QUORAM PLC Report & Accounts 2013

QUORAM
PLC

Annual Report and Accounts 2013

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DIRECTORS, OFFICERS AND ADVISERS

Directors

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

Company Secretary
Christopher Hill

Registered Office
Martin House
26-30 Old Church Street
London SW3 5BY

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

The year ended 30 June 2013 marked significant change for Quoram Plc as the company exited its previous strategy in oil and gas and migrated to an investment company strategy.This transition was marked by a process of exiting the US oil and gas portfolio, changes to the board structure and a general meeting to approve the change of strategy and the change of company name from Bluebird Energy Plc to Quoram Plc.

In March 2013 the company raised £1.88m through the placement of 470m new shares at 0.4 pence per share. The additional capital raised stabilised and strengthened the balance sheet ahead of the implementation of the new strategy.

The company's principal assets as at 30 June 2013 are outlined below:

	Balance Sheet Value	**Value per Share**
37,055,245 Wessex Exploration Plc shares at 1.27p (being the closing price on 30/6/2013)	£0.47m	0.04p
844,400 shares in Plant Healthcare Plc at 80p (being the closing price on 30/6/2013)	£0.69m	0.07p
Cash balances (primarily in sterling)	£2.00m	0.21p

The holding in Wessex Exploration Plc ("Wessex") is the residual interest following the distribution of 27.7m shares by specie dividend in June 2012. Even after this distribution, Wessex constituted a majority of balance sheet value at the beginning of the financial year. As a consequence of the decline in the Wessex share price and the additional capital raised, the significance of the Wessex interest to the balance sheet of Quoram has diminished. We remain focused on ensuring the company realises appropriate value from this stake in the medium term: the ultimate realisation is important in establishing a capital base to implement the new investment strategy. Given uncertainty around the value of the Wessex stake, the board has been cautious against pursuing an investment policy on the assumption of any realisation of the holding.

On 16 April 2013 Quoram initiated its new investing policy with an investment in Plant Health Care Plc. Plant Health Care's products increase crop yields by enhancing natural processes within the plant. The need for these products has never been greater. With world population now at more than seven billion and increasing prosperity leading to demand for more and better nutrition, agriculture is facing ever greater challenges to produce enough food in ways which are sustainable, especially when resources such as water are becoming scarcer and the climate less predictable. In the last year Plant Health Care has made significant changes to its board, strategy and management team. Combined with the additional capital raised by Plant Health Care in April 2013, we believe the company is now well positioned to implement its strategy over the coming years. Plant Health Care is AIM quoted and I would encourage shareholders interested in learning more about the company to review Plant Health Care's market releases.

In the legacy US oil and gas portfolio, Quoram exited its interests in Cimarron Royalties in November 2012 and its 50% joint-venture interest in Revloc in February. Despite efforts to market the Solitaire acreage in Colorado as a Mississippian oil play, the company received no interest and the decision was taken to impair the value of these leases to nil. The company's leases over the Solitaire acreage expire between the second calendar quarter of 2013 and the first calendar quarter of 2014.

Board Changes

During the year significant changes were made to the structure of the board reflecting the shifting focus of the company from Oil and Gas exploration and production to a general investment policy.

In September 2012 Andy Yeo and Fred Dekker resigned as CEO and non-executive director respectively, while Gordon Hall joined the board as a non-executive director.

In August 2013 Chris Hill joined the board as finance director, having served as financial controller and company secretary since March 2013.

Financial Results

The financial results for the year were significantly impacted by the decline in the Wessex share price, impairments to the US oil and gas portfolio reflecting failure to attract interest in the acreage and the sale of Cimarron Royalties at a discount to carrying value.

Administrative expenses of £852k include £335k of non-cash costs related to the accelerated recognition of share based payments on the departure of former directors and management. Operating cash flows before changes in working capital improved to an outflow of £0.4m compared to an outflow of £1.6m in the prior financial year.

As a consequence of the decline in activity in the company's US based subsidiaries, the company's reporting currency has now changed to GBP.

Outlook

The focus of the company is now on implementing the investment policy with the aim of delivering growth in net asset value per share, as set out in the circular published on 18th March. The company continues to monitor potential investments using our highly selective approach with a view to increasing shareholder value going forward.

CHAIRMAN'S STATEMENT (CONTINUED)

Net asset value per share at 30th June 2013 was 0.33p per share: with the transition now complete and the Wessex stake now accounting for a small proportion of value, this is the reference point against which the board will judge the future success of the strategy.

James Ede-Golightly
Chairman
2 October 2013

REPORT OF THE DIRECTORS
for the year ended 30 June 2013

The directors present their report together with the consolidated financial statements for the year ended 30 June 2013.

Change of name

On 11 April 2013 the company changed its name from Bluebird Energy Plc to Quoram Plc. The new name reflects the move away from the oil and gas exploration sector.

Principal Activities

Following the adoption of a new investing policy on 19 March 2013, the company is now 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 20 and 21of the consolidated financial statements.

Business Review

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

Results and dividends

The loss for the year ended 30 June 2013 was £1,983,000 (2012: RESTATED loss of £1,000,000).

No interim dividend (2012: £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 2013 (2012: £nil).

Principal Risks and Uncertainties

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.

Directors

The directors holding office during the year and their interests in the shares of the Company as at 1 July 2012 and 30 June 2013 were as shown in the table below.

Executive Directors	**Non-Executive Directors**
J Ede-Golightly	B Marshall
A Yeo (retired 28 September 2012)	F Dekker (retired 28 September 2012)
	G Hall (appointed 28 September 2012)

Ordinary Shares held

	30 June 2013	1 July 2012
J Ede-Golightly	**6,250,000**	–
B Marshall	**330,000**	330,000
G Hall	**2,500,000**	–

Share Options	**30 June 2013**	01 July 2012	**Weighted average exercise price**	**Range of exercise prices**	**Weighted average contractual life**
J Ede-Golightly	–	–	–	–	–
B Marshall	1,700,000	1,700,000	4.2p	1p – 5p	3 years
G Hall	–	–	–	–	–

REPORT OF THE DIRECTORS (CONTINUED)

Details of individual share option grants are shown in the table below.

Grant date: 5 May 2007	Number of options granted	Exercise price	Vesting date	Expiry date
B Marshall	200,000	1p	05-May-10	05-May-17

Grant date: 20 February 2008	Number of options granted	Exercise price	Vesting date	Expiry date
B Marshall	500,000	4p	20-Feb-11	20-Feb-18

Grant date: 19 May 2011	Number of options granted	Exercise price	Vesting date	Expiry date
B Marshall	1,000,000	5p	19-May-14	19-May-21

Profile of the directors

James Ede-Golightly

James Ede-Golightly is also chairman of East Balkan Properties Ltd, a non-executive director of ORA Capital Partners Ltd and a non-executive director of Plant Health Care Plc. Previously, James worked as an investment professional at Merrill Lynch Investment Managers and Commerzbank AG. James is a chartered director and has an MA in economics from Cambridge University.

Brian Marshall

Brian Marshall is a chartered accountant who established his own independent accountancy practice in Bath ten years ago. His practice provides audit, accountancy and taxation services.Mr Marshall is Chairman of the Audit Committee and also sits on the Remuneration Committee.

Gordon Hall

Gordon Hall 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 2013 was as follows:

Salaries and fees	**2013 £'000**	2012 £'000
A Yeo	**34**	108
J Ede-Golightly	**25**	8
D Bramhill	**n/a**	153
F Dekker	**5**	34
B Marshall	**13**	34
G Hall	**9**	n/a

In addition to the remuneration shown above, the Group incurred share-based payment charges of £335,000 (2012: £356,000) in respect of the above named directors. The charge for the year ended 30 June 2013 includes the accelerated charge to recognize the full cost of share options granted to directors who left the company during the year.

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 2013 are described in note 28 to these financial statements.

Corporate governance

The Directors recognise the importance of sound corporate governance and observe the principles of the UK Corporate Governance Code 2010, to the extent that they consider them appropriate for the Group's size.

The Board

At 30 June 2013 the Board comprised one executive director and two non-executive directors. On 8 August 2013, Christopher Hill was appointed as an executive to the Board as Finance Director.

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 Brian Marshall who acts as chairman of the committee and Gordon Hall.

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 Brian Marshall.

The remuneration of non-executive directors shall be a matter for the executive members 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 2013, the Group had £2.0m (2012: £1.3m) 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.

Employment policy

When applicable, the Directors are committed to continuing involvement and communication with employees on matters affecting both the employees and the Company.

The Group supports employment of disabled people wherever possible and through recruitment, by retention of those who become disabled and generally through training, career development and promotion.

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 at the back of this document. 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.

Payment Policy and Practice

It is the Group's policy to pay suppliers on the terms agreed with them. Average creditor days during the year were 28 (2012: 14).

Statement of Directors' Responsibilities

The directors are responsible for preparing the Report of the Directors and the financial statements in accordance with applicable law and regulations.

REPORT OF THE DIRECTORS (CONTINUED)

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 director is aware, there is no relevant audit information of which the Group's auditors are unaware; and
- The director has taken all the steps that he ought to have taken as a director in order to make himself 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

2 October 2013

INDEPENDENT AUDITOR'S REPORT

to the Members of Quoram Plc for the year ended 30 June 2013

We have audited the group financial statements of Quoram Plc for the year ended 30 June 2013 which comprise the Group Income Statement and Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Cash Flows, the Group Statement of Changes in Equity and the related notes 1 to 28. 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 inaccordance 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 2013 and of its loss 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 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 2013.

Carl Deane
Senior Statutory Auditor,
for and on behalf of

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

2 October 2013

CONSOLIDATED INCOME STATEMENT
for the year ended 30 June 2013

	Notes	2013 £'000	RESTATED 2012 £'000
Continuing operations:			
Portfolio investment return		**29**	–
Impairment of available-for-sale investments		**(154)**	–
Other income		**22**	3
Portfolio return and revenue		**(103)**	3
Administrative expenses		**(852)**	(1,730)
Exceptional administrative expenses	3	**(1,032)**	(621)
Total administrative expenses		**(1,884)**	(2,351)
Operating loss	3	**(1,987)**	(2,348)
Finance income	5	**4**	4
Profit on disposal of available-for-sale investments		**–**	1,639
Share of losses of associates	13	**–**	(23)
Loss before taxation		**(1,983)**	(728)
Taxation	6	**–**	(5)
Loss for the financial year from continuing operations		**(1,983)**	(733)
Discontinued operations:			
Loss for the financial year from discontinued operations	7	**–**	(267)
Loss for the financial year		**(1,983)**	(1,000)
Attributable to:			
Equity shareholders of the Company		**(1,983)**	(1,000)
Loss per share from continuing and discontinued operations			
Basic and diluted loss per share (p)	8	**(0.31)**	(0.20)
Loss per share from continuing operations			
Basic and diluted loss per share (p)	8	**(0.31)**	(0.15)

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 2013

	2013 £'000	RESTATED 2012 £'000
Loss for the financial year	**(1,983)**	(1,000)
Other comprehensive income		
Items that may be reclassified subsequently to profit or loss:		
Available-for-sale financial assets:		
Fair value (losses)/gains arising during the year	**(1,930)**	2,429
Less: reclassification adjustments for gains in profit or loss	**–**	(1,639)
Tax movement on available-for-sale financial assets	**451**	(168)
Foreign exchange gains/losses on consolidation	**24**	(29)
Other comprehensive income for the financial year net of tax	**(1,455)**	593
Total comprehensive income for the financial year	**(3,438)**	(407)

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

as at 30 June 2013

	Notes	2013 £'000	RESTATED 2012 £'000	RESTATED 2011 £'000
Assets				
Non-current assets				
Available-for-sale financial assets	14	**473**	2,557	1,866
Portfolio investments	9	**688**	–	–
Total portfolio investment assets held		**1,161**	2,557	1,866
Property, plant and equipment	10	**–**	494	607
Intangible assets	11	**–**	584	2,692
		1,161	3,635	5,165
Current assets				
Trade and other receivables	15	**111**	62	168
Cash and cash equivalents	16	**1,991**	1,279	388
		2,102	1,341	556
Total assets		**3,263**	4,976	5,721
Liabilities				
Current liabilities				
Trade and other payables	17	**(48)**	(71)	(965)
Non-current liabilities				
Deferred tax	6	**–**	(452)	(230)
Total liabilities		**(48)**	(523)	(1,195)
Net assets		**3,215**	4,453	4,526
Capital and reserves attributable to the Company's equity shareholders:				
Share capital	18	**2,420**	1,245	689
Share premium account		**3,813**	3,123	1,573
Foreign exchange translation reserve		**1,115**	1,091	1,120
Retained earnings		**(5,007)**	(1,545)	961
Share-based payment reserve		**874**	539	183
Total equity		**3,215**	4,453	4,526

The financial statements were approved by the Board of Directors on 2 October 2013 and were signed on its behalf by:

James Ede-Golightly
Chairman

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 2013

	Share capital £'000	Share premium account £'000	Foreign exchange translation reserve £'000	Retained earnings £'000	Share-based payment reserve £'000	Total £'000
Balance at 1 July 2010	601	13,931	1,120	(2,019)	106	13,739
Profit for the financial period	–	–	–	(10,938)	–	(10,938)
Other comprehensive income:						
Fair value gain on available-for-sale financial assets	–	–	–	83	–	83
Tax on gain on available-for-sale investments	–	–	–	(96)	–	(96)
Capital reduction	–	(13,931)	–	13,931	–	–
Total comprehensive income	–	(13,931)	–	2,980	–	(10,951)
Share-based payments	–	–	–	–	77	77
Issue of share capital	88	1,667	–	–	–	1,755
Issue costs	–	(94)	–	–	–	(94)
Balance at 30 June 2011	689	1,573	1,120	961	183	4,526
Balance at 1 July 2011	689	1,573	1,120	961	183	4,526
Loss for the financial period	–	–	–	(1,000)	–	(1,000)
Other comprehensive income:						
Fair value gain on available-for-sale financial assets	–	–	–	790	–	790
Tax on gain on available-for-sale investments	–	–	–	(168)	–	(168)
Foreign exchange gains on consolidation	–	–	(29)	–	–	(29)
Total comprehensive income	–	–	(29)	(378)	–	(407)
Share-based payments	–	–	–	–	356	356
Issue of share capital	556	1,665	–	–	–	2,221
Issue costs	–	(115)	–	–	–	(115)
Specie dividend	–	–	–	(2,128)	–	(2,128)
Balance at 30 June 2012	1,245	3,123	1,091	(1,545)	539	4,453
Balance at 1 July 2012	1,245	3,123	1,091	(1,545)	539	4,453
Loss for the financial period	–	–	–	(1,983)	–	(1,983)
Other comprehensive income:						
Fair value loss on available-for-sale financial assets	–	–	–	(1,930)	–	(1,930)
Tax on loss on available-for-sale investments	–	–	–	451	–	451
Foreign exchange gains on consolidation	–	–	24	–	–	24
Total comprehensive income	–	–	24	(3,462)	–	(3,438)
Share-based payments	–	–	–	–	335	335
Issue of share capital	1,175	705	–	–	–	1,880
Issue costs	–	(15)	–	–	–	(15)
Balance at 30 June 2013	**2,420**	**3,813**	**1,115**	**(5,007)**	**874**	**3,215**

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 2013

	Notes	2013 £'000	RESTATED 2012 £'000
Loss for the financial year		**(1,983)**	(1,000)
Finance income		**(4)**	(4)
Unrealised profit on revaluation of portfolio investments	9	**(29)**	–
Loss from associates		**–**	24
Share-based payment		**335**	356
Gain on disposal of investments		**–**	(1,639)
Loss on disposal of business		**47**	281
Expenses paid for discontinued operations		**–**	(267)
Revenue received from discontinued operations		**–**	(15)
Impairment of available-for-sale investments		**154**	
Impairment of intangible assets	11	**529**	488
Impairment of land assets	10	**503**	133
		(448)	(1,643)
Changes in working capital			
Purchase of portfolio investments	9	**(659)**	–
Increase in trade and other receivables		**(49)**	(55)
Decrease in trade and other payables		**(23)**	(1,129)
Net cash outflow from operating activities		**(1,179)**	(2,827)
Cash flow from investing activities			
Purchase of intangible assets		**–**	(100)
Purchase of available-for-sale investments		**–**	(536)
Proceeds from disposal of business		**17**	1,978
Interest received		**4**	4
Net cash generated from investing activities		**21**	1,346
Cash flow from financing activities			
Proceeds on issue of new shares		**1,880**	2,226
Expenses of new share issue		**(15)**	(118)
Net cash generated from financing activities		**1,865**	2,108
Net increase in cash and cash equivalents		**707**	627
Cash and cash equivalents at beginning of financial year		**1,279**	388
Effects of exchange rate changes		**5**	264
Cash and cash equivalents at end of financial year		**1,991**	1,279

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 ("IFRS") as adopted by the European Union ("EU") applied in accordance with the provisions of the Companies Act 2006.

IFRS 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 2013.

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 with subsidiaries are eliminated on consolidation. Transactions, balances, income and expenses with Jointly Controlled Operations are eliminated to the extent of the Group's interest in these entities.

Jointly Controlled Operations

In prior years, the Group participated in Jointly Controlled Operations (unincorporated Joint Ventures) which involved the joint control of assets used in the Group's oil and gas exploration and producing activities. The Group accounts for its share of assets, liabilities, income and expenditure of Jointly Controlled Operations in which it holds an interest, classified in the appropriate Balance Sheet and Income Statement headings.

Investments in Associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, investments in associates are carried in the Consolidated Balance Sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments.

Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

The Group has no associate interests at 30 June 2013.

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.

(ii) Advisory fees

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

Other income

Other income comprises sales relating to past oil and gas exploration activities.

Finance Income

Interest is recognised using the effective interest method.

Exceptional Items

Exceptional items are events or transactions which, by virtue of their size or nature, have been disclosed in order to improve a reader's understanding of the Financial Statements

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. 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.

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. Available-for-sale investments 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 amount of cumulative loss previously recognised in other comprehensive income is included in the Consolidated Income Statement for the period.

(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 of the Group was changed during the year from USD ($) to GBP (£). The change to the presentational currency was made to reflect the fact that the Group no longer has significant operations in the USA.

A change in presentational currency is a change in accounting policy which is accounted for retrospectively. Statutory financial information included in the Group's Annual Report and Accounts for the year ended 30 June 2012 previously reported in USD has been restated into GBP using the procedures outlined below:

- assets and liabilities denominated in non-sterling currencies were translated into sterling at closing rates of exchange. Non-sterling trading results were translated into sterling at average rates of exchange. Differences resulting from the retranslation of the opening net assets and the results for the year have been taken to reserves;
- Share capital, share premium and other reserves were translated at the historic rates prevailing at the dates of transactions; and
- all exchange rates used were extracted from the Group's underlying financial records.

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 balance sheet 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 balance sheet 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 inter company 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.

The exchange rate applied at the balance sheet date was US$1.5208 per £1 sterling (2012: US$1.5615 and 2011: US$1.6018).

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, the cumulative charge expensed up to the date of forfeiture is credited to the Income Statement.

Share warrants have been issued by the Company.

IFRS 2 has been applied whereby the fair value of the warrants is measured at the grant date. A Black Scholes valuation model is used to assess the fair value, taking into account the terms and conditions attached to the warrants. The costs recorded are measured by reference to the fair value of warrants.

The cost of share warrants is recognised, together with a corresponding increase in equity, immediately on issue as warrants vest immediately.

Exploration Costs (linked to former Oil and Gas activities)

The Group follows a successful efforts based accounting policy for oil and gas assets.

Costs (including research costs) incurred prior to obtaining the legal rights to explore an area are expensed immediately to the Income Statement.

Expenditure incurred on the acquisition of a licence interest is initially capitalised on a licence by licence basis. Costs are held, un-depleted, within exploration costs until such a time as the exploration phase on the licence area is complete or commercial reserves have been discovered.

Exploration expenditure incurred in the process of determining exploration targets is capitalised initially within intangible assets as exploration costs. Exploration costs are initially capitalised on a well by well basis until the success or otherwise has been established. The success or failure of each exploration/evaluation effort is judged on a well by well basis. Drilling costs are written off on completion of a well unless the results indicate that hydrocarbon reserves exist and there is reasonable prospect that these reserves are commercially viable.

All such costs are subject to regular technical, commercial and management review on at least an annual basis to confirm the continued intent to develop or otherwise extract value from the discovery. Where this is no longer the case, the costs are immediately expensed.

Following evaluation of successful exploration wells, if commercial reserves are established and the technical feasibility of extraction demonstrated, and once a project is sanctioned for commercial development, then the related capitalised exploration/evaluation costs are transferred into a single field cost centre within development/producing assets after testing for impairment within Property, Plant & Equipment. Where results of exploration drilling indicate the presence of hydrocarbons which are ultimately not considered commercially viable, all related costs are written off to the Income Statement.

All costs incurred after the technical feasibility and commercial viability of producing hydrocarbons has been demonstrated are capitalised within development/producing assets on a field by field basis.

Subsequent expenditure is capitalised only where it either enhances the economic benefits of the development/producing asset or replaces part of the existing development/producing asset. Any costs remaining associated with the part replaced are expensed.

Net proceeds from any disposal of an exploration asset are initially credited against the previously capitalised costs. Any surplus proceeds are credited to the Income Statement.

Revenue earned on test production prior to establishing the technical feasibility and commercial viability of the project is credited to the Income Statement.

No clean-up costs have been included within the exploration costs nor within liabilities as the directors do not consider these costs will be material at the end of each project's life.

All exploration costs have been written down to nil as at 30 June 2013.

Other Intangible Assets

The royalty interests that are deemed to have an indefinite life are not amortised but are reviewed annually for impairment.

As at 30 June 2013 all royalty costs which had been capitalised have been fully impaired.

Property, Plant and Equipment

Property, plant and equipment is stated at historical cost less depreciation less any recognised impairment losses.Cost includes expenditure that is directly attributable to the acquisition or construction of these items. Subsequent costs are included in the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the costs can be measured reliably. All other costs, including repairs and maintenance costs, are charged to the Income Statement in the period in which they are incurred.

Depreciation is provided on all property, plant and equipment and is calculated on a straight-line basis as follows:

Plant and equipment	5%
Leasehold land	10%

Depreciation is provided on cost less residual value. The residual value, depreciation methods and useful lives are annually reassessed.

Each asset's estimated useful life has been assessed with regard to both its own physical life limitations and the present assessment of economically recoverable reserves of the mine property at which the item is located, and to possible future variations in those assessments. Estimates of remaining useful lives are made on a regular basis for all mine buildings, machinery and equipment, with annual reassessments for major items. Changes in estimates which affect unit production calculation are accounted for prospectively.

Where property, plant and equipment has been acquired for the purposes of exploration, and technical feasibility of the project has yet to be established, the depreciation on the property, plant and equipment is added back to the cost of the intangible assets within exploration costs.

The gain or loss arising on disposal or scrapping of an asset is determined as the difference between the sales proceeds, net of selling costs, and the carrying amount of the asset and is recognised in the Income Statement.

As at 30 June 2013, the Group's property, plant and equipment assets are written down to nil.

Impairment of Assets Other than Intangible Assets with an Indefinite Life

At each balance sheet date, the directors review the carrying amounts of the Group's tangible and intangible assets, other than intangible assets with an indefinite life, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss, if any. Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior periods. A reversal of an impairment loss is recognised in the Income Statement immediately.

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 balance sheet 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 balance sheet 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 balance sheet 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.
- "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.

Adoption of new accounting standards

Standards, amendments and interpretations effective up to 30 June 2013

(a) Standards and interpretations effective in 2013 and adopted by the group

Amendment to IAS 1, 'Financial statement presentation' regarding other comprehensive income. The main change resulting from these amendments is a requirement for entities to group items presented in 'other comprehensive income' (OCI) on the basis of whether they are potentially reclassifiable to profit or loss subsequently (reclassification adjustments).

(b) Standards, amendments and interpretations to existing standards that are not yet effective and have not been early adopted by the group.

The following new standards, amendments to existing standards and new interpretations have been published and are mandatory for the Group's future accounting periods. They are, with the exception of the amendments to IAS 1 and IAS 19, subject to endorsement by the European Union. They have not been early adopted in the Group's financial statements and are not expected to have a significant impact on future financial statements when they are adopted:

Effective for annual periods beginning on or after 1 January 2013:

- IAS 1 (Amended), "Presentation of Financial Statements";
- IAS 12 (Amended), "Income taxes on deferred tax";
- Amendment to IFRS 1, "First time adoption on fixed dates and hyperinflation";
- IAS 19 (Amended), "Employee benefits";
- IFRS 10, "Consolidated financial statements";
- IFRS 11, "Joint arrangements";
- IFRS 12, "Disclosures of interests in other entities";
- Amendments to IFRS 10,11 and 12 on transition guidance;
- IFRS 13, "Fair value measurement";
- IAS 27 (revised 2012), "Separate financial statements";
- IAS 28 (revised 2012), "Associated and joint ventures";
- Amendments to IFRS 7, "Financial instruments: Disclosures".

Effective for annual periods beginning on or after 1 January 2014

- Amendments to IAS 32 "Financial instruments: Presentation";
- Amendments to IFRS 10, Consolidated financial statements', IFRS 12 and IAS 27 for investment entities;

Effective for annual periods beginning on or after 1 January 2015

- IFRS 9, "Financial instruments".

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material 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 balance sheet 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.

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 2013 at a valuation of £1,161,000 (2012: £2,557,000). For further detail see notes 9, 14 and 20.

Impairment of Property, Plant and Equipment and Intangible Assets

Management reviews property, plant and equipment at each balance sheet date to determine whether there are any indications of impairment. If any such indication exists, an estimate of the recoverable amount is performed, and an impairment loss is recognised to the extent that the carrying amount exceeds recoverable amount. Impairment charges of £1,032k have been recognised in the year ended 30 June 2013 (2012: £621k).

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', prior to the re-structuring, the Group had only one operating segment, being oil and gas exploration. Following the re-organisation and re-classification of the Investing Policy, 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 Loss

	2013	2012
	£'000	£'000
Operating loss is stated after charging:		
Fees payable to the Company's auditor for the audit of the annual statements	**17**	20
Fees payable to the Company's auditor and its associates for other services:		
Tax compliance services	**4**	4
Tax advisory services	**3**	6
Audit related assurance services	**5**	4
Research costs	**–**	11
Equity settled share-based payments	**335**	356
Exceptional administrative expenses:		
Impairment of intangible assets	**529**	488
Impairment of land assets	**503**	133
Total exceptional administrative expenses	**1,032**	621

4 Directors and Employees

The aggregate payroll costs of the employees, including the Executive Directors, were as follows:

Staff costs	2013 £'000	2012 £'000
Wages and salaries	**183**	347
Social security costs	**14**	42
	197	389
Equity settled share-based payments*	**335**	321
	532	710

* The charge for the year ended 30 June 2013 includes accelerated charges to reflect the cost of share options for directors who left the Company in the year.

The average number of employees employed by the Group were:

	2013	2012
UK	**4**	4
USA	**–**	2
	4	6

Compensation of key management was as follows:	2013 £'000	2012 £'000
Short term benefits	**86**	336
Share-based payments	**335**	321
	421	657
Social security costs	**4**	41
	425	698

Highest paid director:	2013 £'000	2012 £'000
Aggregate emoluments and benefits	**34**	201

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

	2013 £'000	2012 £'000
Finance income	**4**	4

6 Taxation

There was no current tax charge for the year ended 30 June 2013 (2012: £5k paid by a US subsidiary).

A deferred tax credit of £452k (2012: charge of £162k) arising on fair value movements on available-for-sale financial assets was recognised in equity during the year. This movement took the recognised deferred tax liability to zero.

Reconciliation of the effective tax charge	2013 £'000	RESTATED 2012 £'000
Loss before taxation	**(1,983)**	(728)
Loss before tax multiplied by standard rate of corporation tax in the UK of 23.8% (2012: 25.5%)	**(471)**	(186)
Tax effects of:		
Other expenses not deductible for tax purposes	**–**	48
Tax losses not utilised within the year	**471**	143
Tax expense and effective tax rate	–	5

The amount of unutilised tax losses are as follows:

	2013 £'000	RESTATED 2012 £'000
Unutilised tax losses	**3,140**	2,241

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.

Deferred tax liabilities arising as a result of the movement in fair value of available-for-sale financial assets are recognised in the balance sheet as follows:

Deferred tax liabilities	2013 £'000	RESTATED 2012 £'000
At 1 July	**452**	230
Deferred tax (credit)/charge recognised in equity during the period	**(452)**	222
At 30 June	**–**	452

7 Discontinued operations

On 7 October 2011 the Group completed the disposal of its interest in the Centurion project, receiving in consideration US$3,100,000.

Analysis of profit for the period from discontinued operations	2013 £'000	RESTATED 2012 £'000
Sales	**–**	19
Impairment of project costs	**–**	–
Profit before tax	**–**	19
Loss on disposal of Centurion project	**–**	(286)
Loss for the period from discontinued operations	**–**	(267)

Cash flows from discontinued operations	2013 £'000	2012 £'000
Net cash (outflows)/inflows from operating activities	–	(267)
Net cash inflows/(outflows) from investing activities	–	1,191
Net cash inflows/(outflows)	–	924

8 Loss per share

Basic 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.

Given the Group's reported loss for the year share options are not taken into account when determining the weighted average number of ordinary shares in issue during the year and therefore the basic and diluted earnings per share are the same.

Basic loss per share	2013 p	2012 p
Loss per share from continuing operations	(0.31)	(0.15)
Loss per share from discontinued operations	–	(0.05)
Total basic loss per share	(0.31)	(0.20)

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

	2013 £'000	2012 £'000
Loss used in the calculation of total basic and diluted earnings per share	(1,983)	(1,000)
Loss for the year from discontinued operations used in the calculation of basic and diluted loss per share from discontinued operations	–	(267)
Loss used in the calculation of basic earnings per share from continuing operations	(1,983)	(733)

Number of shares	2013 Number	2012 Number
Weighted average number of ordinary shares for the purposes of basic earnings per share	635,977,230	493,844,518

The company has issued options over 25,000,000 ordinary shares which are potentially dilutive. There is however, no dilutive effect of these issued options as there is a loss for each of the periods concerned.

9 Portfolio Investment

	Quoted equity shares £'000
Fair value at 30 June 2011 and 2012	–
Additions	659
Unrealised profit on revaluation	29
Fair value at 30 June 2013	688

All portfolio investments are held by Quoram Plc.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

10 Property, plant and equipment

	Leasehold land £'000	Plant and equipment £'000	Total £'000
Cost			
At 1 July 2011	4,081	1,105	5,186
Effects of foreign exchange	116	–	116
At 30 June 2012	4,197	1,105	5,302
Effects of foreign exchange	9	–	9
At 30 June 2013	4,206	1,105	5,311
Accumulated depreciation and impairment			
At 1 July 2011	3,474	1,105	4,579
Charge	96	–	96
Impairment	133	–	133
At 30 June 2012	3,703	1,105	4,808
Impairment	503	–	503
At 30 June 2013	4,206	1,105	5,311
Net book value			
At 30 June 2013	–	–	–
At 30 June 2012	494	–	494
At 30 June 2011	607	–	607

During the year ended 30 June 2012 a decision was taken to discontinue all projects with the exception of the Solitaire project. As a result all other project assets remaining on the balance sheet have been fully impaired.

During the current year, all remaining assets were fully impaired.

11 Intangible assets

Cost	Exploration costs £'000	Royalty interests £'000	Total £'000
At 1 July 2011	9,624	62	9,686
Additions	100	–	100
Disposals	(4,443)	–	(4,443)
Effects of foreign exchange	257	2	259
At 30 June 2012	5,538	64	5,602
Effects of foreign exchange	9	1	10
Disposals	–	(65)	(65)
At 30 June 2013	5,547	–	5,547

Amortisation and impairment	Exploration costs £'000	Royalty interests £'000	Total £'000
At 1 July 2011	6,994	–	6,994
Impairment	488	–	488
Disposals	(2,464)	–	(2,464)
At 30 June 2012	5,018	–	5,018
Impairment	529	–	529
At 30 June 2013	5,547	–	5,547
Net book value			
At 30 June 2013	–	–	–
At 30 June 2012	520	64	584
At 30 June 2011	2,630	62	2,692

During the year ended 30 June 2012 a decision was taken to discontinue all projects with the exception of the Solitaire project. As a result all other project assets remaining on the balance sheet have been fully impaired.

During the current year, all remaining assets were fully impaired.

12 Investment in Jointly Controlled Operations

In the year to 30 June 2012, the Group entered into the following unincorporated Jointly Controlled Operations, which are proportionally consolidated within the Group's financial statements for that year.

Name of project	Principal activities	Group interest
Revloc	Oil and gas development	50%

The Group no longer has an interest in the jointly controlled operation and there are no contingent liabilities or contingent assets associated.

13 Investments in Associates

The Group previously held a 46.64% investment in start-up wind energy company, Altawind Inc which is incorporated in the USA. This has been included within the Group's financial statements using equity accounting.

On 14 February 2012, this investment was disposed with no further liabilities retained by the Group.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

14 Available-for-sale financial assets

	Quoted equity shares £'000
Fair value at 30 June 2012	2,557
Unrealised loss on revaluation	(2,084)
Fair value at 30 June 2013	473

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. During the year, the group incurred a fair value loss through equity of £1,930k and an impairment charge of £154k recognised in the income statement.

15 Trade and other receivables

	2013 £'000	2012 £'000
Trade receivables	**57**	–
Other receivables	**46**	40
Prepayments and accrued income	**8**	22
	111	62

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 2013 (2012: £nil).

No unimpaired receivables are past due as at the reporting date (2012: £nil).

16 Cash and cash equivalents

	2013 £'000	2012 £'000
Cash at bank (GBP)	**1,946**	166
Cash at bank (USD)	**45**	1,113
	1,991	1,279

17 Trade and other payables

	2013 £'000	2012 £'000
Trade payables	**1**	52
Other payables	**20**	–
Accruals	**27**	19
	48	71

18 Share Capital

(a) Share Capital	**2013 £'000**	2012 £'000
Issued and fully paid up		
968,196,408 (2012: 498,196,408) shares of 0.25 pence	**2,420**	1,245

During the year ended 30 June 2013 the Company issued a total of 470,000,000 ordinary shares (2012: 222,599,684) for a premium net of issue costs of £690k (2012: £1,550k).

Date	**Price per share (Sterling)**	**Number of shares issued**	**Total consideration received (£)**
15-Mar-13	0.4p	470,000,000	1,880,000

(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.

Share warrants were issued on 4 February 2011 which were exercisable immediately. None of these warrants were exercised and they expired on 4 February 2013.

The issue of warrants constituted a transaction with parties other than employees for which the fair value of services received cannot be reliably estimated, as they were granted on a 1 for 8 basis to shareholders as part of an open offer and placing that took place in February 2011, and therefore the services received have been measured by reference to the fair value of the warrants granted, measured at the date of the placing.

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

	Number of options	**WAEP £**	**Number of warrants**	**WAEP £**
2013				
Outstanding at the beginning of the year	25,000,000	0.04	3,750,000	0.12
Expired during the year	–	–	(3,750,000)	(0.12)
Forfeited during the year	(4,924,785)	(0.04)	–	–
Outstanding at the end of the year	20,075,215	0.04	–	–
Number exercisable at 30 June 2013	19,741,882	0.04	–	–
2012				
Outstanding at the beginning & end of the year	25,000,000	0.04	3,750,000	0.12
Number exercisable at 30 June 2012	8,700,000	0.03	3,750,000	0.12

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

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:

Date of grant	5 May 2007	20 Feb 2008
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 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	4 Feb 2011	19 May 2011	19 May 2011
Number granted	3,750,000	11,500,000	4,800,000
Share price at date of grant	5.0p	5.0p	5.0p
Exercise price	12p	5.0p	5.0p
Expected volatility	85%	85%	85%
Expected life	1 year	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years
Risk free rate	2.80%	2.34%	2.34%
Expected dividend yield	0%	0%	0%
Fair value at date of grant	0.51p	3.61p	3.61p
Earliest vesting date	04-Feb-11	19-May-12	19-May-12
Expiry date	04-Feb-13	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 Group recognised total expenses of £335,000 (2012: £356,000) related to equity-settled share-based payment transactions during the year.

19 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 2013	**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	**–**	**–**	**688**	**–**	**688**
Available-for-sale financial assets	**473**	**–**	**–**	**473**	
Trade and other receivables	**–**	**111**	**–**	**–**	**111**
Cash and cash equivalents	**–**	**1,991**	**–**	**–**	**1,991**
Trade and other payables	**–**	**–**	**–**	**(48)**	**(48)**
	473	**2,102**	**688**	**(48)**	**3,215**

At 30 June 2012	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
Available-for-sale financial assets	2,557	–	–	–	2,557
Trade and other receivables	–	62	–	–	62
Cash and cash equivalents	–	1,279	–	–	1,279
Trade and other payables	–	–	–	(71)	(71)
	2,557	1,341	–	(71)	3,827

Loans and other receivables and financial liabilities' at amortised cost carrying values approximate to their fair values, as at 30 June 2013 and 2012, given their nature and short times to maturity.

Under IFRS 7 Financial Instruments: Disclosures, Portfolio investments and the available-for-sale assets are classified under the fair value hierarchy as level 1.

20 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.

There have been no substantive changes to the Group's exposure to financial instrument risks, its objectives, policies and processes for managing those risks or the methods used to measure them from the previous year.

Liquidity risk

Liquidity risk is dealt with in note 21 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 £3,263,000 (2012: £3,898,000)

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 loss before tax.

	Change in interest rate	**2013 £'000**	Change in interest rate	2012 £'000
Sterling	**0.50%**	**0.097**	0.50%	0.008
	1.00%	**0.195**	1.00%	0.017
	1.50%	**0.292**	1.50%	0.025
	–0.50%	**(0.097)**	–0.50%	(0.008)
	–1.00%	**(0.195)**	–1.00%	(0.017)
	–1.50%	**(0.292)**	–1.50%	(0.025)
Dollars	**0.50%**	**0.002**	0.50%	0.056
	1.00%	**0.004**	1.00%	0.111
	1.50%	**0.007**	1.50%	0.167
	–0.50%	**(0.002)**	–0.50%	(0.056)
	–1.00%	**(0.004)**	–1.00%	(0.111)
	–1.50%	**(0.007)**	–1.50%	(0.167)

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 2013 would increase/(decrease) the value of the Portfolio Investment assets by £58K.

Foreign exchange risk

The Group's principal exposure to foreign exchange risk used to be in relation to the United States Dollar and Sterling exchange rates, due to the concentration of cash and cash equivalents that are held in Sterling and were converted to Dollars on consolidation. This risk is no longer deemed to be significant as the Group now reports in Sterling and the vast majority of its assets and liabilities are denominated in that currency.

21 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 2013 on the basis of their earliest possible contractual maturity.

	Total £'000	Within 2 months £'000	Within 2–6 months £'000
At 30 June 2013			
Trade payables	**1**	**1**	**–**
Other payables	**20**	**20**	**–**
Accruals	**27**	**–**	**27**
	48	**21**	**27**
At 30 June 2012			
Trade payables	52	52	–
Accruals	19	–	19
	71	52	19

22 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 balance sheet.

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.

23 Financial Commitments

The Group had no capital commitments at 30 June 2013 (2012: £nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

24 Related Party Transactions

The only related party transactions during the year were with the directors and key management.

Directors' remuneration:	Short-term benefits 2013 £'000	2012 £'000
Mr A Yeo	**34**	108
Mr J Ede-Golightly	**25**	8
Mr D Bramhill	**–**	153
Mrs J Bramhill	**–**	12
Mr M Thomsen	**–**	172
Mr F Dekker	**5**	34
Mr B Marshall	**13**	34
Mr G Hall	**9**	–
	86	521
Social security costs	**4**	41
Total	**90**	562

In addition to the remuneration shown above, the Group incurred share-based payment charges of £335k (2012: £356k) in respect of the above named directors and key management.

Mr B Marshall is additionally a director of Brian Marshall Accounting Services Ltd which received £12k for accounting services (2012: £25k).

During the year ended 30 June 2013, consultancy fees of £40k (2012: £nil) were invoiced in respect of ORA Capital Partners Ltd which is a substantial shareholder in Quoram Plc.

25 Investment in subsidiaries

The Group's Parent Company holds the issued share capital of the following subsidiary undertakings, which are incorporated in the USA and have been included in these consolidated financial statements.

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

26 Contingent Liabilities

The directors are not aware of any contingent liabilities within the Group or the Company at 30 June 2013.

27 Ultimate Controlling Party

As at 30 June 2013, Quoram Plc had no ultimate controlling party.

28 Events after the Balance Sheet date

There were no significant events after the balance sheet date.

PARENT COMPANY INDEPENDENT AUDITOR'S REPORT

Independent Auditor's Report to the Members of Quoram Plc for the year ended 30 June 2013

We have audited the Parent Company financial statements of Quoram Plc ('the Company') for the year ended 30 June 2013 which comprise the Parent Company Balance Sheet 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 2013;
- 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 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 2013.

Carl Deane

Senior Statutory Auditor,
for and on behalf of

Nexia Smith & Williamson

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

2 October 2013

PARENT COMPANY BALANCE SHEET

as at 30 June 2013

	Notes	2013 £'000	2012 £'000
Fixed assets			
Investments	2	**1,161**	2,509
Investment in subsidiaries	2	**38**	1,253
		1,199	3,762
Current assets			
Debtors	3	**110**	60
Cash at bank		**1,947**	1,156
		2,057	1,216
Creditors: amounts falling due within one year	4	**(41)**	(71)
Net current assets		**2,016**	1,145
Net assets		**3,215**	4,907
Capital and reserves			
Called up share capital	5	**2,420**	1,245
Share premium account	6	**3,813**	3,123
Share-based payment reserve	6	**874**	539
Profit and loss account	6	**(3,892)**	–
Shareholders' funds	7	**3,215**	4,907

The financial statements were approved by the Board of Directors on 2 October 2013 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 2013

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 loss for the year ended 30 June 2013 was £2,010,000 (2012: £2,620,000).

As permitted by FRS 1 Cash flow statements, no cash flow statement for the Company has been included.

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.

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.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

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.

Share warrants have been issued by the Company.

FRS 20 has been applied whereby the fair value of the warrants is measured at the grant date. A Black Scholes valuation model is used to assess the fair value, taking into account the terms and conditions attached to the warrants. The costs recorded are measured by reference to the fair value of warrants.

The cost of share warrants is recognised, together with a corresponding increase in equity, immediately on issue as warrants vest immediately.

All warrants have expired as at 30 June 2013.

Investments

Investments in subsidiaries

Investments in subsidiaries are included at cost less amounts written off for impairment.

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

In the prior year, listed investments were 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.

2 Investments

(i) Portfolio Investments

	Quoted equity shares £'000
Fair value at 30 June 2012	–
Additions	659
Unrealised profit on revaluation	29
Fair value at 30 June 2013	688

(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.

On 6 June 2012, the Company issued a dividend *in specie* of part of its holding in Wessex Exploration PLC, consisting of 27,688,689 shares. This is accounted for as a disposal of these available-for-sale financial assets.

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	**2013** **£'000**	2012 £'000
At beginning of the year	**2,509**	1,621
Additions	**–**	536
Disposals	**–**	(2,146)
Revaluation through equity	**(1,882)**	2,498
Impairment through profit and loss	**(154)**	–
At end of the year	**473**	2,509

Long term loans to Subsidiaries

Cost	£'000
At 1 July 2011	4,767
Additions	176
Repayments	(799)
Impairment	(2,893)
At 30 June 2012	1,253
Impairment	(1,215)
At 30 June 2013	38

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

The book value of investments in subsidiaries as at 30 June 2012 and 2013 was £nil.

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

	2013 **£'000**	2012 £'000
Trade debtors	**57**	–
Other debtors	**45**	40
Prepayments	**8**	20
	110	60

4 Creditors – amounts falling due within one year

	2013 **£'000**	2012 £'000
Trade creditors	**1**	51
Other creditors	**20**	–
Accruals	**20**	20
	41	71

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

5 Share capital

(a) Share Capital

Issued and fully paid up	**2013 £'000**	2012 £'000
968,196,408 (2012: 498,196,408) shares of 0.25 pence	**2,420**	1,245

During the year ended 30 June 2013 the Company issued a total of 470,000,000 ordinary shares (2012: 222,599,684) for a premium net of issue costs of £693,750 (2012: £1,554,960).

Date	Price per share (Sterling)	Number of shares issued	Total consideration received (£)
15 March 2013	0.4p	470,000,000	1,880,000

(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.

The Company has also issued share warrants in the prior year which were exercisable immediately.

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.

If the warrants remain unexercised after a period of 2 years from the date of grant, the warrants expire.

The issue of warrants constituted a transaction with parties other than employees for which the fair value of services received cannot be reliably estimated, as they were granted on a 1 for 8 basis to shareholders as part of an open offer and placing that took place in February 2011, and therefore the services received have been measured by reference to the fair value of the warrants granted, measured at the date of the placing.

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

2013	Number of options	WAEP £	Number of warrants	WAEP £
Outstanding at the beginning of the year	25,000,000	0.04	3,750,000	0.12
Expired during the year	–	–	(3,750,000)	(0.12)
Forfeited during the year	(4,924,785)	(0.04)	–	–
Outstanding at the end of the year	20,075,215	0.04	–	–
Number exercisable at 30 June 2013	19,741,882	0.04	–	–

2012	Number of options	WAEP £	Number of warrants	WAEP £
Outstanding at the beginning & end of the year	25,000,000	0.04	3,750,000	0.12
Number exercisable at 30 June 2012	8,700,000	0.03	3,750,000	0.12

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:

Date of grant	**5 May 2007**	**20 Feb 2008**
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 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	**4 Feb 2011**	**19 May 2011**	**19 May 2011**
Number granted	3,750,000	11,500,000	4,800,000
Share price at date of grant	5.0p	5.0p	5.0p
Exercise price	12p	5.0p	5.0p
Expected volatility	85%	85%	85%
Expected life	1 year	5.5, 6 and 6.5 years	5.5, 6 and 6.5 years
Risk free rate	2.80%	2.34%	2.34%
Expected dividend yield	0%	0%	0%
Fair value at date of grant	0.51p	3.61p	3.61p
Earliest vesting date	04-Feb-11	19-May-12	19-May-12
Expiry date	04-Feb-13	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 Group recognised total expenses of £335,000 (2012: £356,000) related to equity-settled share-based payment transactions during the year.

NOTES TO THE PARENT COMPANY FINANCIAL STATEMENTS (CONTINUED)

6 Reserves

	Share premium £'000	Profit and loss account £'000	Share based payment reserve £'000	Total £'000
As at 30 June 2012	3,123	–	539	3,662
Loss for the financial year	–	(2,010)	–	(2,010)
Fair value loss on available-for-sale financial assets	–	(1,882)	–	(1,882)
Issue of shares	705	–	–	705
Issue costs	(15)	–	–	(15)
Issue of share-based payments	–	–	335	335
At 30 June 2013	3,813	(3,892)	874	795

7 Reconciliation of Movement in Shareholders' Funds

Reconciliation of Movement in Shareholders' Funds	**2013 £'000**	2012 £'000
Loss for the financial year	**(2,010)**	(2,620)
Fair value (loss)/gain on available-for-sale financial assets	**(1,882)**	821
Issue of shares	**1,880**	2,223
Issue costs	**(15)**	(115)
Share-based payments	**335**	356
Specie dividend	**–**	(2,146)
Net decrease in shareholders' funds	**(1,692)**	(1,481)
Shareholders' funds at 1 July	**4,907**	6,388
Shareholders' funds at 30 June	**3,215**	4,907

8 Related Party Transactions

Directors' remuneration:	**Short-term benefits 2013 £'000**	2012 £'000
Mr A Yeo	**34**	108
Mr J Ede-Golightly	**25**	8
Mr D Bramhill	**–**	153
Mrs J Bramhill	**–**	12
Mr F Dekker	**5**	34
Mr B Marshall	**13**	34
Mr G Hall	**9**	–
	86	349
Social security costs	**4**	41
Total	**90**	390

In addition to the remuneration shown above, the Group incurred share-based payment charges of £335,000 (2012: £301,000) in respect of the above named directors and key management.

Mr B Marshall is additionally a director of Brian Marshall Accounting Services Ltd which received £12k for accounting services (2012: £25k).

During the year ended 30 June 2013, consultancy fees of £40k (2012: £nil) were invoiced in respect of ORA Capital Partners Ltd which is a substantial shareholder in Quoram Plc.

9 Events After the Balance Sheet Date

There were no significant events after the balance sheet date

NOTICE OF 2013 ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 2013 Annual General Meeting of Quoram Plc will be held at the offices of WH Ireland, 24 Martin Lane, London, EC4R 0DR on Monday 4 November 2013 at 2.00 p.m. to transact the following business.

To consider and, if thought fit, to pass the following resolutions, numbers 1-4 (inclusive) of which will be proposed as ordinary resolutions and numbers 5-7 (inclusive) will be proposed as special resolutions.

ORDINARY RESOLUTIONS

1. To receive and adopt the Directors' Report, the Audited Statement of Accounts and Auditors' Report for the year ended 30 June 2013.

2. To re-elect Brian Marshall as a director of the Company, who stands for re-election pursuant to the Articles of Association of the Company.

3 To elect Christopher Hill as a director of the Company.

4. To re-appoint Nexia Smith & Williamson as auditors of the Company and to authorise the Directors to determine their remuneration.

SPECIAL RESOLUTIONS

Allotment of shares

5. That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, the directors be and are generally and unconditionally authorised, in accordance with section 551 of the Companies Act 2006 (the "**Act**"), to exercise all the powers of the Company to allot equity securities (as defined in section 560 of the Act) up to an aggregate nominal amount of £2,079,008.98 provided that this authority shall (unless renewed, varied or extended by the Company in general meeting) expire on the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot such equity securities in pursuance of such offer or agreement as if this authority had not expired.

Disapplication of pre-emption rights

6. That,subject to the passing of resolution 5, the directors of the Company be and are hereby empowered pursuant to section 570 of the Act, to allot equity securities (as defined in section 560 of the Act) for cash, pursuant to the authority conferred by resolution 5 as if section 561(1) of the Act did not apply to any such allotment, provided that this power shall:

   (a) be limited to the allotment of equity securities up to an aggregate nominal amount of £2,079,008.98; and

   (b) unless renewed, varied or extended by the Company in general meeting, expire on the conclusion of the next annual general meeting of the Company, save that the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry, and the directors may allot such equity securities in pursuance of such offer or agreement as if this authority had not expired.

Authority to buy back its own shares

7. THAT, the Company be and is hereby generally authorised pursuant to section 701 of the Companies Act 2006 to make market purchases (as defined in section 693(4) of the 2006 Act) of its ordinary shares provided that:

   (a) the Company does not purchase more than 145,132,642 ordinary shares (approximately 14.99% of the Company's issued share capital at the date of this notice)

   (b) the Company does not pay for any such ordinary share less than its nominal value at the time of the purchase; and

   (c) the Company does not pay for any such ordinary share more than 5% above the average of the closing mid-market price for the ordinary shares for the five business days immediately preceding the date on which the

Company agrees to buy the shares concerned, based on the share prices published in the Daily Official List of the London Stock Exchange or the AIM supplement thereto.

The authority conferred by this resolution shall (unless previously revoked, varied or renewed) expire on the earlier of the date of the next Annual General Meeting of the Company and 31 December 2014, save the Company may before such expiry make a contract to purchase ordinary shares which will or may be executed wholly or partly after the expiry date.

Recommendation

The directors consider that all of the Resolutions to be proposed at the AGM are in the best interests of the Company and its shareholders as a whole. Accordingly, the directors unanimously recommend that shareholders vote in favour of all of the Resolutions, as the directors intend to do in respect of their own beneficial holdings.

By order of the Board

Christopher Hill
Company Secretary
2 October 2013

Registered office:
Martin House
26-30 Old Church Street
London SW3 5BY

EXPLANATORY NOTES

Entitlement to attend and vote

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:

   - 2.00 p.m. on 31 October 2013; or,
   - if this Meeting is adjourned, at 2.00 p.m. on the day two (business) days prior to the adjourned meeting,

   shall be entitled to attend and vote at the Meeting.

Website giving information regarding the Meeting

2. Information regarding the Meeting, including the information required by section 311A of the Companies Act 2006, is available from http://www.quoram.co.uk/investor/shareholder-documents.html

Appointment of proxies

3. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint one or more proxies to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.

4. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.

5. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If you either select the "Discretionary" option or if no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.

NOTICE OF 2013 ANNUAL GENERAL MEETING
(CONTINUED)

Appointment of proxy using hard copy proxy form

6. A hard copy proxy which may be used to make such appointment and give proxy instructions accompanies this notice. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

   To appoint a proxy using the proxy form, the form must be:

   - completed and signed;
   - sent or delivered to Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, B63 3DA; and
   - received by Neville Registrars no later Limited than 2.00 p.m. on 31 October 2013.

   In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

Appointment of proxy by joint members

7. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

Changing proxy instructions

8. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

   Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact Neville Registrars, Neville House, 18 Laurel Lane, Halesowen, B63 3DA. If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

Termination of proxy appointments

9. In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment as above. In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

   The revocation notice must be received by Neville Registrars no later than 2.00 p.m. on 31 October 2013. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

   Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

Corporate representatives

10. A corporation which is a member can appoint one or more corporate representatives who may exercise, on its behalf, all its powers as a member provided that no more than one corporate representative exercises powers over the same share.

Voting rights

11. As at 6.00 p.m. on 30 September 2013, (being the latest practicable date prior to the publication of this document), the Company's issued share capital comprised 968,196,408 ordinary shares of 0.25 pence each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 6.00 p.m. on 30 September 2013 is 968,196,408.

The website referred to in note 2 will include information on the number of shares and voting rights.The website referred to in note 2 will include information on the number of shares and voting rights.

Directors’ transactions and service contracts

12. A statement or summary of transactions of Directors (and their family interests) in the share capital of the Company and copies of all Directors’ service contracts of more than one year’s duration will be available for inspection at the registered office during usual business hours (Saturdays and public holidays excepted) until the date of the annual general meeting, and at the place of the meeting for at least 15 minutes before the meeting until the conclusion of the meeting.

Appointment of director

13. It is proposed that Christopher Hill be appointed as a director at the Annual General Meeting. Mr Hill will hold office as Executive Finance Director. Mr Hill is a Member of the Institute of Chartered Accountants in England and Wales. He has extensive experience of financial management of companies listed on the AIM market and previously served as Group Financial Controller at ORA Capital Partners Ltd.

Quoram Plc
Martin House
26-30 Old Church Street
London
SW3 5BY

Registered in England and Wales
No. 03606195