QUORAM PLC

Annual Report and Accounts 2015

CONTENTS

DIRECTORS, OFFICERS AND ADVISERS

Directors

James Ede-Golightly	Chairman
Christopher Hill	Non-executive director
Gordon Hall	Non-executive director

Company Secretary
Christopher Hill

Registered Office
DWF
Bridgewater Place
Water Lane
Leeds LS11 5DY

Broker and Nominated Adviser
WH Ireland Limited
4 Colston Avenue
Bristol BS1 4ST

Independent Auditor
Nexia Smith & Williamson
Portwall Place
Portwall Lane
Bristol BS1 6NA

Registrar
Neville Registrars
Neville House
18 Laurel Lane
Halesowen B63 3DA

CHAIRMAN'S STATEMENT

At year end the Group's net assets were 0.26p per share unchanged from 30 June 2014 and a decline from 0.29p since 31 December 2014.

The company achieved a marginal profit from continuing operations over the year of £25k compared to a loss in the year ended 30 June 2014 of £690k. The result reflected a gain of £254k on the carrying value of the Company's interest in Plant Health Care Plc offset by a loss of £107k on the carrying value of Hague and London Oil Plc (formerly Wessex Exploration Plc).

Administration costs were £130k compared to £517k in the prior financial year. Having completed a rationalisation process early within the year, the resulting savings were reflected within the result for the period. Expenses are expected to be stable in the current financial year.

Having reviewed a number of strategic options and in progression of the Company's investment strategy, the Board has now concluded that it is in the best interests of the Company to seek the cancellation of trading in the Company's Ordinary Shares on AIM and, following a restructuring of the Company's Existing Ordinary Shares, to seek High Court approval for the cancellation of part of the Share Capital Account and the Share Premium Account. These measures will further reduce costs and provide the Board with maximum flexibility either to progress the Company's strategy as a private entity or alternatively to return capital to Shareholders. A circular will be published shortly giving details of the proposed Share Capital re-organisation and incorporating the notice of Annual General Meeting.

James Ede-Golightly
Chairman
30 October 2015

STRATEGIC REPORT

Strategy and business objectives

The full strategy is set out under section 3 of the circular dated 18 March 2013 which was approved by shareholders at a general meeting held on 11 April 2013.

Quoram's objectives for the future are to identify investment opportunities offering the potential to deliver value creation to Shareholders over the medium to long term, as measured by growth in net asset value (NAV) after adjusting for distributions. Depending on specific circumstances, investments may range from minority shareholdings to the acquisition of wholly owned trading subsidiaries, and such investments may be quoted or unquoted. Acquisitions or investments may be funded through the issue of new Ordinary Shares, debt or from the Company's existing cash resources. The Board will have full discretion to focus the Company's investment resource around those opportunities it has identified as offering the best potential for value creation.

The year to 30 June 2015 was a period of consolidation for the Group. All past oil and gas exploration activities have now been ceased and all operating licenses have now expired. The US based subsidiary companies carrying out the oil and gas exploration have now been struck off. The Group's ability to pursue its Investing Policy has been hampered by the continued decline in the value of its historic investment in Wessex Exploration Plc (now called Hague and London Oil Plc).

The Board are actively pursuing opportunities to increase shareholder value.

Results

The group's result for the year ended 30 June 2015 was a profit of £1,133,000 (2014: loss of £688,000). The profit for the year ended 30 June 2015 includes a one off credit to the income statement of £1,108,000 reflecting the reclassification of foreign exchange losses (classed as profit from discontinued operations) on closure of the US subsidiaries.

Business Review

A review of the Group's performance and future prospects is contained in the Chairman's Statement on page 3.

Development and performance

The Group's Portfolio Investments performed well in the year to 30 June 2015, as described in the Chairman's Statement on page 3.

A significant amount of work has been undertaken in the year to successfully exit historic oil and gas exploration commitments. This has now been completed allowing the Group to focus on the new Investment Strategy. The board is increasingly focused on identifying a small number of strategic investment opportunities. The board continues to review such opportunities and will update shareholders when further investments are made. With a significant proportion of the statement of financial position in cash and a low overhead, the Company is well positioned to capitalise on opportunities as they arise.

Position at year end

The Group finished the year with cash and cash equivalent balances of £1.62 million (2014: £1.73 million). Net assets at 30 June 2015 were £2.55 million compared to £2.52 million at 30 June 2014.

Key performance indicators

The key indicators of performance for the business in its current stage are the financial performance of its Portfolio Investments. The Group recognised an unrealised profit of £254k in the year to 30 June 2015 compared to an unrealised loss of £55k in the year to 30 June 2014.

The control of overhead spend is also of high importance to ensure the Group is being managed efficiently. Budgets are monitored closely to ensure adequate financial resources are available to meet financial commitments as they arise. Total administrative expenses for the year were £130k compared to £517k in the prior year.

Net assets per share is an important indicator of the Group's financial performance. The net assets per share increased from 0.260p at 30 June 2014 to 0.263p at 30 June 2015, mainly reflecting the gain in value of Portfolio Investments.

Principal risks and uncertainties

The Group considers that the principal risks to achieving its business objectives are as follows:

Market risk

The main risk arising from the Group's operations are market price risk associated with its Portfolio Investment assets. The Director's review and agree policies for managing risk at least annually. The directors believe that they have mitigated these risks as far as reasonably practicable – by maintaining a rigorous investment appraisal and asset monitoring procedure and continually reviewing and seeking to improve such controls as well as business processes and procedures.

Attraction and retention of key employees

Attracting and retaining key personnel is critical to the long-term success of the business. The Group aims to provide remuneration and working conditions that will both attract and retain high calibre employees. The Group operates a share option scheme for certain senior staff which allows them to benefit from future improvements in the Company's share price.

Funding

The Group has £1.62 million of cash and cash equivalents as at 30 June 2015. The Directors believe that this is sufficient to allow them to execute the Investment Policy flexibly in the coming years. However, were significant un-foreseen expenses to arise, additional finance may be required. The Board try to mitigate this risk by regularly reviewing budgets and analysing future cash requirements.

On behalf of the Board

James Ede-Golightly
Chairman
30 October 2015

REPORT OF THE DIRECTORS
for the year ended 30 June 2015

The directors present their report together with the consolidated financial statements for the year ended 30 June 2015.

Principal Activities

Quoram plc is a public limited company which is listed on the AIM market of the London Stock Exchange and is incorporated and domiciled in the UK. The company is an investment holding and management company whose principal activity is investment in and growth and development of businesses within its investment portfolio. Further information on the principal activities is given in the Chairman's statement on page 3.

Financial Risk Management and Objectives

The group uses various financial instruments including cash and items such as trade receivables and trade payables that arise directly from its operations. The existence of these financial instruments exposes the group to a number of financial risks, which are described in notes 15 and 16 of the consolidated financial statements.

Dividends

No interim dividend (2014: £nil) was declared during the year and the Directors do not recommend payment of a final dividend in respect of the year ended 30 June 2015 (2014: £nil).

Directors

The directors holding office during the year and their interests in the shares of the Company as at 1 July 2014 and 30 June 2015 were as shown in the table below.

Executive Directors	**Non-Executive Directors**
J Ede-Golightly	C Hill
	G Hall

Ordinary Shares

	30 June 2015	1 July 2014
J Ede-Golightly	**7,630,746**	7,630,746
C Hill	**–**	–
G Hall	**2,500,000**	2,500,000

Profile of the directors

James Ede-Golightly

James is Chairman of Quoram Plc and East Balkan Properties Plc, he is also a Non-Executive Chairman of Cronin Group Plc. He has extensive experience as a non-executive on the boards of AIM-quoted companies with international business interests. James was a founder of ORA Capital Partners in 2006, having previously worked as an analyst at Merrill Lynch Investment Managers and Commerzbank. He is a CFA Charterholder and holds an MA in economics from Cambridge University. In 2012 he was awarded New Chartered Director of the Year by the Institute of Directors.

Chris Hill

Chris graduated in Economics and Public Policy from Leeds Metropolitan University where he combined his studies with a professional rugby career. He then went on to gain his professional accountancy qualification with Grant Thornton where he gained experience of a wide range of businesses from small private clients to full list PLC's. He subsequently joined the AIM listed investment company, ORA Capital Partners Ltd, as Group Financial Controller in 2010 where he was responsible for all aspects of financial management including statutory financial reporting, corporate transactions and fundraises. He is also a director of Oxford Pharmascience Group Plc.

Gordon Hall

Gordon is a non-executive director of Nanoco Group Plc and EKF Diagnostics Plc. After an early career in teaching, Gordon built up substantial international sales, management and development expertise with Rank Xerox and Abbott Laboratories. He became Chief Executive Officer of Shield Diagnostic Ltd (now Axis Shield Plc) in 1990 and was responsible for listing the company on the London Stock Exchange.

Directors' remuneration

The remuneration of the directors for the year ended 30 June 2015 was as follows:

Salaries and fees	**2015 £'000**	2014 £'000
J Ede-Golightly	**25**	25
B Marshall	**n/a**	5
G Hall	**12**	12
C Hill	**15**	55

Copies of the Service Agreement for each director are available for inspection at the Company's Registered Office.

Directors' indemnity insurance

As permitted by the Articles of Association, the Directors have the benefit of an indemnity which is a qualifying third party indemnity provision as defined by Section 234 of the Companies Act 2006. The indemnity was in force throughout the last financial year and is currently in force. The Company also purchased and maintained throughout the financial year Directors' and Officers' liability insurance in respect of itself and its Directors.

Events after the Balance Sheet Date

The events after the balance sheet date that have arisen since 30 June 2015 are described in note 23 to these financial statements.

Corporate governance

The Group complies with the principles of the Corporate Governance Code for Small and Mid-Size Quoted Companies published by the Quoted Companies Alliance in September 2014 so far as is practicable and appropriate given the size and constitution of the Board.

The Board

At 30 June 2015 the Board comprised one executive director and two non-executive directors.

Audit committee

The audit committee's primary responsibilities are to monitor the integrity of the financial affairs and statements of the Company, to ensure that the financial performance of the Company and any subsidiary of the Company is properly measured and reported on, to review reports from the Company's auditors relating to the accounting and internal controls and to make recommendations relating to the appointment of the external auditors.

The audit committee comprises Gordon Hall who acts as chairman of the committee and James Ede-Golightly.

Remuneration committee

The remuneration committee's primary responsibilities are to review the performance of the executive directors of the Company and to determine the broad policy and framework for their remuneration and the terms and conditions of their service and that of senior management (including the remuneration of and grant of options to such person under any share scheme adopted by the Company). The remuneration committee comprises Gordon Hall, who acts as chairman of the committee, and Chris Hill.

The remuneration of non-executive directors shall be a matter for the executive member of the board of the Company.

Internal Control

The Board is responsible for maintaining a sound system of internal control. The Board's measures are designed to manage, not eliminate risk, and such a system provides reasonable but not absolute assurance against material misstatement or loss.

Some key features of the internal control system are:

(i) Management accounts information, budgets, forecasts and business risk issues are regularly reviewed by the Board which meets at least four times per year;

(ii) The Company has operational, accounting and employment policies in place;

(iii) The Board actively identifies and evaluates the risks inherent in the business and ensures that appropriate controls and procedures are in place to manage these risks; and

(iv) There is a clearly defined organisational structure and there are well-established financial reporting and control systems.

Going Concern

At 30 June 2015, the Group had £1.62m (2014: £1.73m) of cash and cash equivalents available to it. The Directors have considered their obligation, in relation to the assessment of the going concern of the Group and each statutory entity within it and have reviewed the current budget cash forecasts and assumptions as well as the main risk factors facing the Group.

After due enquiry, the Directors consider that the Group has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

Voting rights

On a show of hands at a general meeting of the Company every holder of ordinary shares present in person and entitled to vote, and every proxy duly appointed by a member entitled to vote, has one vote and on a poll every member present in person or by proxy and entitled to vote has one vote for every ordinary share held. Further details regarding voting at the Annual General Meeting can be found in the Notice of Annual General Meeting. None of the ordinary shares carry any special rights with regard to control of the Company. Electronic and paper proxy appointments and voting instructions must be received by the Company's registrars not later than 48 hours before a general meeting.

Statement of Directors' Responsibilities

The directors are responsible for preparing the Strategic Report, the Report of the Directors 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 elected to prepare the consolidated financial statements in accordance with applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and the Parent Company Financial Statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Reporting Standards and applicable law).

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 Group and of the profit or loss of the Group 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 whether applicable IFRSs as adopted by the European Union have been followed subject to any material departures disclosed and explained in the consolidated financial statements;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the Parent Company Financial Statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's and the Group's transactions and disclose with reasonable accuracy at any time the financial position of the Company and the Group 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 the Group 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 may differ from legislation in other jurisdictions.

Auditors

A resolution to reappoint Nexia Smith & Williamson will be proposed at the forthcoming Annual General Meeting.

Disclosure of Information to the Auditors

The directors at the date of approval of this Annual Report individually confirm that:

- So far as the directors are aware, there is no relevant audit information of which the Group's auditors are unaware; and
- The directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the Group's auditors are aware of that information

This confirmation is given and should be interpreted in accordance with the provisions of Section 418 of the Companies Act 2006.

Company Name and Registration Number

The registered number of Quoram Plc is 03606195.

On behalf of the Board

James Ede-Golightly
Chairman
30 October 2015

INDEPENDENT AUDITOR'S REPORT

to the Members of Quoram Plc for the year ended 30 June 2015

We have audited the consolidated financial statements of Quoram Plc for the year ended 30 June 2015 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Statement of Financial Position, the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows and the related notes 1 to 23. 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 on page 8, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland).Those standards require us to comply with the Financial Reporting Council (FRC) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the group's affairs as at 30 June 2015 and of its profit 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report and Strategic Report for the financial year for which the group financial statements are prepared is consistent with the group 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:

- 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.

Other matter

We have reported separately on the parent company financial statements of Quoram Plc for the year ended 30 June 2015.

Carl Deane
Senior Statutory Auditor,
for and on behalf of

Nexia Smith & Williamson
Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol
BS1 6NA

30 October 2015

CONSOLIDATED INCOME STATEMENT

for the year ended 30 June 2015

	Notes	2015 £'000	2014 £'000
Continuing operations:			
Portfolio investment return		**254**	(55)
Impairment of available-for-sale investments		**(107)**	(306)
Other income		**–**	181
Gross profit/(loss)		**147**	(180)
Administrative expenses		**(130)**	(517)
Operating profit/(loss)	3	**17**	(697)
Finance income	5	**8**	9
Profit/(loss) before taxation		**25**	(688)
Taxation	6	**–**	–
Profit/(loss) for the financial year from continuing operations		**25**	(688)
Profit from discontinued operations	1	**1,108**	–
Profit/(loss) for the financial year		**1,133**	(688)
Earnings/(loss) per share	7		
Basic on profit/(loss) from continuing operations (pence)		**0.003**	(0.07)
Diluted on profit/(loss) from continuing operations (pence)		**0.003**	(0.07)
Basic on profit/(loss) from discontinued operations (pence)		**0.12**	–
Diluted on profit/(loss) from discontinued operations (pence)		**0.12**	–

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

for the year ended 30 June 2015

	2015 **£'000**	2014 £'000
Profit/(loss) for the financial year from continuing operations	**25**	(688)
Profit/(loss) for the financial year from discontinued operations	**1,108**	–
Other comprehensive income		
Foreign exchange losses on consolidation	**–**	(7)
Other comprehensive income for the financial year net of tax	**–**	(7)
Total comprehensive income for the financial year	**1,133**	(695)

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2015

	Notes	2015 £'000	2014 £'000
Assets			
Non-current assets			
Portfolio Investments	8	**887**	633
Available-for-sale financial assets	9	**60**	167
Total portfolio investment assets held		**947**	800
Current assets			
Trade and other receivables	10	**14**	18
Cash and cash equivalents	11	**1,615**	1,734
		1,629	1,752
Total assets		**2,576**	2,552
Equity and liabilities			
Current liabilities			
Trade and other payables	12	**(31)**	(32)
Total liabilities		**(31)**	(32)
Net assets		**2,545**	2,520
Capital and reserves attributable to the Company's equity shareholders:			
Share capital	13	**2,420**	2,420
Share premium account		**3,813**	3,813
Foreign exchange translation reserve		**–**	1,108
Retained earnings		**(3,688)**	(5,695)
Share-based payment reserve		**–**	874
Total equity		**2,545**	2,520

The financial statements were approved by the Board of Directors on 30 October 2015 and were signed on its behalf by:

James Ede-Golightly
Chairman

Company number 03606195

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

for the year ended 30 June 2015

	Share capital £'000	Share premium account £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	Total £'000
Balance at 30 June 2013	**2,420**	**3,813**	**1,115**	**(5,007)**	**874**	**3,215**
Balance at 1 July 2013	2,420	3,813	1,115	(5,007)	874	3,215
Loss for the financial period	–	–	–	(688)	–	(688)
Other comprehensive income:						
Foreign exchange losses on consolidation	–	–	(7)	–	–	(7)
Total comprehensive income	–	–	(7)	(688)	–	(695)
Balance at 30 June 2014	**2,420**	**3,813**	**1,108**	**(5,695)**	**874**	**2,520**
Balance at 1 July 2014	2,420	3,813	1,108	(5,695)	874	2,520
Transfer to Retained earnings	–	–	–	874	(874)	–
Profit for the financial period	–	–	–	1,133	–	1,133
Other comprehensive income:						
Reclassification of foreign exchange reserve on disposal of subsidiaries	–	–	(1,108)	–	–	(1,108)
Total comprehensive income	–	–	(1,108)	2,007	(874)	25
Balance at 30 June 2015	**2,420**	**3,813**	**–**	**(3,688)**	**–**	**2,545**

The accompanying accounting policies and notes form an integral part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

for the year ended 30 June 2015

	Notes	2015 £'000	2014 £'000
Cash Flow from Operating Activities			
Profit/(loss) for the financial year		**1,133**	(688)
Finance income	5	**(8)**	(9)
Reclassification of foreign exchange losses on disposal of subsidiaries		**(1,108)**	–
Unrealised (profit)/loss on revaluation of portfolio investments	8	**(254)**	55
Impairment of available-for-sale investments	9	**107**	306
		(130)	(336)
Changes in working capital			
Decrease in trade and other receivables		**4**	93
Decrease in trade and other payables		**(1)**	(16)
Net cash outflow from operating activities		**(127)**	(259)
Cash flow from investing activities			
Interest received	5	**8**	9
Net cash generated from investing activities		**8**	9
Net decrease in cash and cash equivalents		**(119)**	(250)
Cash and cash equivalents at beginning of financial year		**1,734**	1,991
Effects of exchange rate changes		**–**	(7)
Cash and cash equivalents at end of financial year		**1,615**	1,734

The accompanying accounting policies and notes form an integral part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

1 Principal Accounting Policies

Basis of Preparation

The annual consolidated financial statements of Quoram Plc ("the Group") have been prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRSs is subject to amendment and interpretation by the International Accounting Standards Board ("IASB") and the IFRS Interpretations Committee and there is an on-going process of review and endorsement by the European Commission. These accounting policies comply with each IFRS that is mandatory for accounting periods ending on 30 June 2015.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of Portfolio Investments and available-for-sale investments which are carried at fair value. The principal accounting policies set out below have been consistently applied to all periods presented.

Basis of Consolidation

The consolidated financial statements incorporate the results of the Company and entities controlled by the Company (its subsidiaries). 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.

These financial statements consolidate the results and Balance Sheet of the Company and its wholly owned subsidiaries using the acquisition method of accounting.

Intra-Group transactions and balances with subsidiaries are eliminated on consolidation.

De-consolidation of subsidiary companies

During the period the Company completed an extended process of rationalization resulting in the striking-off of the two US incorporated subsidiaries. Prior period reporting has therefore been changed to reflect the continuing activity of Quoram plc only. The recycling of the foreign exchange reserve on de-consolidation has been included in the Consolidated Income Statement under Discontinued operations. As the US entities were essentially dormant and had been fully impaired during prior periods the impact of these restatements is minor. The net assets of the Parent Company were equal to those of the Group for both comparative periods concerned.

Revenue

Revenue is measured at the fair value of the consideration received or receivable in the normal course of business, net of discounts, VAT and other sales related taxes. The Group recognises revenue when the amount of revenue can be reliably measured and when it is probable that the future economic benefits will flow into the Group.

(i) Business portfolio return

Business portfolio return represents the sum of realised gains and losses on the disposal of investment portfolio assets and the unrealised gains and losses on the revaluation of investments and any related investment income received and receivable.

Realised gains and losses on the disposal of investments is the difference between the fair value of the consideration received less any directly attributable costs on the sale and the fair value of the investments at the start of the accounting period or acquisition date if later.

Unrealised gains and losses on the revaluation of investments is the movement in carrying value of investments between the start of the accounting period or acquisition date if later and the end of the accounting period.

Dividends from investments are recognised when the shareholders' rights to receive payment have been established.

Other income

Fees for advisory work are recognised in profit and loss when the related services are performed.

Discontinued operations

In the year ended 30 June 2015, a reclassification of the Group's foreign exchange translation reserve resulted in an accounting gain, which is recognised under Discontinued operations in the Consolidated Income Statement.

Finance Income

Interest is recognised using the effective interest method.

Portfolio Investment Assets

Portfolio investments – held by the Group with a long-term view to the ultimate realisation of capital gains are classified as portfolio investments and are stated at the Directors' estimate of their fair value determined in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCVG") on the basis set out below.

Available-for-sale investments – held by the Group with a long-term view to the ultimate realisation of capital gains are classified as available-for-sale investments and are stated at the Directors' estimate of their fair value on the basis set out below.

(i) Quoted investments for which an active market exists are valued at closing bid-market price at the reporting date.

Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and deposits held at call with banks.

Financial Instruments

Financial assets and financial liabilities are recognised on the Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Trade and other receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest method.

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

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Available for sale assets – Investments that are classified as 'available for sale' are initially recognised at fair value and are measured at subsequent reporting dates at fair value; the gains and losses arising from changes in fair value are included in other comprehensive income. On disposal the cumulative gain or loss previously recognised in other comprehensive income is included in the Consolidated Income Statement for the period. If an available-for-sale investment is determined to be impaired, the cumulative loss previously recognised in other comprehensive income is included in the Consolidated Income Statement for the period.

Portfolio Investment assets are designated at fair value through profit or loss on initial recognition and any gains or losses arising from subsequent changes in fair value are presented in profit or loss as they arise.

Foreign Currency

The presentational currency for the Group's consolidated financial statements is Sterling and it is this currency in which the Group reports. Foreign currency transactions by Group companies are recorded in their functional currencies at the exchange rate at the date of the transaction. Monetary assets and liabilities have been translated at rates in effect at the statement of financial position date, with any exchange adjustments being charged or credited to the Income Statement.

The Parent Company's functional currency is Sterling. On consolidation the assets and liabilities of the Parent's subsidiary companies are translated into the Group's presentational currency at the exchange rate at the statement of financial position date and the income and expenditure account items are translated at the average rate for the period. The exchange difference arising on the translation from functional currency to presentational currency of the Parent Company is classified as other comprehensive income and is accumulated within equity as a translation reserve.

For the purpose of foreign currency translation, the net investment in a subsidiary is determined inclusive of foreign currency intercompany balances for which settlement is neither planned nor likely to occur in the foreseeable future. The balance of the foreign currency translation reserve relating to a subsidiary that is disposed of, or partially disposed of, is recognised in the Income Statement at the time of disposal.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Share-Based Payments

Where share options have been granted to directors, employees and suppliers, IFRS 2 has been applied, whereby the fair value of the options is measured at the grant date and spread over the period during which the employees become entitled to the options. An options valuation model is used to assess the fair value, taking into account the terms and conditions attached to the options. The fair value of goods and services received are measured by reference to the fair value of options.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest.

The Income Statement charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period. No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

Where an equity-settled award is forfeited before it was vested, the cumulative charge expensed up to the date of forfeiture is credited to the Income Statement.

Current Taxation

Current tax for each taxable entity in the Group is based on the local taxable income at the local statutory tax rate enacted or substantively enacted at the statement of financial position date and includes adjustments to tax payable or recoverable in respect of previous periods.

Deferred Taxation

Deferred taxation is calculated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, if the deferred tax arises from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss, it is not recognised. Deferred tax is determined using tax rates and laws that have been enacted or substantively enacted by the statement of financial position date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax liabilities are provided in full.

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

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 directly to equity in which case the related deferred tax is also charged or credited directly to equity.

Employment Benefits

Provision is made in the financial statements for all employee benefits. Liabilities for wages and salaries, including non-monetary benefit and annual leave obliged to be settled within 12 months of the statement of financial position date, are recognised in accruals.

Equity

Equity comprises the following:

- "Share capital" represents amounts subscribed for shares at nominal value.
- "Share premium" represents amounts subscribed for share capital, net of issue costs, in excess of nominal value.
- "Foreign exchange translation reserve" represents the exchange differences arising from the translation of the financial statements of the subsidiary companies into the Group's presentational currency and the translation at the closing rate of the net investment in the subsidiaries. The Foreign exchange translation reserve has been reclassified to retained earnings on liquidation of subsidiary companies based in the US.
- "Retained earnings" represents the accumulated profits and losses attributable to equity shareholders.
- "Share-based payment reserve" represents the accumulated amounts credited to equity in respect of options to acquire ordinary shares in the Company. The Share based payment reserve has been transferred to retained earnings.

Adoption of new accounting standards

Standards, amendments and interpretations effective up to 30 June 2015

There have only been minor improvements to existing International Financial Reporting Standards and interpretations that are effective for the first time in the current financial year that have been adopted by the Group. These have had no impact on its consolidated results or financial position.

Standards, amendments and interpretations that are expected to be effective for periods beginning on or after 1 July 2015 for standards, amendments subject to EU endorsement include the following:

- Amendments to IAS 16, Property, Plant and Equipment and IAS 38 Intangible Assets (effective for periods beginning on or after 1 January 2016, subject to EU endorsement).
- Amendments to IAS 27, Separate Financial Statements (effective for periods beginning on or after 1 January 2016, subject to EU endorsement).
- Amendments to IAS 1, Presentation of Financial Statements (effective for periods beginning on or after 1 January 2016, subject to EU endorsement).
- Amendments to IFRS 10, IFRS 12 and IAS 28, Investment Entities – Applying the Consolidation Exception (effective for periods beginning on or after 1 January 2016, subject to EU endorsement).
- IFRS 9, Financial Instruments (effective for periods beginning on or after 1 January 2018, subject to EU endorsement)

The Directors are currently assessing the impact of these on the Group's results, assets and liabilities. The Directors do not consider that any other standards, amendments or interpretations issued by the IASB, but not yet applicable, will have a significant impact on the financial statements.

Critical Accounting Judgements and Key Sources of Estimation Uncertainty

The preparation of financial statements in conformity with generally accepted accounting practice requires management to make estimates and judgements that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the statement of financial position date and the reported amounts of revenues and expenses during the reporting period.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

Carrying value of portfolio investment assets

The estimate and assumption that has the most significant effect on the carrying amounts of assets and liabilities in the financial statements is the valuation of quoted investments. These are valued at closing bid market price and in accordance with IFRS, no discount is applied for liquidity of the stock or any dealing restrictions. However, it may not always be possible to trade at the quoted bid market price. Quoted investments are carried in the financial statements as at 30 June 2015 at a valuation of £947,000 (2014: £800,000). For further detail see notes 8, 9 and 14.

Share-based payments

In determining the fair value of equity settled share based payments and the related charge to the Income Statement, the Company makes assumptions about future events and market conditions; in particular, judgement must be made as to the likely number of shares that will vest, and the fair value of each award granted. The fair value is determined using a valuation model which is dependent on further estimates, including the Company's future dividend policy, the timing with which options will be exercised and the future volatility in the price of the Company's shares.

Different assumptions about these factors to those made by the Company could materially affect the reported value of share-based payments.

2 Segmental Reporting

Quoram's operating segments are reported based on the financial information provided to the Board, which is used to make strategic decisions. The Directors are of the opinion that under IFRS 8 – 'Operating segments', the Group has only one reportable segment, being Portfolio Investment return.

The Board assesses the performance of the operating segment based on financial information which is measured and presented in a manner consistent with that in the financial statements.

3 Operating profit/loss

Operating profit/loss	**2015** **£'000**	2014 £'000
Operating profit/loss is stated after charging:		
Fees payable to the Company's auditor for the audit of the annual statements	**15**	14
Fees payable to the Company's auditor and its associates for other services:		
Tax compliance services	**4**	3
Audit related assurance services	**1**	–

4 Directors and Employees

Staff costs	2015 £'000	2014 £'000
Wages and salaries	**52**	285
Social security costs	**1**	26
	53	311

The average number of employees employed by the Group were:

	2015	2014
Average number of employees	**3**	5

Compensation of key management was as follows:	2015 £'000	2014 £'000
Short term benefits	**52**	97
Social security costs	**1**	8
	53	105

Highest paid director:	2015 £'000	2014 £'000
Aggregate emoluments and benefits	**25**	55

Key management consists of the directors. Details of each director's remuneration and their share options are included in the Report of the Directors.

5 Finance Income

	2015 £'000	2014 £'000
Bank interest received	**8**	9

6 Taxation

There was no current tax charge for the year ended 30 June 2015 (2014: £nil).

Reconciliation of the effective tax charge	2015 £'000	2014 £'000
Profit/(loss) before taxation	**25**	(699)
Profit/(loss) before tax multiplied by standard rate of corporation tax in the UK of 20.0% (2014: 20.0%)	**5**	(140)
Tax effects of:		
Other expenses not deductible for tax purposes	**(5)**	72
Tax losses not utilised within the year	**–**	68
Tax expense and effective tax rate	**–**	–

The amount of unutilised tax losses are as follows:

	2015 **£'000**	2014 £'000
Unutilised tax losses UK	**1,314**	1,314
Unutilised tax losses US	**–**	11,020
Total	**1,314**	12,334

A deferred tax asset in respect of trading losses has not been recognised due to the uncertainty over timing of future profits. The trading losses are recoverable against suitable future trading profits in each jurisdiction.

7 Earnings/(loss) per share

Basic earnings/(loss) per share is calculated by dividing the earnings attributable to ordinary shareholders by the weighted average number of ordinary shares outstanding during the year.

Basic earnings/(loss) per share	**2015** **p**	2014 p
Earnings/(loss) per share from continuing operations	**0.003**	(0.07)
Earnings per share from discontinued operations	**0.12**	–

The profits/(losses) and weighted average number of ordinary shares used in the calculation of basic earnings/(loss) per share are as follows:

	2015 **£'000**	2014 £'000
Profit/(loss) used in the calculation of total basic and diluted earnings per share from continuing operations	**25**	(688)
Profit/(loss) used in the calculation of total basic and diluted earnings per share	**1,133**	(688)

Number of shares	**2015** **Number**	2014 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	**968,196,408**	968,196,408

The company has issued options over 14,675,215 ordinary shares which are potentially dilutive. There is however, no dilutive effect of these issued options as the average share price for the period is below the exercise price of the options.

8 Portfolio Investment

	Quoted equity shares **£'000**
Fair value at 30 June 2013	688
Unrealised loss on revaluation	(55)
Fair value at 30 June 2014	633
Unrealised gain on revaluation	254
Fair value at 30 June 2014	**887**

All portfolio investments are held by Quoram Plc.

9 Available-for-sale financial assets

	Quoted equity shares £'000
Fair value at 30 June 2013	473
Unrealised loss on revaluation	(306)
Fair value at 30 June 2014	167
Unrealised loss on revaluation	(107)
Fair value at 30 June 2015	**60**

The available-for-sale financial assets consist of listed investments and the fair value is based on bid quoted market prices at the statement of financial position date. During the year, the group incurred an impairment charge of £107k (2014: £306k) recognised in the income statement.

10 Trade and other receivables

Trade and Other Receivables	**2015 £'000**	2014 £'000
Trade receivables	**–**	15
Other receivables	**3**	2
Prepayments and accrued income	**11**	1
	14	18

The directors consider the carrying value of trade and other receivables are approximate to their fair value.

All of the Group's receivables have been reviewed for indications of impairment. None of the receivables were found to be impaired as at 30 June 2015 (2014: £nil).

No unimpaired receivables are past due as at the reporting date (2014: £nil).

11 Cash and cash equivalents

Cash and Cash Equivalents	**2015 £'000**	2014 £'000
Cash at bank (GBP)	**1,583**	1,697
Cash at bank (USD)	**32**	37
	1,615	1,734

12 Trade and other payables

Trade and Other Payables	**2015 £'000**	2014 £'000
Trade payables	**–**	1
Other payables	**4**	7
Accruals	**27**	24
	31	32

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

13 Share Capital

(a) Share Capital	2015 £'000	2014 £'000
Issued and fully paid up		
968,196,408 (2014: 968,196,408) shares of 0.25 pence	**2,420**	2,420

(b) Share based payments – options and warrants

The Company has a share option scheme for all directors and senior management. Options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is one, two and three years – one third of the options vesting in each period. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

The fair values of share options issued in the financial years 30 June 2007 and 30 June 2008 were calculated using the binomial pricing model. The inputs into the model are as follows:

	Number of options	WAEP £
2015		
Outstanding at the beginning and end of the year	14,675,215	0.04
Number exercisable at 30 June 2015	14,675,215	0.04
2014		
Outstanding at the beginning of the year	20,075,215	0.04
Expired during the year	(4,400,000)	(0.05)
Forfeited during the year	(1,000,000)	(0.05)
Outstanding at the year end	14,675,215	0.04
Number exercisable at 30 June 2014	14,341,882	0.04

Date of grant	**5 May '07**	**20 Feb '08**
Number granted	3,200,000	7,000,000
Share price at date of grant	0.25p	4p
Exercise price	1p	4p
Expected volatility	51%	51%
Expected life	3 years	3 years
Risk free rate	5.00%	4.70%
Expected dividend yield	0%	0%
Fair value of options granted at date of grant	0.08p	2.20p
Exit rate	0%	0%
Earliest vesting date	05-May-10	20-Feb-11
Expiry date	05-May-17	20-Feb-18

Expected volatility was determined at the date of grant based on the historic volatility of four comparator companies as suggested by management. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair values of share options and warrants issued in the financial year ended 30 June 2011 were calculated using the Black Scholes model. The inputs into the model are as follows:

Date of grant	**19 May '11**	**19 May '11**
Number granted	11,500,000	4,800,000
Share price at date of grant	5.0p	5.0p
Exercise price	5.0p	5.0p
Expected volatility	85%	85%
Expected life	5.5, 6 and 6.5years	5.5, 6 and 6.5 years
Risk free rate	2.34%	2.34%
Expected dividend yield	0%	0%
Fair value at date of grant	3.61p	3.61p
Earliest vesting date	19-May-12	19-May-12
Expiry date	19-May-21	19-May-21

For May 2011 options, these vest 33.3% after 1 year, 33.3% after 2 years and 33.3% after 3 years.

Expected volatility was determined at the date of grant based on the historic volatility of comparable companies. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Group recognised total expenses of £nil (2014: £nil) related to equity-settled share-based payment transactions during the year as all options relate to employees or directors who have now left the Group.

14 Financial Instruments

Classification of financial instruments

The tables below set out the Group's accounting classification of each class of its financial assets and liabilities.

At 30 June 2015	**Available-for-sale £'000**	**Loans and other receivables £'000**	**Financial assets at fair value through profit and loss £'000**	**Financial liabilities at amortised cost £'000**	**Total carrying value £'000**
Portfolio investments	**–**	**–**	**887**	**–**	**887**
Available for sale financial assets	**60**	**–**	**–**	**–**	**60**
Trade and other receivables	**–**	**14**	**–**	**–**	**14**
Cash and cash equivalents	**–**	**1,615**	**–**	**–**	**1,615**
Trade and other payables	**–**	**–**	**–**	**(31)**	**(31)**
	60	**1,629**	**887**	**(31)**	**2,545**

At 30 June 2014	Available-for-sale £'000	Loans and other receivables £'000	Financial assets at fair value through profit and loss £'000	Financial liabilities at amortised cost £'000	Total carrying value £'000
Portfolio investments	–	–	633	–	633
Available for sale financial assets	167	–	–	–	167
Trade and other receivables	–	18	–	–	18
Cash and cash equivalents	–	1,734	–	–	1,734
Trade and other payables	–	–	–	(32)	(32)
	167	1,752	633	(32)	2,520

Loans and other receivables and financial liabilities' at amortised cost carrying values approximate to their fair values, as at 30 June 2015 and 2014, given their nature and short times to maturity.

Under IFRS 13 Financial Instruments: Disclosures, Portfolio investments and the available-for-sale assets are classified under the fair value hierarchy as level 1.

15 Financial Instrument Risk Exposure and Management

The principal financial risks to which the Group is exposed are: interest rate risk; liquidity risk, equity price risk; credit risk and (in the prior year) foreign currency exchange rate risk. This note describes the Group's objectives, policies and processes for managing those risks and the methods used to measure them. Further quantitative information in respect of these risks is presented below.

The only substantive change to the Group's exposure to financial instrument risks has been that it no longer has an exposure to foreign currency risk. Its objectives, policies and processes for managing the remaining risks or the methods used to measure them have not changed from the previous year.

Liquidity risk

Liquidity risk is dealt with in note 16 of these financial statements.

Credit risk

The Group's credit risk is primarily attributable to its cash balances, portfolio investments and available-for-sale financial assets.

The credit risk on liquid funds is limited because the third parties are large international banks with strong credit ratings.

The Group's total credit risk amounts to the total of the sum of the receivables, portfolio investments, available-for-sale financial assets and cash and cash equivalents. At the year end this amounts to £2,576,000 (2014: £2,552,000)

Interest rate risk and sensitivity analysis

The Group's only exposure to interest rate risk is the interest received on the cash held on deposit.

The Group does not have any interest bearing borrowings.

The following table indicates the impact of a change in interest rate on the interest received during the year, and with all other variables being held constant, on the Group's profit/loss before tax.

	Change in interest rate	**2015 £'000**	Change in interest rate	2014 £'000
Sterling	**0.50%**	**7.92**	0.50%	8.50
	1.00%	**15.83**	1.00%	17.00
	1.50%	**23.75**	1.50%	25.40
Dollars	**0.50%**	**0.16**	0.50%	0.20
	1.00%	**0.32**	1.00%	0.40
	1.50%	**0.48**	1.50%	0.60

Market risk and sensitivity analysis

Market risk arises when the fair value or cash flows of a financial instrument fluctuates from the level where a long or short position was established. These financial instruments are subject to equity price risk.

Equity price risk

The Group's portfolio investments and its available-for-sale financial assets are subject to equity price risk. For financial instruments held, the Group uses a sensitivity analysis technique that measures the changes in fair value of the Group's financial instruments to hypothetical changes in market price.

A 5% increase/(decrease) in the market value of positions held at 30 June 2015 would increase/(decrease) the value of the Portfolio Investment assets by £47k (2014: £25K).

Foreign exchange risk

The Group no longer has a material exposure to foreign exchange risk.

16 Liquidity risk

In managing liquidity risk, the main objective of the Group is to ensure that it has the ability to pay all of its liabilities as they fall due. The table below shows the undiscounted cash flows on the Group's financial liabilities as at 30 June 2015 on the basis of their earliest possible contractual maturity

	Total £'000	**Within 2 months £'000**	**Within 2–6 months £'000**
At 30 June 2015			
Trade payables	**–**	**–**	**–**
Other payables	**4**	**4**	**–**
Accruals	**27**	**–**	**27**
	31	**4**	**27**
At 30 June 2014			
Trade payables	1	1	–
Other payables	7	7	–
Accruals	24	–	24
	32	8	24

17 Capital Management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. The Group defines capital as being share capital plus reserves as disclosed in the consolidated statement of financial position.

The Board of Directors monitors the level of capital as compared to the Group's commitments and adjusts the level of capital as is determined to be necessary, by issuing new shares.

The Group is not subject to any externally imposed capital requirements.

18 Financial Commitments

The Group had no capital commitments at 30 June 2015 (2014: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

19 Related Party Transactions

Related party transactions during the year with the directors and key management were as follows.

	Short-term benefits	
	2015	2014
Directors' remuneration:	**£'000**	£'000
Mr J Ede-Golightly	**25**	25
Mr B Marshall	**n/a**	5
Mr G Hall	**12**	12
Mr C Hill	**15**	55
	52	97
Social security costs	**1**	25
Total	**53**	122

During the year ended 30 June 2015, consultancy fees of £nil (2014: £144k) were invoiced in respect of ORA Capital Partners Ltd which was a substantial shareholder in Quoram Plc.

20 Investment in subsidiaries

The Group's Parent Company held the issued share capital of the following subsidiary undertakings, which are incorporated in the USA and have been included in these consolidated financial statements. During the period the Company completed an extended process of rationalization resulting in the striking-off of the two US incorporated subsidiaries. Prior period reporting has therefore been re-presented to reflect the continuing activity of Quoram plc only. As the US entities were essentially dormant and had been fully impaired during prior periods the impact of these re-presentations is minor. The net assets of the Parent Company were equal to those of the Group for both comparative periods concerned.

Company	Principal activities	Class	Percentage holding	Status
Osceola Royalties LLC	Oil and gas development	Ordinary	100%	Struck-off
Osceola Production LLC	Oil and gas development	Ordinary	(indirectly) 100%	Struck-off

21 Contingent Liabilities

The directors are not aware of any contingent liabilities within the Group or the Company at 30 June 2015.

22 Ultimate Controlling Party

As at 30 June 2015, Quoram Plc had no ultimate controlling party.

23 Events after the Statement of financial position date

There were no significant events after the statement of financial position date.

PARENT COMPANY INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Quoram Plc for the year ended 30 June 2015

We have audited the Parent Company financial statements of Quoram Plc ('the Company') for the year ended 30 June 2015 which comprise the Parent Company Statement of financial position and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 Auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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 Financial Reporting Council's (FRC) Ethical Standards for Auditors.

Scope of the Audit of the Financial Statements

A description of the scope of an audit of financial statements is provided on the FRC's website at www.frc.org.uk/auditscopeukprivate

Opinion on Financial Statements

In our opinion the Parent Company financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 30 June 2015;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on Other Matters Prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors and Strategic Report for the financial year for which the Parent Company financial statements are prepared is consistent with the Parent Company 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 by the Parent Company, or returns adequate for our audit have not been received from branches not visited by us; or
- the Parent Company 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.

Other Matter

We have reported separately on the consolidated financial statements of Quoram Plc for the year ended 30 June 2015.

Carl Deane

Senior Statutory Auditor,
for and on behalf of

Nexia Smith & Williamson

Statutory Auditor
Chartered Accountants
Portwall Place
Portwall Lane
Bristol
BS1 6NA

30 October 2015

PARENT COMPANY BALANCE SHEET
as at 30 June 2015

	Notes	2015 £'000	2014 £'000
Fixed assets			
Investments	2	**947**	800
Investment in subsidiaries	2	**–**	31
		947	831
Current assets			
Debtors	3	**14**	18
Cash at bank		**1,615**	1,696
		1,629	1,714
Creditors: amounts falling due within one year	4	**(31)**	(25)
Net current assets		**1,598**	1,689
Net assets		**2,545**	2,520
Capital and reserves			
Called up share capital	5	**2,420**	2,420
Share premium account	6	**3,813**	3,813
Share-based payment reserve	6	**–**	874
Profit and loss account	6	**(3,688)**	(4,587)
Shareholders' funds	7	**2,545**	2,520

The financial statements were approved by the Board of Directors on 30 October 2015 and were signed on its behalf by:

James Ede-Golightly
Chairman

Company number 03606195

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS

for the year ended 30 June 2015

1 Accounting Policies

Basis of Preparation

The annual financial statements of Quoram Plc have been prepared in accordance with UK Generally Accepted Accounting Practices ('UK GAAP'). The principal accounting policies set out below have been consistently applied to all periods presented.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of portfolio investments and available-for-sale investments which are carried at fair value.

As permitted by section 408 of Companies Act 2006, a separate Profit and Loss Account for the Company has not been included in these financial statements. The Company's profit for the year ended 30 June 2015 was £25,000 (2014: loss of £695,000).

As permitted by FRS 8 Related party disclosures, no related party disclosures for the Company have been included, in respect of transactions with its 100% owned subsidiaries.

As permitted by FRS 29, financial instruments disclosures in accordance with that standard have not been included as this information for the Company is included within the consolidated financial statements.

Financial Instruments

Financial assets and financial liabilities are recognised on the Balance Sheet when the Company becomes a party to the contractual provisions of the instrument.

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Interest is credited to the Profit and Loss Account in the period to which it relates.

Investments in subsidiaries

Investments in subsidiaries are included at cost less amounts written off for impairment. During the period the Company completed an extended process of rationalization resulting in the striking-off of the two US incorporated subsidiaries. The subsidiary companies were essentially dormant and had been fully impaired during prior periods.

Portfolio Investments

Portfolio Investment assets that are held by the Group with a long-term view to the ultimate realisation of capital gains are classified as investment portfolio assets and are stated at the Directors' estimate of their fair value determined in accordance with International Private Equity and Venture Capital Valuation Guidelines ("IPEVCVG") on the basis set out below. Investment assets are designated at fair value through profit or loss on initial recognition and any gains or losses arising from subsequent changes in fair value are presented in profit or loss as they arise.

Quoted investments for which an active market exists are valued at closing bid-market price at the reporting date.

Available for sale financial assets

Listed investments acquired before 2014 are classified as 'available-for-sale'. They are initially recognised at fair value and are measured at subsequent reporting dates at fair value; the gains and losses arising from changes in fair value are included directly in equity.

On disposal the cumulative gain or loss previously recognised in equity is included in the profit and loss account for the period. If an available-for-sale investment is determined to be impaired, the cumulative loss previously recognised in equity is included in the profit and loss account for the period.

Foreign Currency

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are dealt with through the Profit and Loss Account.

Share-Based Payments

Where share options have been granted to directors and employees, FRS 20 has been applied, whereby the fair value of the options is measured at the grant date and spread over the period during which the employees become entitled to the options. An options valuation model is used to assess the fair value, taking into account the terms and conditions attached to the options. The fair value of goods and services received are measured by reference to the fair value of options.

The cost of equity-settled transactions is recognised, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ('the vesting date').

The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company's best estimate of the number of equity instruments that will ultimately vest.

The profit or loss charge or credit for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied, provided that all other performance and/or service conditions are satisfied. Where the terms of an equity-settled award are modified, the minimum expense recognised is the expense as if the terms had not been modified. An additional expense is recognised for any modification, which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it had vested on the date of cancellation, and any expense not yet recognised for the award is recognised immediately. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

2 Investments

(i) Portfolio Investments	**Quoted equity shares £'000**
Fair value at 30 June 2013	688
Unrealised loss on revaluation	(55)
Fair value at 30 June 2014	633
Unrealised gain on revaluation	254
Fair value at 30 June 2015	**887**

(ii) Available for sale financial assets

Following the adoption of FRS 26, the available-for-sale financial assets consist of listed investments and the fair value is based on bid quoted market prices at the balance sheet date.

The following table shows the aggregate movement in the Company's available-for-sale financial assets during the current and prior years

Available-for-sale financial assets	**2015 £'000**	2014 £'000
At beginning of the year	**167**	473
Impairment through profit and loss	**(107)**	(306)
At end of the year	**60**	167

Long term loans to Subsidiaries

Cost	£'000
At 30 June 2013	38
Impairment	(7)
At 30 June 2014	31
Repaid on liquidation of subsidiary entities	(31)
At 30 June 2015	–

The Company held the issued share capital of the following subsidiary undertakings, which were incorporated in the USA.

The book value of investments in subsidiaries as at 30 June 2014 and 2015 was £nil and both companies have now being struck off.

Company	Principal activities	Class	Percentage held
Osceola Royalties LLC	Oil and gas development	Ordinary	100%
Osceola Production LLC	Oil and gas development	Ordinary	(indirectly) 100%

3 Debtors

Debtors	**2015 £'000**	2014 £'000
Trade debtors	**–**	15
Other debtors	**3**	2
Prepayments	**11**	1
	14	18

4 Creditors – amounts falling due within one year

Creditors: Amounts Falling Due Within One Year	**2015 £'000**	2014 £'000
Other creditors	**4**	7
Accruals	**27**	18
	31	25

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

5 Share capital

(a) Share Capital

Issued and fully paid up	2015 £'000	2014 £'000
968,196,408 (2014: 968,196,408) shares of 0.25 pence	**2,420**	2,420

(b) Share based payments – options and warrants

The Company has a share option scheme for all directors and senior management. Options are exercisable at a price equal to the average market price of the Company's shares on the date of grant. The vesting period is one, two and three years – one third of the options vesting in each period. The options are settled in equity once exercised.

If the options remain unexercised after a period of 10 years from the date of grant, the options expire. Options are forfeited if the employee leaves the Company before the options vest.

Details of the number of share options and the weighted average exercise price (WAEP) outstanding during the year are as follows:

	Number of options	WAEP £
2015		
Outstanding at the beginning and end of the year	14,675,215	0.04
Number exercisable at 30 June 2015	14,675,215	0.04

	Number of options	WAEP £
2014		
Outstanding at the beginning of the year	20,075,215	0.04
Expired during the year	(4,400,000)	(0.05)
Forfeited during the year	(1,000,000)	(0.05)
Outstanding at the year end	14,675,215	0.04
Number exercisable at 30 June 2014	14,341,882	0.04

The fair values of share options issued in previous financial years were calculated using the binomial pricing model. The inputs into the model are as follows:

Date of grant	05 May 07	20 Feb 08
Number granted	3,200,000	7,000,000
Share price at date of grant	0.25p	4p
Exercise price	1p	4p
Expected volatility	51%	51%
Expected life	3 years	3 years
Risk free rate	5.00%	4.70%
Expected dividend yield	0%	0%
Fair value of options granted at date of grant	0.08p	2.20p
Exit rate	0%	0%
Earliest vesting date	05-May-10	20-Feb-11
Expiry date	05-May-17	20-Feb-18

Expected volatility was determined at the date of grant based on the historic volatility of four comparator companies as suggested by management. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The fair values of share options issued in the current financial year were calculated using the Black Scholes model. The inputs into the model are as follows:

Date of grant	19 May '11	19 May '11
Number granted	11,500,000	4,800,000
Share price at date of grant	5.0p	5.0p
Exercise price	5.0p	5.0p
Expected volatility	85%	85%
Expected life	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years
Risk free rate	2.34%	2.34%
Expected dividend yield	0%	0%
Fair value at date of grant	3.61p	3.61p
Earliest vesting date	19-May-12	19-May-12
Expiry date	19-May-21	19-May-21

For May 2011 options, these vest 33.3% after 1 year, 33.3% after 2 years and 33.3% after 3 years.

Expected volatility was determined based on the historic volatility of comparable companies. The expected life used in the model has been adjusted, based on the management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

The Company recognised total expenses of £nil (2014: £nil) related to equity-settled share-based payment transactions during the year as all options relate to employees or directors who have now left the Company.

6 Reserves

	Share premium account £'000	Profit and loss account £'000	Share-based payment reserve £'000	Total £'000
At 30 June 2014	3,813	(4,587)	874	100
Profit for the financial year	–	25	–	25
Transfer to profit and loss account		874	(874)	–
At 30 June 2015	**3,813**	**(3,688)**	**–**	**125**

7 Reconciliation of Movement in Shareholders' Funds

Reconciliation of Movement in Shareholders' Funds	2015 £'000	2014 £'000
Profit/(loss) for the financial year	**25**	(695)
Net increase/(decrease) in shareholders' funds	**25**	(695)
Shareholders' funds at 1 July	**2,520**	3,215
Shareholders' funds at 30 June	**2,545**	2,520

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

8 Related Party Transactions

	Short-term benefits	
	2015	2014
Directors' remuneration:	**£'000**	£'000
Mr J Ede-Golightly	**25**	25
Mr B Marshall	**n/a**	5
Mr G Hall	**12**	12
Mr C Hill	**15**	55
	52	97
Social security costs	**1**	25
Total	**53**	122

During the year ended 30 June 2015, consultancy fees of £nil (2014: £144k) were invoiced in respect of ORA Capital Partners Ltd which was a substantial shareholder in Quoram Plc.

9 Events After the Balance Sheet Date

There were no significant events after the balance sheet date.

Quoram Plc
Registered in England and Wales
No. 03606195