RNS Number : 6270C
Paternoster Resources PLC
18 April 2013

Paternoster Resources plc
("Paternoster" or the "Company")

Financial Statements for the year ended 31 December 2012

Paternoster is pleased to announce its results for the year ended 31 December 2012.

Highlights:

- Net Asset Value increased to £2.7 million (2011: £2.2 million)
- Cash balance of £1.5 million (2011: £0.4 million)

In addition, the Company is pleased to announce that its Annual General Meeting will be held at Adams & Remers LLP, 32 Duke Street, St James's, London SW1Y 6DF on Thursday 16 May 2013 at 11.00 am.

Copies of the annual report and accounts, along with the Notice of Annual General Meeting, will be posted to shareholders shortly and will be made available on the Company's website: www.paternosterresources.com

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CHAIRMANS REVIEW

INTRODUCTION

The year ended 31 December 2012 has been a transformational year for the Company. During this period it has been able to realise substantial cash returns from its investments in the natural resources sector and implement its investment policy. Furthermore, significant progress continues to be made in the pursuit of this strategy.

FINANCIAL

For this year, the Company has decided to adopt a revised accounting policy for investment companies as recommended by the International Accounting Standards Board in October 2012. Effectively this means that both realised and unrealised gains and losses for a particular year are recognised in the Company's profit and loss account. Previously only realised profits or losses would have flowed through the profit and loss account with unrealised profits and losses being taken directly to reserves. This new policy better reflects the results of the Company's investment activities during the course of the year whether the results of activities have been realised or not. The period end net asset position remains unaffected by this change in policy. The results for 2011 have been restated on the same basis.

For 2012 the Company made a profit from continuing operations of £449,833 and also recognised a profit in 2011 of £695,417 although all of these profits were actually realised in 2012. Importantly, the net asset value of the Company as at 31 December 2012 was £2,656,343 (2011: £2,168,091), representing a significant uplift on the prior year figure.

The Company's investment portfolio at 31 December 2012, can be divided into the following categories:

Category	Investment	Cost or valuation (£)
Unlisted/pre IPO	Bison Energy Services Limited	170,597
Listed special situations	Brady Exploration plc, Leed Resources plc and Astar Minerals plc	309,493
Listed value opportunities	Xstrata plc, Tullow Oil plc, Quadrise Fuels International plc, Cairn Energy plc, Ophir Energy plc, BG Group plc and Red Rock Resources plc	719,518
Total investment portfolio		1,199,608
Cash		1,454,495

Total		2,654,103

The unlisted/pre IPO category includes investments where there are short term milestones which are either likely to lead to a liquidity event or a significant uplift in value.

The listed special situations category includes investments where the Company has a more significant level of influence and, whilst these companies are listed, it is likely that a significant event will need to take place before returns can be fully realised.

The listed value opportunities category comprises investments where the Company seeks to take advantage of interesting value plays but in situations that have a good degree of liquidity so that they can be converted to cash quickly and easily when required.

Overall the Company's investment portfolio has performed well during 2012. In particular Quadrise Fuels in which the Company had invested £85,000 has risen by 80%. The weakest performer has been Astar Minerals plc. Despite representing an attractive platform for growth, Astar could not raise the necessary funds to implement its strategy and, disappointingly, the company's shares are currently suspended. However, Astar has recently announced that it is proposing to restructure itself, to become an investing company and raise new funds. Paternoster will be participating in this fund raising and will become a major shareholder in the company. It is expected that trading in Astar shares will resume shortly.

Since the year end, the Company's portfolio has continued to perform well and to grow with the addition of investments in Jubilee Platinum plc, Andiamo Exploration Limited, Plutus Resources plc and Shumba Coal Limited. Most recently the Company invested £125,000 in North American Petroleum plc, a company that has just raised £2 million to invest in oil assets in North America. All of the investments in the companies above that are already listed show an uplift in value, with Plutus Resources and North American Petroleum trading very significantly ahead of the price at which the Company made its investment.

At 31 December 2012, the Company had cash balances of £1,454,495 (2011: £375,659) again another significant increase on the previous year.

The key performance indicators are set out below:

COMPANY STATISTICS	31 December 2012	31 December 2011	Change %
Net asset value	£2,656,343	£2,168,091	+23%
Net asset value - fully diluted per share	0.43p	0.36p	+20%
Closing share price	0.31p	0.50p	-38%
Share price (discount)/premium to net asset value - fully diluted	(28%)	39%	
Market capitalisation	£1,791,000	£2,889,000	-38%

Notwithstanding the Company's outstanding performance and its proven ability to make significant returns on a realised basis, the Company's share price performance has been disappointing. Whilst there has been some increase in the share price since the year end, the Company is still trading at a discount to its net asset value. Management considers that there is still significant potential within the Company's existing portfolio for future growth.

OUTLOOK

The Company is focused on achieving further returns from within its current portfolio, whilst seeking to add more interesting and attractive investments. At the same time, given the current market environment, the Company is keen to ensure that it maintains a healthy cash balance in order to take advantage of new opportunities as they arise.

I firmly believe that shareholders can continue to look forward to a very exciting and financially rewarding future for the Company.

Nicholas Lee

Chairman
17 April 2013

GROUP STATEMENT OF COMPREHENSIVE INCOME

	Note	2012 £	2011 Restated £
CONTINUING OPERATIONS:			
Net gains on investments	4	690,806	1,085,573
Finance income	5	1,209	876
TOTAL INCOME		692,015	1,086,449
Operating expenses	6	(241,157)	(166,423)
Directors' severance payments	7	–	(226,000)
PROFIT BEFORE TAXATION		450,858	694,026
Taxation	10	(1,025)	1,391
PROFIT FOR THE YEAR FROM CONTINUING OPERATIONS		449,833	695,417
Loss for the year from discontinued operations	11	–	(3,570)
PROFIT FOR THE YEAR AND TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT		449,833	691,847

EARNINGS PER SHARE	12		
BASIC:			
- Continuing operations		0.078p	0.198p
- Discontinued operations		0.000p	(0.001p)
- Total basic earnings/(loss) per share		0.078p	0.197p
FULLY DILUTED:			
- Continuing operations		0.073p	0.198p
- Discontinued operations		0.000p	(0.001p)
- Total fully diluted earnings/(loss) per share		0.073p	0.197p

GROUP STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Other reserves (Note 20) £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2011	3,285,796	1,852,339	27,000	(5,161,091)	4,044
Profit for the year and total comprehensive income	–	–	–	691,847	691,847
Issue of share capital	545,000	1,005,000	–	–	1,550,000
Share issue costs	–	(82,490)	–	–	(82,490)
Share based payment costs	–	–	4,690	–	4,690
Transactions with owners	545,000	922,510	4,690	–	1,472,200
BALANCE AT 31 DECEMBER 2011 (restated)	3,830,796	2,774,849	31,690	(4,469,244)	2,168,091
Profit for the year and total comprehensive income	–	–	–	449,833	449,833
Share based payment costs	–	–	38,419	–	38,419
Transactions with owners	–	–	38,419	–	38,419
BALANCE AT 31 DECEMBER 2012	3,830,796	2,774,849	70,109	(4,019,411)	2,656,343

COMPANY STATEMENT OF CHANGES IN EQUITY

	Share capital £	Share premium £	Other reserves (Note 20) £	Retained losses £	Total equity £
BALANCE AT 1 JANUARY 2011	3,285,796	1,852,339	27,000	(5,194,574)	(29,439)
Profit for the year and total comprehensive income	–	–	–	715,399	715,399
Issue of share capital	545,000	1,005,000	–	–	1,550,000
Share issue costs	–	(82,490)	–	–	(82,490)
Share based payment costs	–	–	4,690	–	4,690
Transactions with owners	545,000	922,510	4,690	–	1,472,200
BALANCE AT 31 DECEMBER 2011 (restated)	3,830,796	2,774,849	31,690	(4,479,175)	2,158,160
Profit for the year and total comprehensive income	–	–	–	447,760	447,760
Share based payment costs	–	–	38,419	–	38,419
Transactions with owners	–	–	38,419	–	38,419
BALANCE AT 31 DECEMBER 2012	3,830,796	2,774,849	70,109	(4,031,415)	2,644,339

STATEMENTS OF FINANCIAL POSITION

		GROUP		COMPANY	
	Note	2012 £	2011 restated £	2012 £	2011 restated £
NON-CURRENT ASSETS					
Investment in subsidiary undertakings	13	–	–	–	–
Investments held for trading	14	1,199,608	1,760,086	1,199,608	1,760,086
		1,199,608	1,760,086	1,199,608	1,760,086
CURRENT ASSETS					
Trade and other receivables	15	41,680	85,170	40,526	83,352

	Note				
Cash and cash equivalents	16	1,454,495	375,659	1,441,177	357,940
		1,496,175	460,829	1,481,703	441,292
TOTAL ASSETS		2,695,783	2,220,915	2,681,311	2,201,378
CURRENT LIABILITIES					
Trade and other payables	17	39,440	52,824	36,972	43,218
		39,440	52,824	36,972	43,218
NET ASSETS		2,656,343	2,168,091	2,644,339	2,158,160
EQUITY					
Share capital	19	3,830,796	3,830,796	3,830,796	3,830,796
Share premium account		2,774,849	2,774,849	2,774,849	2,774,849
Capital redemption reserve	20	27,000	27,000	27,000	27,000
Share option reserve	20	43,109	4,690	43,109	4,690
Retained losses		(4,019,411)	(4,469,244)	(4,031,415)	(4,479,175)
TOTAL EQUITY		2,656,343	2,168,091	2,644,339	2,158,160

These Financial Statements were approved by the board of Directors on 17 April 2013 and were signed on its behalf by:

N Lee
Director

Company number: 269566

STATEMENTS OF CASH FLOWS

		GROUP		COMPANY	
		2012	2011	2012	2011
	Note	£	£	£	£
CASH FLOWS FROM OPERATING ACTIVITIES					
Profit before taxation - continuing operations		450,858	694,026	447,760	715,399

Loss before taxation - discontinued operations		–	(3,570)	–	–
Share based payment expense		38,419	4,690	38,419	4,690
Dividend from subsidiary		–	–	–	(11,296)
Interest receivable		(1,209)	(876)	(1,174)	(731)
Profit on sale of investments		(690,806)	(1,085,573)	(690,806)	(1,085,573)
Increase in trade and other receivables		(20,982)	(76,592)	(21,646)	(77,791)
(Decrease)/increase in trade and other payables		(13,384)	5,829	(6,246)	5,210
		(237,104)	(462,066)	(233,693)	(450,092)
Tax (paid)/received		(1,025)	1,391	–	–
NET CASH USED BY OPERATING ACTIVITIES		(238,129)	(460,675)	(233,693)	(450,092)
CASH FLOWS FROM INVESTING ACTIVITIES					
Purchase of investments		(1,185,435)	(674,513)	(1,185,435)	(674,513)
Disposal of investments		2,501,269	–	2,501,269	–
Dividend from subsidiary		–	–	–	11,296
Interest received		1,131	876	1,096	731
NET CASH FROM INVESTING ACTIVITIES		1,316,965	(673,637)	1,316,930	(662,486)
CASH FLOWS FROM FINANCING ACTIVITIES					
Issue of shares		–	1,550,000	–	1,550,000
Share issue expenses		–	(82,490)	–	(82,490)
NET CASH FROM FINANCING ACTIVITIES		–	1,467,510	–	1,467,510
NET INCREASE IN CASH AND CASH EQUIVALENTS		1,078,836	333,198	1,083,237	354,932
Cash and cash equivalents at the beginning of the year		375,659	42,461	357,940	3,008
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	16	1,454,495	375,659	1,441,177	357,940

NOTES TO THE FINANCIAL STATEMENTS

1 **GENERAL INFORMATION**

Paternoster Resources plc is a public limited company incorporated in the United Kingdom. The shares of the Company are listed on the AIM stock exchange. The address of its registered office is 31 Harley Street, London W1G 9QS. The Group's principal activities are described in the Directors' Report.

2 **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied throughout all periods presented in the financial statements.

As in prior periods, the Group financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. The financial statements have been prepared using the measurement bases specified by IFRS for each type of asset, liability, income and expense. The measurement bases are more fully described in the accounting policies below.

An overview of standards, amendments and interpretations to IFRSs issued but not yet effective, and which have not been adopted early by the Group are presented below under 'Statement of Compliance'.

CHANGE OF ACCOUNTING POLICY

The Group has early adopted "Investment Entities (Amendments to IFRS 10, IFRS 12, and IAS 27)" issued by the International Accounting Standards Board in October 2012. The effect of this accounting policy change is that the Group's investments which previously were all classified and designated as available for sale are classified as held for trading and designated as at fair value through profit or loss. As a result the income statement for 2011 has been restated to include unrealised fair value gains on investments in the income statement rather than in other comprehensive income, and the statement of financial position has been restated to include the unrealised fair value gains in retained earnings rather than in the investment reserve.

The impact of the change of accounting policy has been retrospectively applied in accordance with IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors'.

As a result of the voluntary accounting policy change, the following adjustments were made to the financial statements:

	2011
As of and for the year ended 31 December 2011	£
Net gain on investments	1,085,573

Net increase in profit for the year from continuing operations	1,085,573
Net decrease in investment reserve	(1,085,573)
Net decrease in retained losses	1,085,573

GOING CONCERN

The directors have, at the time of approving the financial statements, a reasonable expectation that the Company and the Group have adequate resources to continue in existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the financial statements.

CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with IFRS requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting year. These estimates and assumptions are based upon management's knowledge and experience of the amounts, events or actions. Actual results may differ from such estimates.

The only estimates and assumptions that may cause material adjustment to the carrying value of assets and liabilities relate to the valuation of unquoted investments. These are valued in accordance with the techniques set out in the accounting policy note "Investments held for trading"..

STATEMENT OF COMPLIANCE

The financial statements comply with IFRS as adopted by the European Union. At the date of authorisation of these financial statements the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective. The company does not plan to adopt these standards early.

		Effective for accounting periods beginning on or after:
IFRS 10	Consolidated Financial Statements - Identification of the concept of control of an entity and the requirement to include in consolidated accounts	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013

IAS 1 (amended)	Presentation of Items of Other Comprehensive Income	1 July 2012
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 (revised)	Employee Benefits	1 January 2013

The Directors have not yet evaluated the effect of these standards on the financial statements.

BASIS OF CONSOLIDATION

The consolidated income statement and statement of financial position include the financial information of the Company and its subsidiary undertakings made up to 31 December 2012. Acquisitions of subsidiaries are dealt with by the purchase method. The purchase method involves the recognition at fair value of all identifiable assets and liabilities, including contingent liabilities of the subsidiary, at the acquisition date, regardless of whether or not they were recorded in the financial statements of the subsidiary prior to acquisition. On initial recognition, the assets and liabilities of the subsidiary are included in the consolidated statement of financial position at their fair values, which are also used as the bases for subsequent measurement in accordance with the Group accounting policies. Goodwill is stated after separating out identifiable intangible assets of the acquired subsidiary at the date of acquisition.

SEGMENTAL REPORTING

The accounting policy for identifying segments is now based on internal management reporting information that is regularly reviewed by the chief operating decision maker, which is identified as the Board of Directors.

In identifying its operating segments, management generally follows the Group's service lines which represent the main products and services provided by the Group. The Directors believe that the Group's continuing investment operations comprise one segment.

TAXATION

Current taxation is the taxation currently payable on taxable profit for the year.

Deferred income taxes are calculated using the liability method on temporary differences. Deferred tax is generally provided on the difference between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Temporary differences include those associated with shares in subsidiaries and joint ventures and are only not recognised if the Group controls the reversal of the difference and it is not expected for the foreseeable future. In addition, tax losses available to be carried forward as well as other income tax credits to the Group are assessed for recognition as deferred tax assets.

Deferred tax liabilities are provided in full, with no discounting. Deferred tax assets are recognised to the extent that it is probable that the underlying deductible temporary differences will be able to be offset against future taxable income. Current and deferred tax assets and liabilities are calculated at tax rates that are expected to apply to their respective period of realisation, provided they are enacted or substantively enacted at the statement of financial position date. Changes in deferred tax assets or liabilities are recognised as a component of tax expense in the income statement, except where they relate to items that are charged or credited to equity in which case the related deferred tax is also charged or credited directly to equity.

FOREIGN CURRENCY TRANSLATION

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the statement of financial position reporting date. All exchange differences are dealt with through the profit or loss as they arise except where they arise from translation on consolidation, where they are recognised in other comprehensive income and reclassified to profit or loss on the disposal of the foreign operation.

FINANCIAL ASSETS

The Group's financial assets comprise available for sale investments, and cash and cash equivalents.

INVESTMENTS HELD FOR TRADING

All investments are designated upon initial recognition as held at fair value through profit or loss. Investment transactions are accounted for on a trade date basis. Assets are de-recognised at the trade date of the disposal. Assets are sold at their fair value, which comprises the proceeds of sale less any transaction cost. The fair value of the financial instruments in the balance sheet is based on the quoted bid price at the balance sheet date, with no deduction for any estimated future selling cost. Unquoted investments are valued by the directors using primary valuation techniques such as recent transactions, last price and net asset value. Changes in the fair value of investments held at fair value through profit or loss and gains and losses on disposal are recognised in the consolidated statement of comprehensive income as "Net gains on investments". Investments are initially measured at fair value plus incidental acquisition costs. Subsequently, they are measured at fair value in accordance with IAS 39. This is either the bid price or the last traded price, depending on the convention of the exchange on which the investment is quoted.

ASSOCIATED UNDERTAKINGS

Associated undertakings are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Investments that are held as part of the Group's investment portfolio are carried in the statement of financial position at fair value even though the Group may have significant influence over those companies. This treatment is permitted by IAS 28 "Investment in Associates", which requires investments held by a company as a venture capital provider to be excluded from its scope where those investments are designated, upon initial recognition, as at fair value through profit or loss and accounted for in accordance with IAS 39, with changes in fair value recognised in the statement of comprehensive income in the period of the change. The Group has no interests in associates through which it carries on its business.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits, together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

FINANCIAL LIABILITIES

The Group's financial liabilities comprise trade payables. Financial liabilities are obligations to pay cash or other financial assets and are recognised when the Group becomes a party to the contractual provisions of the instruments.

TRADE PAYABLES

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

SHARE-BASED PAYMENTS

All share based payments are accounted for in accordance with IFRS 2 - "Share-based payments". The Company issues equity-settled share based payments in the form of share options to certain directors and employees. Equity settled share based payments are measured at fair value at the date of grant. The fair value determined at the grant date of equity-settled share based payments is expensed on a straight line basis over the vesting period, based on the Company's estimate of shares that will eventually vest.

Fair value is estimated using the Black-Scholes valuation model. The expected life used in the model has been adjusted, on the basis of management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations. At each balance sheet date, the Company revises its estimate of the number of equity instruments expected to vest as a result of the effect of non-market based vesting conditions. The impact of the revision of the original estimates, if any, is recognised in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to retained earnings.

DIVIDENDS

Dividend distributions payable to equity shareholders are included in "current financial liabilities" when the dividends are approved in general meeting prior to the statement of financial position date.

EQUITY

Equity comprises the following:

- "Share capital" represents the nominal value of equity shares.
- "Share premium" represents the excess over nominal value of the fair value of consideration received for equity shares, net of expenses of the share issue.
- "Capital redemption reserve" represents the nominal value of shares repurchased or redeemed by the Company.
- "Option reserve" represents the cumulative cost of share based payments.
- "Retained losses" represents retained losses.

3 SEGMENTAL INFORMATION

The Group is organised around business class and the results are reported to the Chief Operating Decision Maker according to this class. There is one continuing class of business, being the investment in the natural resources sector.

Given that there is only one continuing class of business, operating within the UK no further segmental information has been provided.

4 NET GAINS ON INVESTMENTS

	2012	2011
	£	£
Net realised gains on disposal of investments	1,922,265	–
Unrealised gains/losses on investments:		
(Gains)/losses at beginning of year	(1,085,573)	–
(Losses)/gains at end of year	(145,886)	1,085,573

Net gains on investments	690,806	1,085,573

5 **FINANCE INCOME**

	2012	2011
	£	£
Interest receivable	1,209	876

6 **OPERATING EXPENSES**

	2012	2011
	£	£
Operating expenses include:		
Operating lease rentals		
- land and buildings	–	3,000

AUDITOR'S REMUNERATION

During the year the Group obtained the following services from the Company's auditor:

	2012	2011
	£	£
Fees payable to the Company's auditor for the audit of the parent company and the Group financial statements	10,000	10,000
Fees payable to the Company's auditor and its associates for other services:		
Other services relating to taxation	2,000	2,000
	12,000	12,000

7 **DIRECTORS' EMOLUMENTS**

	2012	2011
	£	£
Aggregate emoluments	89,334	58,625
Directors' severance payments	–	226,000
Social security costs	5,246	5,315
Share based payment expense	38,419	4,690

	132,999	294,630

Name of director	Fees	Benefits	Total 2012	Total 2011
	£	£	£	£
N Lee	72,334	–	72,334	28,250
G Haselden	17,000	–	17,000	56,983
S J Wootliff	–	–	–	123,392
M Brink	–	–	–	36,000
D Thompson	–	–	–	25,000
J L Posner	–	–	–	5,000
KM Robinson	–	–	–	10,000
	89,334	–	89,334	284,625

£37,000 of the fees in respect of Mr N Lee was paid to ACL Capital Limited.

8 EMPLOYEE INFORMATION

	2012	2011
	£	£
Wages and salaries	89,334	55,233
Social security costs	5,246	5,315
Other benefits	–	3,392
Compensation payments	–	226,000
Share based payment expense	38,419	4,690
	132,999	294,630

Average number of persons employed:

	2012 Number	2011 Number
Office and management	2	2

COMPENSATION OF KEY MANAGEMENT PERSONNEL

There are no key management personnel other than the Directors of the Company.

9 **SHARE BASED PAYMENTS**

WARRANTS

In 2010 the Company issued warrants, each entitling the holder to subscribe in cash for one share at a price of 10p per share:

Number of warrants at 1 Jan 2012	Issued in the year	Exercised in the year	Number of warrants at 31 Dec 2012	Exercise price	Vesting Date	Expiry date
2,125,000	–	–	2,125,000	10p	20.11.2011	20.11.2014

The Directors do not consider the fair value of warrants to be material to the Company accordingly a charge has not been recognised in accordance with IFRS.

EQUITY-SETTLED SHARE OPTION SCHEME

The Company operates share-based payment arrangements to remunerate directors and key employees in the form of a share option scheme. Equity-settled share-based payments are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of shares that will eventually vest and adjusted for the effect of non-market based vesting conditions.

On 26 October 2011, Nicholas Lee was granted options to subscribe for 28,000,000 new ordinary shares in the Company at an exercise price of 0.32p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively.

On 13 March 2012, Nicholas Lee was granted options to subscribe for 14,000,000 new ordinary shares in the Company at an exercise price of 0.48p per share. The options are exercisable for a period of ten years from the date of grant, with one third becoming exercisable on the first, second and third anniversaries of the date of grant respectively. The fair value of these options was determined using the Black-Scholes option pricing model and was £0.22p per option.

The significant inputs to the model in respect of the options granted in 2012 and 2011 were as follows:

	2012	2011
Grant date share price	0.48p	0.32p

Exercise share price	0.48p	0.32p
No. of share options	14,000,000	28,000,000
Risk free rate	3%	3%
Expected volatility	40%	40%
Option life	10 years	10 years
Calculated fair value per share	0.22p	0.15p

The total share-based payment expense recognised in the income statement for the year ended 31 December 2012 in respect of the share options granted was £38,419 (2011: £4,690).

Number of options at 1 Jan 2012	Issued in the year	Exercised in the year	Number of options at 31 Dec 2012	Exercise price	Vesting Date	Expiry date
9,333,334	–	–	9,333,334	0.32p	26.10.2012	26.10.2021
–	4,666,667	–	4,666,667	0.48p	13.03.2013	13.03.2022
9,333,333	–	–	9,333,333	0.32p	26.10.2013	26.10.2021
–	4,666,667	–	4,666,667	0.48p	13.03.2014	13.03.2022
9,333,333	–	–	9,333,333	0.32p	26.10.2014	26.10.2021
–	4,666,666	–	4,666,666	0.48p	13.03.2015	13.03.2022
28,000,000	14,000,000	–	42,000,000	0.32p		

10 INCOME TAX EXPENSE

	2012	2011
	£	£
Current tax - continuing operations	1,025	(1,391)

The tax on the Group's profit before tax differs from the theoretical amount that would arise using the weighted average rate applicable to profits of the Consolidated entities as follows:

	2012	2011
	£	£
Profit before tax from continuing operations	450,858	694,026
Profit/(loss) before tax multiplied by rate of corporation tax in the UK of		

24.5% (2011: 26.5%)	110,460	(183,917)
Expenses not deductible for tax purposes	543	–
Brought forward tax losses utilised	(109,978)	182,526
Total tax	1,025	(1,391)

The operations of the Group have given rise to a realised capital gain in the year of £1,922,000. No provision for tax in respect of this gain is included in the accounts as the Directors believe that the Group has capital losses brought forward that exceed the current gain.

Unrelieved tax losses of £3,525,000 (2011: £3,220,000) remain available to offset against future taxable trading profits. No deferred tax asset has been recognised in respect of the losses as recoverability is uncertain.

11 **DISCONTINUED OPERATIONS**

The discontinued operations relate to the development of a commercial biofuel operation which was discontinued in 2011. The income and expenditure account and cash flows have been split between continuing and discontinued activities in accordance with IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations".

	2012 £	2011 £
Administrative expenses	–	(3,570)
Other income	–	–
Operating loss	–	(3,570)
Net finance income	–	–
Loss before taxation	–	(3,570)
Taxation	–	–
Loss for the year from discontinued operations	–	(3,570)
Net cash used by operating activities	–	–
Net cash from investing activities	–	–

12 **EARNINGS PER SHARE**

The basic earnings per share is based on the profit/(loss) for the year divided by the weighted average number of shares in issue during the year. The weighted average number of ordinary shares for the year ended 31 December 2012 assumes that all shares have been included in the computation based on the weighted average number of days since issue.

	2012	2011
	£	£
Profit/(loss) attributable to equity holders of the Group:		
Profit/(loss) from continuing operations	449,833	695,417
Loss from discontinued operations	–	(3,570)
Profit/(loss) for the year attributable to equity holders of the Group	449,833	691,847
Weighted average number of ordinary shares in issue for basic earnings	577,857,956	350,912,751
Weighted average number of ordinary shares in issue for fully diluted earnings	616,797,847	350,912,751

EARNINGS/(LOSS) PER SHARE		
BASIC:		
- Continuing operations	0.078p	0.197p
- Discontinued operations	0.000p	0.000p
- Total basic earnings/(loss) per share	0.078p	0.197p
FULLY DILUTED:		
- Continuing operations	0.073p	0.194p
- Discontinued operations	0.000p	0.000p
- Total fully diluted earnings/(loss) per share	0.073p	0.194p

For 2011 the share options in issue were anti-dilutive in respect of the loss per share calculation and have therefore not been included.

13 INVESTMENT IN SUBSIDIARY UNDERTAKINGS

	COMPANY	
	2012	2011
	£	£
COST		
As at 1 January and 31 December	1,480,098	1,480,098
PROVISIONS		
As at 1 January and 31 December	1,480,098	1,480,098

NET BOOK VALUE	–	–

The Company has investments in the following subsidiary undertakings :

Name of subsidiary undertaking	Status of Company	Country of incorporation	Nature of business	Description of holding	Proportion held
Viridas GmbH	Private	Germany	Dormant	EURO 25,000 Registered shares	100%
Viridas Brasil Agronegocios Ltd	Private	Brazil	Dormant	R$ 100,000	100%
Viridas Enterprises Brasil Limited	Private	UK	Dormant	£1 Ordinary shares	100%

ASSOCIATED UNDERTAKINGS

At the year end the Company held a 27% share in the issued share capital of Brady Exploration Plc, of which Nicholas Lee is a director. This allows the Group to participate in the financial and operating policies of the company and it is presumed that it is possible to exert significant influence when the equity holding is greater than 20%. This investment is not equity accounted for (as permitted by IAS 28) but is a related party and has been included in investments held for trading (see Note 13).

14 **INVESTMENTS HELD FOR TRADING**

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
At 1 January - fair value	1,760,086	–	1,760,086	–
Acquisitions	1,249,985	674,513	1,249,985	674,513
Disposal proceeds	(2,501,269)	–	(2,501,269)	–
Net gain on disposal of investments	1,922,265	–	1,922,265	–
Unrealised (losses)/gains on investments	(1,231,459)	1,085,573	(1,231,459)	1,085,573
.At 31 December - fair value	1,199,608	1,760,086	1,199,608	1,760,086
Categorised as:				
Level 1 - Quoted investments	1,029,011	1,760,086	1,029,011	1,760,086

Level 3 - Unquoted investments	170,597	–	170,597	–
	1,199,608	1,760,086	1,199,608	1,760,086

The table above sets out the fair value measurements using the IFRS 7 fair value hierarchy. Categorisation within the hierarchy has been determined on the basis of the lowest level of input that is significant to the fair value measurement of the relevant asset as follows:

Level 1 - valued using quoted prices in active markets for identical assets.
Level 2 - valued by reference to valuation techniques using observable inputs other than quoted prices included within Level 1.
Level 3 - valued by reference to valuation techniques using inputs that are not based on observable market data.

The valuation techniques used by the company are explained in the accounting policy note, "Investments held for trading".

15 **TRADE AND OTHER RECEIVABLES**

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Other receivables	33,306	74,148	32,152	72,330
Prepayments and accrued income	8,374	11,022	8,374	11,022
	41,680	85,170	40,526	83,352

16 **CASH AND CASH EQUIVALENTS**

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£
Cash and cash equivalents	1,454,495	375,659	1,441,177	357,940

17 **TRADE AND OTHER PAYABLES**

	GROUP		COMPANY	
	2012	2011	2012	2011
	£	£	£	£

Trade payables	24,972	21,468	24,972	21,468
Social security and other taxes	1,017	2,288	–	2,288
Other payables	–	2,682	–	2,682
Accrued expenses	13,451	26,386	12,000	16,780
	39,440	52,824	36,972	43,218

18 FINANCIAL INSTRUMENTS

The Group uses financial instruments, other than derivatives, comprising cash to provide funding for the Group's operations.

The main risk arising from the Group financial instruments is liquidity risk. The Group does not have any significant other risks. The Directors agree policies for managing these risks and they are summarised below:

LIQUIDITY RISK
The Group seeks to manage financial risk, to ensure sufficient liquidity is available to meet foreseeable needs.

An analysis of trade and other payables is given in note 16. These payables are payable within a year.

NET FOREIGN CURRENCY MONETARY ASSETS

	Euro	Total
Functional currency of the operation	£	£
Sterling	13,318	13,318

The Directors do not consider the Group has significant exposure to movements in foreign currency in respect of its monetary assets.

CATEGORIES OF FINANCIAL INSTRUMENTS

	2012	2011
	£	£
FINANCIAL ASSETS:		
Cash and bank balances	1,454,495	375,659

Loans and receivables	183,306	74,148
Available for sale financial assets	1,310,008	1,760,086
FINANCIAL LIABILITIES AT AMORTISED COST:		
Trade and other payables	25,989	26,438

19 **SHARE CAPITAL**

	Number of shares		Share capital	
	Deferred	Ordinary	Deferred	Ordinary
			£	£
ISSUED AND FULLY PAID:				
At 1 January 2012:				
Deferred shares of 9.9p each	32,857,956	–	3,252,938	–
Ordinary shares of 0.1p each	–	577,857,956	–	577,858
At 31 December 2012	32,857,956	577,857,956	3,252,938	577,858

20 **OTHER RESERVES**

	Capital redemption reserve	Share option reserve	Total Other reserves
	£	£	£
Balance at 1 January 2011	27,000	–	27,000
Share based payment costs	–	4,690	4,690
Balance at 31 December 2011	27,000	–	31,690
Share based payment costs	–	38,419	38,419
Balance at 31 December 2012	27,000	43,109	70,109

21 **RELATED PARTY TRANSACTIONS**

Transactions between the company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

The compensation payable to Key Management personnel comprised £89,334 (2011: £284,625) paid by the Group to the Directors in respect of services to the Group. Full details of the compensation for each Director are provided in Note 7.

Nicholas Lee is a director and controlling shareholder of ACL Capital Limited which invoiced the Company £37,000 in respect of consultancy fees due for the year (2011: £9,250). £2,500 of this amount was invoiced and paid after the year end. No other amounts were owed at 31 December 2012.

Nicholas Lee is also a director of Brady Exploration plc, in which the Company has a 27% shareholding, and Leed Resources plc, in which the Company had a 22% shareholding at the start of the year, which was disposed of in January 2012.

22 **POST YEAR END EVENTS**

The significant post year end events are set out in the Directors' report.