at 119p per share that will potentially reduce future earnings per share.

5. CASH ABSORBED BY OPERATIONS

	2012	2011
	£	£
Profit/(loss)	**781,476**	(1,779,886)
Depreciation	**6,706**	55,955
Impairment of fixed asset	**-**	1,153,740
Loss on disposal of fixed assets	**6,714**	-
Loss on disposal of discontinued activities	**283,755**	-
Extraordinary credit from CVA	**(1,526,949)**	-
Share based payments	**19,212**	-
Finance income	**(835)**	(4)
Finance costs	**50,789**	64,293
Decrease/(increase) in inventories	**10,597**	27,048
Decrease/(increase) in receivables	**(70,971)**	60,216
(Decrease)/increase in payables	**144,457**	403,220
Cash absorbed by operations	**(295,049)**	(15,418)

6. POST BALANCE SHEET EVENTS

On 19 November 2012, the Company issued 66,089,008 new ordinary shares to unsecured non-preferential creditors of the Company who had been subject to the CVA in accordance with the approved terms of the CVA to satisfy 5p in the £ of the debt due to such creditors with each share valued for these purposes at 0.125p per share. In addition to cash payments to preferential unsecured creditors of £17,598, cash payments of £82,611 (representing 5p in the £) had been made during the year to non-preferential unsecured creditors under the CVA and as there was a commitment to issue such shares as part of the CVA arrangements to match the cash payments, the issue of such shares has been reflected in the balance sheet as at 31 October 2012.