

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

Audited Results for the year ended 31 October 2013

Chairman's Statement

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

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

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

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

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

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

Peter Redmond
Chairman
29 April 2014

Enquiries:

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Audited Statement of Comprehensive Income

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

Basic (loss) / earnings per share

Equity holders			
From continuing operations	10	(0.02)p	0.12p
From discontinued operations		-	(0.08)p
Basic and diluted	10	(0.02)p	0.04p

Note:

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

Audited Statement of Changes in Equity

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

Audited Statement of Financial Position

	Note	2013 £	2012 £
Non-current assets			
Property, plant and equipment	11	1,812	-
Investments in subsidiary undertakings	16	-	-
Total non-current assets		1,812	-
Current assets			
Investments	13	84,966	-
Trade and other receivables	17	128,588	89,023
Cash and cash equivalents		1,195,379	1,240,610
Total current assets		1,408,933	1,329,633
Total assets		1,410,745	1,329,633
Equity			
Issued share capital	18	11,853,192	11,287,103
Share premium	18	2,904,840	2,932,818
Equity share capital to be issued (including premium)		-	82,611

Retained earnings		(13,617,064)	(13,264,430)
Capital redemption reserve		164,667	164,667
Total equity		1,305,635	1,202,769
Liabilities			
Current liabilities			
Trade and other payables	19	105,110	126,864
Total liabilities and current liabilities		105,110	126,864
Total equity and liabilities		1,410,745	1,329,633

Audited Statement of Cash Flows

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

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 October 2013

1. ACCOUNTING POLICIES

General Information

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

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

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

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

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and IFRIC interpretations as adopted by the European Union applicable to companies reporting under IFRSs. The financial statements have also been prepared under the historical cost convention.

For all periods up to and including the year ended 31 October 2012, financial statements were prepared on a Group Consolidated basis. The 31 October 2012 financial information has been restated to show the Company financial information as there is no longer the requirement to prepare Group financial statements.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed later in these accounting policies.

Going Concern

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

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

On this basis, the Directors have a reasonable expectation that the Company has adequate resources to continue operating for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the Company’s financial statements.

2. DISCONTINUED ACTIVITIES

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

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

3. (LOSS)/EARNINGS PER SHARE

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

	2013 No. of shares	2012 No. of shares
Weighted average number of shares for calculating basic loss per share	1,945,616,874	954,477,964
	2013 £	2012 £
Basic and diluted loss per share		
Continuing Operations	(0.02)	0.12
Discontinued Operations	-	(0.08)
	(0.02)	0.04

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

4. INVESTMENTS

Investments held at fair value through profit or loss

Investments at fair value at 1 November 2012	-
Purchase of investments	863,207
Investment disposals	(732,302)
Gain on disposal of investments	15,424
Movement in investment holding losses	(61,363)
Investments at fair value at 31 October 2013	84,966

Categorised as

Level 1 – quoted prices	56,971
Level 3 – Unquoted investments	27,995

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

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

Realised gain on disposal of investments	15,424
Movement in investment holding losses	(61,363)

Net loss on investments held at fair value through profit or loss	(45,939)
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Unquoted investments (Level 3)

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

Shale Energy PLC is an independent gas business and emerging coal bed methane and shale gas developer. The Company is focused on producing shale gas through sites based in the UK. The holding is valued on the basis of evaluation of subsequent pre-IPO fundraising. The latest fundraising price and liquidity of private investors are reflected in determining the fair value of the investment holding. The Directors consider this value to be supported by information they have received over the course of the financial year.

5. CASH ABSORBED BY OPERATIONS

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

6 .POST BALANCE SHEET EVENTS

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