

Company Registration Number 05454010

Verdes Management plc

Financial Statements

30th September 2012

Verdes Management plc

Financial Statements

For the year ended 30th September 2012

Company Information

Directors	R A H Webb J Matthews (resigned 9 November 2012) A E C Edmonstone (resigned 9 November 2012) R M Phillips (resigned 7 March 2012) M G Wood (appointed 9 November 2012)
Secretary	T E Campbell (resigned 4 October 2012) S Bertolotti (appointed 4 October 2012)
Company Number	05454010
Registered Office	201 Temple Chambers 3-7 Temple Avenue London EC4Y 0DT
Auditors	Haines Watts Gatwick LLP Chartered Accountants & Statutory Auditor Consort House Consort Way Horley Surrey RH6 7AF
Bankers	Barclays Bank plc Sussex and Gatwick Group 90-92 High Street Crawley West Sussex RH10 1BP
Nominated Advisers and Broker	W H Ireland Ltd 4 Colston Avenue Bristol BS1 4ST

Verdes Management plc

Financial Statements

For the year ended 30th September 2012

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Verdes Management plc

Chairman's Statement

For the year ended 30th September 2012

I present the financial statements for the year to 30 September, 2012.

As we reported in the Interim Results for the six months period to 31st March, 2012, we had increased the efficiency of our business model overall but still faced difficult markets in which to secure a mandate for a turnaround transaction involving a UK plc. The banks remained very reluctant to arrange any new debt funding and equity funding in the City overall remained scarce at a record low. We continued to face the challenges of any start up business and were not able to recruit an additional senior executive to assist in the conversion of some mandates which were in the process of being negotiated.

We announced in our Interim Results that we had secured two mandates which were not core to our business model. We were sadly not able to conclude these in large part as a result of the personnel cut back we were required to carry out in the summer which resulted in us having no executive team.

We started from the beginning of the calendar year to explore a number of opportunities to bring alongside a complementary business which would benefit from our status on AiM.

We took steps in the summer to cut our office overhead drastically and also made sure that there are significant controls on our costs and expenditure. We continued to explore options going forward which we felt were in the interests of our shareholders.

Having looked at a number of opportunities, I am pleased to report that we are in the process of completing a financing exercise with certain new investors by which we will, as soon as possible, commence a new business offering which is complementary in the financial services sector.

We have announced some of the steps in relation to the above and I look forward to announcing the successful conclusion of these steps.

Adam Webb

Chairman

Date: 4 March 2013

Verdes Management plc

The Directors' Report

For the year ended 30th September 2012

The directors present their annual report and the audited financial statements of the company for the year ended 30 September 2012.

Directors' responsibilities statement

The directors are responsible for preparing the Annual Report and 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 have prepared the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in Directors' reports may differ from legislation in other jurisdictions.

Principal activities and business review

The principal activity of the company during the year was that of a turnaround advisory business.

A review of the company's performance for the year ended 30th September 2012 and future developments are contained in the Chairman's statement.

Results and dividends

The trading results for the period and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

Key performance indicators

The company made a loss for the year, after taxation, amounting to £806,257 (2011 –loss of £651,247).

Verdes Management plc

The Directors' Report

For the year ended 30th September 2012

The directors and their interests

The directors who served the company during the period together with their beneficial interests, including family holdings, in the shares of the company were as follows:

	Class of share	At 30 September 2012	At 30 September 2011
R A H Webb	Ordinary 0.1p shares	12,500,000	12,500,000
	Deferred 6.5p shares	-	-
	Deferred 'B' 0.9p shares	-	-
J Matthews (resigned 9 November 2012)	Ordinary 0.1p shares	7,415,765	7,415,765
	Deferred 6.5p shares	-	-
	Deferred 'B' 0.9p shares	-	-
A E C Edmonstone (resigned 9 November 2012)	Ordinary 0.1p shares	18,610,510	18,610,510
	Deferred 6.5p shares	-	-
	Deferred 'B' 0.9p shares	-	-
R M Phillips (resigned 7 March 2012)	Ordinary 0.1p shares	1,250,000	1,250,000
	Deferred 6.5p shares	-	-
	Deferred 'B' 0.9p shares	-	-

The above interests in company share capital include partly paid ordinary £0.001 shares which are one tenth paid and carry one vote per share and carry a right to dividends. These are held as follows:

J Matthews – 2,415,765 shares (included above)
A E C Edmonstone - 1,610,510 shares (included above)

The directors' interests in share options of the company include R A H Webb who has options to buy 9,663,003 shares at an exercise price of 1 pence per share (granted 12 April 2011).

On 28 September 2010, the company granted warrants to subscribe for ordinary shares as follows:

R A H Webb - 2,500,000 shares
J W Matthews - 1,000,000 shares
A E C Edmonstone - 3,400,000 shares

The warrants enable the holder to subscribe for ordinary shares of 0.1p at 0.3p per share. Any warrants that are not exercised by 27 September 2013 will lapse. None of the above warrants were exercised in the period to 30 September 2012 or since the year end.

Verdes Management plc

The Directors' Report

For the year ended 30th September 2012

Financial risk management objectives and policies

The company's activities expose it to some financial risks. The company monitors these risks but does not consider it necessary to use any derivative financial instruments to hedge these risks.

Credit risk

The company monitors credit risk closely and considers that its current policies of credit checks meets its objectives of managing exposure to credit risk.

The company has no significant concentrations of credit risk. Amounts shown in the balance sheet best represent the maximum credit risk exposure in the event other parties fail to perform their obligations under financial instruments.

Liquidity risk

The company's policy throughout the year has been to ensure continuity of funding. In order that this is achieved, the company maintains close control over future cash flows and regularly review medium and long-term finance against those future cash flows.

Policy on the payment of creditors

The company's current policy concerning the payment of trade payables is to:

- settle the terms of payment with suppliers when agreeing the terms of each transaction;
- ensure that suppliers are made aware of the terms of payment by inclusion of the relevant terms in contracts; and
- pay in accordance with the company's contractual and other legal obligations.

Trade payables of the company at the year end as a proportion of amounts invoiced by suppliers during the year represent 15 days (2011: 11 days).

Provision of information to Auditors

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

Auditors

The auditors, Haines Watts Gatwick LLP, will be proposed for reappointment in accordance with section 489 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

R A H Webb
Director

Date: 4 March 2013

Verdes Management plc

Independent Auditor's Report to the Shareholders

For the year ended 30th September 2012

We have audited the financial statements of Verdes Management plc for the year ended 30th September 2012 which comprise the principle accounting policies, the income statement, the balance sheet, the cash flow statement, the statement of changes in equity and notes 1 to 17. 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'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 company's members those matters we are required to state to them in an auditor's 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'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 statement set out in the Directors' Report, 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 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

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 company'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 the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 30 September 2012 and of its profit/loss and cash flows for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006 and Article 4 of the IAS Regulation.

Emphasis of matter - Going Concern

Without qualifying our opinion, we draw attention to the disclosures made in note 17 of the financial statements concerning the company's ability to continue as a going concern. These conditions, along with the matters set forth in note 17, indicate the existence of a material uncertainty which casts doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Verdes Management plc

Independent Auditor's Report to the Shareholders

For the year ended 30th September 2012

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

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, or returns adequate for our audit have not been received from branches not visited by us, or
- the 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.

Consort House
Consort Way
Horley
Surrey
RH6 7AF

J C Pannett (Senior Statutory Auditor)
For and on behalf of
HAINES WATTS GATWICK LLP
Chartered Accountants
& Statutory Auditor

Date: 5 March 2013

Verdes Management plc

Income Statement

For the year ended 30th September 2012

	Note	30 Sep 12	30 Sep 11
		£	£
Administrative expenses:		<u>(809,039)</u>	<u>(651,246)</u>
Operating profit/(loss)	2	(809,039)	(651,246)
Finance income	6	2,782	16
Finance costs	6	-	(17)
Profit/(Loss) on ordinary activities before taxation		<u>(806,257)</u>	<u>(651,247)</u>
Income tax expense	7	-	-
Profit/(Loss) for the financial year attributable to equity holders of the company		<u><u>(806,257)</u></u>	<u><u>(651,247)</u></u>
Earnings per share for profit/(loss) attributable to the equity holders of the company (pence) on continuing activities			
Basic	8	<u><u>(0.19)</u></u>	<u><u>(0.23)</u></u>
Diluted	8	<u><u>(0.19)</u></u>	<u><u>(0.23)</u></u>

The company has no recognised gains or losses other than the results for the period as set out above.

All amounts relate to continuing operations.

Notes 1 to 17 form part of these financial statements.

Verdes Management plc – Registered Number - 05454010

Balance Sheet

30th September 2012

	Note	30 Sep 12 £	30 Sep 11 £
Assets			
Non-current assets			
Property, plant and equipment	9	1,418	7,702
Investments	10	500	500
		<u>1,918</u>	<u>8,202</u>
Current assets			
Trade and other receivables	11	16,264	13,922
Cash and cash equivalents		128,196	786,297
		<u>144,460</u>	<u>800,219</u>
Total assets		<u>146,378</u>	<u>808,421</u>
Liabilities and Equity			
Current liabilities			
Trade and other payables	12	71,569	34,856
Total liabilities		<u>71,569</u>	<u>34,856</u>
Equity			
Capital and reserves attributable to equity holders of the company			
Called-up equity share capital	15	3,158,063	3,121,396
Share premium account		2,120,676	2,049,842
Accumulated losses		(5,203,930)	(4,397,673)
Total Equity		<u>74,809</u>	<u>773,565</u>
Total Liabilities and Equity		<u>146,378</u>	<u>808,421</u>

These financial statements were approved and authorised for issue by the board and were signed on its behalf by:

R A H Webb
Director

Date: 4 March 2013

Notes 1 to 17 form part of these financial statements.

Verdes Management plc

Cash Flow Statement

For the year ended 30th September 2012

	Note	30 Sep 12 £	30 Sep 11 £
Net cash used in operating activities	16	(767,903)	(729,934)
Net cash from investing activities			
Purchases of property, plant and equipment		(481)	(715)
Purchases of listed investments		-	(500)
Interest received		2,782	16
Interest paid		-	(17)
Net cash flow before financing activities		(765,602)	(731,150)
Net cash from financing activities			
Net proceeds from issue of equity shares		107,501	1,390,854
Net (decrease)/increase in cash, cash equivalents and overdrafts		(658,101)	659,704
Cash, cash equivalents and overdrafts at beginning of year		786,297	126,593
Cash, cash equivalents and overdrafts at end of year		128,196	786,297

Notes 1 to 17 form part of these financial statements.

Verdes Management plc

Statement of Changes in Equity

For the year ended 30th September 2012

	Share Capital	Share Premium	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1/10/10	2,886,921	893,462	(3,746,426)	33,957
Issue of ordinary shares	234,475	1,239,773	-	1,474,248
Share issue costs	-	(83,393)	-	(83,393)
Profit/(Loss) for the period	-	-	(651,247)	(651,247)
Balance at 1/10/11	3,121,396	2,049,842	(4,397,673)	773,565
Issue of ordinary shares	36,667	73,333	-	110,000
Share issue costs	-	(2,499)	-	(2,499)
Profit/(Loss) for the period	-	-	(806,257)	(806,257)
At 30/09/12	<u>3,158,063</u>	<u>2,120,676</u>	<u>(5,203,930)</u>	<u>74,809</u>

Notes 1 to 17 form part of these financial statements.

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with International Financial Reporting Standards (“IFRSs”) as adopted by the European Union and as applied in accordance with the provisions of Companies Act 2006.

Standards and interpretations effective in the current period

The following IFRS’s which are effective for the first time have been applied in these financial statements. Where adoption is material their effect is detailed below:

- IAS 24 (revised), ‘Related party disclosures’ has had no material impact on these financial statements;
- Amendment to IFRS 1, ‘First time adoption on fixed dates and hyperinflation’ has had no impact on these financial statements;
- Amendment to IFRS 7, ‘Financial Instruments: Disclosures – Transfers of Financial Assets’ has had no impact on these financial statements;
- Amendment to IFRIC 14, ‘The limit on a defined benefit asset minimum funding requirements and their interaction’ has had no impact on these financial statements;
- Annual improvements 2010 has had no impact on these financial statements;

New standards and interpretations

As of the date of approval of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

- IFRS 9 Financial instruments (Effective for periods commencing on or after 1 January 2013);
- IFRS 10 Consolidated financial statements (Effective for periods commencing on or after 1 January 2013);
- IFRS 11 Joint arrangements (Effective for periods commencing on or after 1 January 2013);
- IFRS 12 Disclosure of interests in other entities (Effective for periods commencing on or after 1 January 2013);
- IFRS 13 Fair value measurement (Effective for periods commencing on or after 1 January 2013);
- IAS 27 (Revised) Separate financial statements (Effective for periods commencing on or after 1 January 2013);
- IAS 28 (Revised) Investments in associates and joint ventures (Effective for periods commencing on or after 1 January 2013);
- Amendments to IAS 12: Income taxes: Deferred tax: Recovery of underlying assets (Effective for periods commencing on or after 1 December 2012);
- Amendments to IAS 1: ‘Presentation of Financial Statements’ - Amendments resulting from Annual Improvements 2009-2011 Cycle (Effective for periods commencing on or after 1 January 2013); and
- Amendments to IAS 19, ‘Employee benefits’ - post-employment benefits and termination benefits projects 1 (Effective for periods commencing on or after 1 January 2013).

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements of the company. The company does not intend to apply any of these pronouncements early.

Revenue

Revenue is recognised by the company in respect of services supplied during the year, exclusive of Value Added Tax. Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

- Management ongoing fees are recognised when the services are rendered.
- Success fees are only recognised when all contractual obligations which determine success are satisfied.

Property, plant and equipment

Property, plant and equipment is stated at historical cost less accumulated depreciation and any provision for impairment in value.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

- | | | |
|-----------------------------|---|-------------------|
| Fixtures, fittings & equip. | - | 25% straight line |
| Motor Vehicles | - | 25% straight line |

Investments

Investments held as fixed assets are shown at cost less provision for impairment.

Pensions

Contributions to personal pension plans are recognised as an expense when employees have rendered service entitling them to the contributions.

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred income taxes are calculated using the liability method on temporary differences. This involves the comparison of the carrying amounts of assets and liabilities in the financial statements with their respective tax bases. In addition, tax losses available to be carried forward as well as other income tax credits to the company are assessed for recognition as deferred tax assets. However, deferred tax is not provided on the initial recognition of goodwill, nor on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit.

Deferred tax liabilities are always provided for in full. Deferred tax assets are recognised only to the extent that the directors consider that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or 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.

Investments

All investments are initially recorded at cost, being the fair value of the consideration given and including acquisition costs associated with the investment.

Trade and other receivables

Trade receivables and other receivables are recognised and carried forward at invoice amounts less provisions for any doubtful debts. Bad debts are written off when identified.

Cash and cash equivalents

Cash and cash equivalents are included in the balance sheet at cost. Cash and cash equivalents comprise cash at bank and in hand and short term deposits with an original maturity of three months or less.

2. Loss on ordinary activities before taxation

Loss before taxation is stated after charging:

	30 Sep 12	30 Sep 11
	£	£
Depreciation of owned property, plant and equipment	<u>6,765</u>	<u>2,427</u>

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

3. Auditors' remuneration

	30 Sep 12 £	30 Sep 11 £
Fees payable to the company's auditor for the audit of the company's annual accounts	8,000	8,000
Fees payable to the company's auditor in respect of:		
Other services relating to taxation	1,000	1,000
All other services	<u>1,750</u>	<u>1,750</u>

4. Particulars of employees

Employee costs, including directors' remuneration, were as follows:

	30 Sep 12 £	30 Sep 11 £
Wages and salaries	377,927	346,191
Social security costs	42,459	30,796
Other pension costs	12,500	13,543
	<u>432,886</u>	<u>390,530</u>

The average number of staff employed by the company (including directors) during the financial period amounted to:

	30 Sep 12 No.	30 Sep 11 No.
Number of management staff	<u>7</u>	<u>5</u>

5. Directors' Remuneration

The directors' aggregate emoluments in respect of qualifying services were:

	30 Sep 12 £	30 Sep 11 £
Emoluments receivable	<u>191,670</u>	<u>252,530</u>

2012	Wages & salaries £	Pension & other benefits £	Fees £	Total £
A E C Edmonstone	22,500	-	-	22,500
J Matthews	26,250	-	-	26,250
R M Phillips	-	-	7,000	7,000
R A H Webb	116,250	19,670	-	135,920
	<u>165,000</u>	<u>19,670</u>	<u>7,000</u>	<u>191,670</u>

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

5. Directors' Remuneration (*continued*)

2011	Wages & salaries	Pension & other benefits	Fees	Total
	£	£	£	£
A E C Edmonstone	20,000	-	-	20,000
M D Hosie	-	-	31,015	31,015
J Matthews	23,333	-	-	23,333
R M Phillips	-	-	18,000	18,000
J Rubin	-	-	18,037	18,037
R A H Webb	125,000	17,145	-	142,145
	<u>168,333</u>	<u>17,145</u>	<u>67,052</u>	<u>252,530</u>

The highest paid director received remuneration of £135,920 (2011 - £142,145).

During the year retirement benefits were accruing to 1 director (2011 – 1 director) in respect of defined contribution pension schemes.

6. Finance income and costs

	30 Sep 12	30 Sep 11
	£	£
Finance income		
Interest income on short term bank deposits	<u>2,782</u>	<u>16</u>
Finance costs		
Interest payable on bank overdrafts	<u>-</u>	<u>17</u>

7. Income tax expense

The company has traded at a loss for the current and previous period and has losses brought forward, therefore no provision for taxation was considered necessary.

Deferred Tax

At the period end the unutilized tax losses carried forward of the company are £1,940,219 (2011: £1,150,669). A deferred tax asset has not been recognised in respect of these losses in view of the uncertainty as to whether these losses are available for set off against future profits. The deferred tax asset that is not recognised in the financial statements in relation to losses carried forward of the company amounts to £389,111 (2011: £230,131).

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

7. Income tax expense (continued)

Factors affecting current income tax charge

The tax assessed on the loss on ordinary activities for the period is higher than (2011 – higher than) the standard rate of corporation tax in the UK of 20% (2011 – 20.5%).

	30 Sep 12 £	30 Sep 11 £
Profit/(Loss) on ordinary activities before taxation	<u>(806,257)</u>	<u>(651,247)</u>
Profit/(loss) on ordinary activities by rate of tax	(161,251)	(133,506)
Expenses not deductible for tax purposes	2,399	2,447
Capital allowances for period in deficit/(excess) of depreciation	939	132
Credit for tax loss not utilised in the accounts	<u>157,913</u>	<u>130,927</u>
Total current tax	<u>-</u>	<u>-</u>

8. Earnings per share

The basic earnings per ordinary share is calculated by dividing profit/loss for the year attributable to equity holders of the company less non-equity dividends and other appropriations in respect of non-equity shares by the weighted average number of equity shares in issue during the year.

The diluted earnings per ordinary share is calculated by dividing profit/loss for the year less non-equity dividends and other appropriations in respect of non-equity shares by the weighted average number of equity shares outstanding during the year (after adjusting both figures for the effect of dilutive potential ordinary shares).

The calculation of basic and diluted earnings per ordinary share is based upon the following data:

Earnings	30 Sep 12 £	30 Sep 11 £
Earnings/(loss) for the purposes of basic earnings per share	<u>(806,257)</u>	<u>(651,247)</u>
Earnings/(loss) for the purposes of diluted earnings per share	<u>(806,257)</u>	<u>(651,247)</u>
Number of shares	30 Sep 12 No.	30 Sep 11 No.
Basic weighted average number of shares	<u>417,070,536</u>	<u>281,802,743</u>
Dilutive potential ordinary shares: Adjustment to average number of shares due to share options	<u>-</u>	<u>-</u>
Weighted average number of shares for the purposes of diluted earnings per share	<u>417,070,536</u>	<u>281,802,743</u>

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

9. Property, plant and equipment

30th September 2012	Fixtures, fittings & equipment	Motor Vehicles £	Total £
Cost			
At 1 October 2011	1,884	8,245	10,129
Additions	481	-	481
On disposal	-	-	-
At 30 September 2012	2,365	8,245	10,610
Depreciation			
At 1 October 2011	366	2,061	2,427
Charge for the period	581	6,184	6,765
At 30 September 2012	947	8,245	9,192
Net book amount 30 September 2012	1,418	-	1,418
30th September 2011	Fixtures, fittings & equipment	Motor Vehicles £	Total £
Cost			
At 1 October 2010	1,469	8,245	9,714
Additions	715	-	715
On disposal	(300)	-	(300)
At 30 September 2011	1,884	8,245	10,129
Depreciation			
At 1 October 2010	-	-	-
Charge for the period	366	2,061	2,427
At 30 September 2011	366	2,061	2,427
Net book amount 30 September 2011	1,518	6,184	7,702

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

10. Investments

30 th September 2012	Listed investments £
Cost	
At 1 October 2011 and 30 September 2012	<u>500</u>
Net book amount 30 September 2012 and 30 September 2011	<u><u>500</u></u>

Listed investments

The fair value of the listed investments at 30 September 2012 was £nil (2011 - £230).

11. Trade and other receivables

	30 Sep 12 £	30 Sep 11 £
Other receivables	3,364	4,922
Prepayments and accrued income	<u>12,900</u>	<u>9,000</u>
	<u><u>16,264</u></u>	<u><u>13,922</u></u>

12. Trade and other payables

	30 Sep 12 £	30 Sep 11 £
Trade payables	16,284	12,136
Social security and other taxes	10,732	12,760
Other payables	-	1,460
Accruals and deferred income	<u>44,553</u>	<u>8,500</u>
	<u><u>71,569</u></u>	<u><u>34,856</u></u>

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

13. Related party transactions

Details of transactions between the company and other related parties are disclosed below.

During the period the company was charged £7,000 (2011: £18,000) for directors' services by Prepcare LLP, a limited liability partnership of which R M Phillips is a designated member. At the period end an amount of £nil (2011: £8,266) was payable to Prepcare LLP and is included within trade creditors.

14. Share options

The directors are interested in the following options to subscribe for ordinary shares pursuant to the directors' share option agreement:

R A H Webb	30 Sep 12	30 Sep 11
	No.	No.
Enterprise Management Incentive scheme – granted 12/04/2011	<u>9,663,003</u>	<u>9,663,003</u>

The Options are exercisable at a price of £0.01 per £0.001 ordinary share and may be exercised in whole or in part during the period commencing 12 April 2014 to 11 April 2021 subject to achievement of the vesting conditions as established by the Remuneration Committee. No options were exercised in the period. The open market value of the company's shares at the balance sheet date is less than the option price and therefore, R A H Webb is not deemed to have received any share based payment.

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

15. Share capital

Authorised share capital:

	30 Sep 12 £	30 Sep 11 £
785,908,000 Ordinary shares of £0.001 each	785,908	785,908
66,214,920 Deferred 'B' shares of £0.009 each	595,934	595,934
32,938,000 Deferred shares of £0.065 each	<u>2,140,970</u>	<u>2,140,970</u>
	<u><u>3,522,812</u></u>	<u><u>3,522,812</u></u>

Allotted, called up and fully paid:

	30 Sep 12 No.	30 Sep 12 £	30 Sep 11 No.	30 Sep 11 £
Ordinary shares of £0.001 each	420,433,440	420,434	383,766,772	383,767
Deferred 'B' shares of £0.009 each	66,214,920	595,934	66,214,920	595,934
Deferred shares of £0.065 each	<u>32,938,000</u>	<u>2,140,970</u>	<u>32,938,000</u>	<u>2,140,970</u>
	<u><u>519,586,360</u></u>	<u><u>3,157,338</u></u>	<u><u>482,919,692</u></u>	<u><u>3,120,671</u></u>

Allotted, called up and partly paid:

	30 Sep 12 No.	30 Sep 12 £	30 Sep 11 No.	30 Sep 11 £
Ordinary shares of £0.001 each	<u>7,247,295</u>	<u>725</u>	<u>7,247,295</u>	<u>725</u>

The fully paid ordinary £0.001 shares carry one vote per share and carry a right to dividends.

The fully paid deferred 'B' shares (£0.009 each) do not carry any votes (other than in a class meeting of the B deferred shares) and have no right to a dividend.

The fully paid deferred shares (£0.065 each) do not carry any votes (other than in a class meeting of the £0.065 deferred shares) and have no right to a dividend.

The partly paid ordinary £0.001 shares carry one vote per share and carry a right to dividends. On liquidation of the company, the shareholder acknowledges that the liquidator may require them to pay the balance subscription on any share which has not been paid.

On 12 October 2011, 16,666,667 ordinary shares of 0.1p each were issued at a price of 0.3p per share which were fully paid.

On 3 April 2012, 20,000,000 ordinary shares of 0.1p each were issued at a price of 0.3p per share which were fully paid.

Verdes Management plc

Notes to the Financial Statements

For the year ended 30th September 2012

15. Share capital (*continued*)

Since the year end the Company has issued a further 239,000,000 ordinary shares for a price of 0.1p per share (total consideration of £239,000).

16. Cash generated/used by operations

	30 Sep 12	30 Sep 11
	£	£
Profit/(Loss) before taxation	(806,257)	(651,247)
Investment income	(2,782)	(16)
Interest payable	-	17
Loss on disposal of property, plant and equipment	-	300
Depreciation	6,765	2,427
Decrease/(increase) in receivables	(2,342)	2,051
(Decrease)/increase in payables	36,713	(83,466)
Net cash used by operations	<u>(767,903)</u>	<u>(729,934)</u>

17. Going Concern

In common with other businesses in its sector, the company's results of operations involve a number of risks and uncertainties including, but not limited to, current volatility of the economic environment, developments in strategic relationships and dependence on key individuals or customers. These factors could affect the company's future operating results and cause actual results to vary materially from expectations.

The company has generated no revenue in the 12 months to 30th September 2012 and has funded operations from the proceeds of public and private placements of its shares. It does not presently have sufficient funds to meet all of its forecast obligations for the next 12 months and is negotiating with a selection of investors for further funding. Based on discussions already held, the directors of the company have reasonable expectation that the company will receive adequate funding, based on a possible restructuring of the business model along with indications provided by future investors regarding future financing. Accordingly the directors have prepared these accounts on a going concern basis. However whether or not the investors actually provide such funding represents a material uncertainty which casts significant doubt on the company's ability to continue as a going concern and it may be unable to realise its assets and discharge its liabilities in the normal course of business. The financial statements do not include any adjustments that would result if the going concern basis were not appropriate.

The Company has no material non-monetary assets or liabilities. In the event that the Going Concern basis no longer applies, no material adjustments to the balance sheet at 30 September 2012 will be required.