Evolve Capital Plc

REPORT AND ACCOUNTS

for the year ended 30 June 2014

Contents

Directors and Advisers

Directors	O J Vaughan (Chairman) M E W Jackson (Non-Executive) D W B Snow (Non-Executive) E Vandyk (Non-Executive)
Secretary and registered office	O C Cooke 20 Phillimore Gardens London W8 7QE
Bankers	Lloyds Bank Plc City Office Branch PO Box 1000 Birmingham BX1 1LT
Solicitors	Fasken Martineau LLP 17 Hanover Square London W1S 1HU Memery Crystal LLP 44 Southampton Buildings London WC2A 1AP
Registrars and transfer agents	Share Registrars Limited 9 Lion & Lamb Yard Farnham Surrey GU9 7LL
Auditors	Dewey Evans Limited 17 St Andrews Crescent Cardiff CF10 3DB
Registered number	06383902

Report of the Directors

The Directors present their report together with the financial statements for the year ended 30 June 2014 with comparative information for the 18 month period ended 30 June 2013.

Principal Activities

The Group's principal activity is that of an investment enterprise.

Principal Developments and Business Review

The Board has continued to focus on the realisation of the Group's various investments, with a view to returning funds to shareholders. The principal developments along with a business review, as required by the Companies Act 2006, are detailed in the Strategic Report.

Future Developments

During the year and subsequently, the Group has realised investments for cash considerations totalling in excess of £1 million and currently holds cash balances of the order of £2 million. Since the year-end the Board has taken professional advice as to how best to reorganise the Group so as to maximise the distribution of cash and assets to its shareholders. It is currently anticipated that this may be concluded by March 2015.

Directors

The Directors of the Company during the period and their beneficial interests in the issued share capital are disclosed in the Directors' Remuneration Report on pages 8 and 9.

During the period, Directors' indemnity insurance was purchased on behalf of the Company's Directors.

Results and Dividends

The results of the Group are set out in the Consolidated Income Statement on page 12. The Directors do not recommend the payment of a dividend (2013: £Nil).

Substantial Shareholdings

At 30 January 2015 the Company was aware of the following substantial shareholdings.

Shareholder	Ordinary Shares of 0.1p each	Percentage of class
Lynchwood Nominees Limited	94,836,340	30.11
Fiske Nominees Limited	68,222,997	21.66
Dartington Portfolio Nominees Limited	47,901,729	15.21
Oliver Vaughan	33,045,609	10.49
Fitel Nominees Limited	17,658,002	5.61
Secure Nominees Limited	12,633,125	4.01
David Snow	10,700,000	3.40

Report of the Directors

(continued)

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial period. Under that law the directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation and have elected to prepare the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing the parent company financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

In preparing the group financial statements, International Accounting Standard 1 requires that directors:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

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

Responsibility statement:

We confirm that to the best of our knowledge:

- the financial statements, prepared in accordance with the relevant financial reporting framework, give a true and fair view of the assets, liabilities, financial position and profit or loss of the company and the undertakings included in the consolidation taken as a whole; and
- the directors' report includes a fair review of the development and performance of the business and the position of the company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

Going Concern

The Board has assessed the prospects of the Company and Group together, as activity within the Group is confined to the parent company. It is the Board's intention to reorganise the Group and return both cash and assets to the shareholders. At the time of approving the financial statements, Group cash balances are such that the Company and the Group have adequate resources to continue in operational existence until the reorganisation is concluded. For this reason, the Board consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

Report of the Directors

(continued)

Financial Instruments

Details regarding the Group's use of financial instruments and their associated risks are given in note 25 to the financial statements.

Payments to Suppliers

It is the Group's policy to agree appropriate terms and conditions for its transactions with suppliers (by means ranging from standard terms and conditions to individually negotiated contracts) rather than to follow any code or standard payment practice, and to make payment in accordance with those terms and conditions, provided that the supplier has also complied with them. The number of creditor days outstanding at the year-end was 2 (2013: 3).

Charitable Donations

The Group made charitable donations in the period of £Nil (2013: £Nil).

Disclosure of Information to Auditors

In the case of each of the persons who are Directors of the Company at the date when this report is approved: so far as each of the Directors is aware, there is no relevant audit information of which the Company's auditor is unaware; and each of the Directors has taken all the steps that they ought to have taken as a Director to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditors

Agincourt, Chartered Accountants role as the Company's auditors has been terminated and Dewey Evans Limited have been appointed to fill a casual vacancy. There were no circumstances connected with the resignation of Agincourt, Chartered Accountants that needed to be brought to the attention of either the members or creditors of the Company. A resolution to reappoint Dewey Evans Limited as auditors will be proposed at the General Meeting.

By Order of the Board

Edward Vandyk
Director
20 February 2015

Strategic Report

Business Review

The Group's business activities during the year were focused on its investments segment, since the operations of other segments associated with its subsidiaries have been discontinued.

Investments

Investment activity during the period has been minimal. Ownership of the Group's portfolio has been managed centrally with a view to realising the Group's investment portfolio and so be able to return funds to members. Sales of equity investments during the period realised gains of £0.5 million (2013: £0.3 million).

Results

The loss for the year from all operations was £1.1 million compared with a loss of £1.5 million in the previous eighteen month period.

This result can be summarised as follows:

	2014	2013
	£'000	£'000
Loss from continuing operations	**(1,083)**	(1,189)
Loss from discontinued operations	-	(334)

"Continuing operations" describes the on-going investment activities of the Group, which is actively seeking to realise the value of its various investments with the objective of returning funds to shareholders in due course.

"Discontinued operations" relates to the activities of St Helens, which business was sold on 8 November 2012.

Income Statement

With the sale of the St Helens business the Group no longer has any operating subsidiaries, and the revenues associated with the St Helens business in the previous period have been included within discontinued operations. The Group's sole source of income is consequently from the management and realisation of its investment portfolio.

Realised gains from the sale of equity investments during the period amounted to £0.5 million (2013: £0.3 million). Evolve's investment in 3D Diagnostic Imaging Plc accounted for at fair value through profit and loss realised losses in the year of £54,000 (2013: £0.2 million).

Provisions for investment impairment amounted to £1.2 million (2013: £0.7 million). These provisions relate primarily to less liquid listed and unlisted investments, where the Board believes the fair value of the investment to be less than its original cost. The provisions in the year relate principally to impairments against the carrying values of Central Asian Minerals and Resources Plc and to Rowan Dartington Holding Limited.

Other operating expenses incurred by the Group in the year were significantly lower than in the previous period, reflecting savings from centralising management and from the closure of discontinued operations.

Principal Risks and Uncertainties

The Group is exposed to a number of business risks, the nature and level of which are determined and monitored by the Board.

The Board has identified the following as the key risks and their mitigants:

- Market Risk – The Group is affected by conditions in the financial markets and the wider economy in respect of its holdings in equity investments. However, the Group does not make markets in equities nor does it hold principal positions. The ability to realise material value for its investments is affected by the performance of the stock market in general and certain equity securities in particular.

- Litigation Risk – The Group is not currently engaged in any significant litigation.

Strategic Report

(continued)

Development and Performance

The Board's aim is that of realising investment value so as to return funds to shareholders. Performance is consequently measured principally by reference to the cash resources available for distribution, which have increased by approx. £1 million during the year. Key performance indicators are considered to be earnings per share and net assets per share, since these measures best reflect the change in shareholder value.

Key Performance Indicators

The basic loss per share from continuing operations for the period was 0.34 pence compared to 0.39 pence in 2013. The basic loss per share from both continuing and discontinued operations was 0.34 pence (2013: 0.50 pence).

Net assets per share declined from 1.20 pence at 30 June 2013 to 0.79 pence at 30 June 2014. The main cause for the decline was the investment impairment provision of £1.2 million.

Included within the Group's assets at 30 June 2014 was £2.0 million of cash, equivalent to 0.62 pence per share (30 June 2013: £0.9 million, equivalent to 0.29 pence per share).

On behalf of the Board

Edward Vandyk
Director
20 February 2015

Directors' Remuneration Report

Unaudited Information

The remuneration policy for executive directors and the agreement of individual packages for directors is delegated by the Board to the Remuneration Committee. The Remuneration Committee comprises David Snow as Chairman and Michael Jackson.

Remuneration Policy

Executive directors receive a base salary.

Non-executive Directors

The remuneration for non-executive directors is determined by Oliver Vaughan as the executive Director. Each non-executive is paid an annual fee and reimbursed all reasonable expenses properly incurred in relation to their duties.

Directors' Pension Entitlements

Directors make their own arrangements in respect of pension schemes.

Directors' Service Contracts

Oliver Vaughan has a service agreement with the Company with a notice period of six months. David Snow and Michael Jackson have letters of appointment with notice periods of six months.

Audited Information

A summary of the total remuneration paid to executive and non-executive Directors appears in the table below:

Salaries and fees

	2014 £'000	2013 £'000
Executive		
O J Vaughan	**12**	40
Non-Executive		
M Jackson	**14**	22
D W Snow	**12**	18
E Vandyk (appointed 22 November 2013)	**-**	-
	38	80

Directors' Shareholdings and Share Options

The Directors of the Company during the year and their beneficial interests in the issued share capital, together with details of their interests in warrants to subscribe for the Company's ordinary shares, appear in the table below:

	30 June 2014		1 July 2013	
	Ordinary Shares Of 0.1p each	Warrants	Ordinary Shares Of 0.1p each	Warrants
O J Vaughan	33,045,609	6,077,440	33,045,609	6,077,440
M Jackson	4,250,000	-	4,250,000	-
D W Snow	10,700,000	-	10,700,000	-
E Vandyk	811,646	25,000,000	811,646*	25,000,000*

(* at appointment on 22 November 2013)

Directors' Remuneration Report
(continued)

Audited Information (continued)

Directors' Share Dealings in period under review

The directors had no dealings in the shares of the company during the year.

On behalf of the Board

Edward Vandyk
Director
20 February 2015

Independent Auditor's Report to the Members of Evolve Capital Plc

We have audited the group financial statements of Evolve Capital Plc for the year ended 30 June 2014 which comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Consolidated Statement of Changes in Equity, the Consolidated Cash Flow Statement and the related notes 1 to 27. 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, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

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 2014 and of its loss for the period 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 matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the 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:

- 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 and the part of the Directors' Remuneration Report to be audited 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.

Independent Auditor's Report to the Members of Evolve Capital Plc
(continued)

Other matters

We have reported separately on the parent company financial statements of Evolve Capital Plc for the year ended 30 June 2014.

We reviewed:

- the Directors' statement in relation to going concern; and
- certain elements of the report to shareholders by the Board on Directors' Remuneration.

Emyr Evans (Senior Statutory Auditor)
for and on behalf of
Dewey Evans Limited
Statutory Auditors
Cardiff
20 February 2015

Consolidated Income Statement

for the year ended 30 June 2014

	Note	2014 £'000	2013 £'000
Continuing operations			
Revenue	3	-	-
Profit on disposal of available-for-sale investments		**470**	346
Loss on fair value through profit and loss investments		**(54)**	(182)
Operating expenses			
Impairment of available-for-sale investments		**(1,195)**	(732)
Other operating expenses		**(321)**	(677)
Total operating expenses		**(1,516)**	(1,409)
Operating loss	5	**(1,100)**	(1,245)
Investment revenue	8	**17**	56
Loss on ordinary activities before taxation		**(1,083)**	(1,189)
Taxation	9	-	-
Loss from continuing operations		**(1,083)**	(1,189)
Discontinued operations			
Loss from discontinued operations	10	-	(334)
Loss for the period		**(1,083)**	(1,523)
Loss per ordinary share (pence)	11		
From continuing operations			
- Basic		**(0.34)**	(0.39)
- Diluted		**(0.34)**	(0.39)
From continuing and discontinued operations			
- Basic		**(0.34)**	(0.50)
- Diluted		**(0.34)**	(0.50)

Consolidated Statement of Comprehensive Income

for the year ended 30 June 2014

	Note	2014 £'000	2013 £'000
Loss for the period		**(1,083)**	(1,523)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Gains on revaluation of available-for-sale investments taken to equity		**(164)**	(11)
Transferred to profit or loss on sale of available-for-sale investments		**(20)**	-
Deferred tax relating to components of other comprehensive income		**-**	56
Other comprehensive income for the period, net of tax	22	**(184)**	45
Total comprehensive income for the period		**(1,267)**	(1,478)

The loss for the period and the total comprehensive income for the period are attributable to the owners of the parent company.

Consolidated Balance Sheet

as at 30 June 2014

	Note	30 June 2014 £'000	30 June 2013 £'000	31 December 2011 £'000
ASSETS				
Non-current assets				
Other intangible assets	12	**-**	-	52
Property, plant and equipment	13	**5**	4	3
Total non-current assets		**5**	4	55
Current assets				
Trade and other receivables	15	**12**	388	734
Available-for-sale investments	16	**650**	2,180	3,462
Fair value through profit and loss investments	25	**-**	453	503
Cash and cash equivalents	15	**1,963**	905	1,169
Total current assets		**2,625**	3,926	5,868
Total assets		**2,630**	3,930	5,923
LIABILITIES				
Current liabilities				
Trade and other payables	17	**131**	164	739
Total current liabilities		**131**	164	739
Non-current liabilities				
Deferred tax liabilities	18	**-**	-	40
Total non-current liabilities		**-**	-	40
Total liabilities		**131**	164	779
EQUITY				
Share capital	19	**1,921**	1,921	1,911
Share premium	20	**11,848**	11,848	11,758
Equity reserve	21	**247**	247	247
Fair value and other reserves	22	**109**	293	150
Retained deficit	23	**(11,626)**	(10,543)	(8,922)
Total equity		**2,499**	3,766	5,144
Total equity and liabilities		**2,630**	3,930	5,923

The financial statements for Evolve Capital Plc, registered number 06383902, were approved by the Board of Directors and authorised for issue on 20 February 2015.

On behalf of the Board

Edward Vandyk
Director

Consolidated Statement of Changes in Equity

For the year ended 30 June 2014

	Share capital £'000	Share premium £'000	Equity reserve £'000	Fair value and other reserves £'000	Retained deficit £'000	Total equity £'000
Balance at 31 December 2011	1,911	11,758	247	150	(8,922)	5,144
Issue of share capital	10	90	-	-	-	100
Transfer between reserves	-	-	-	98	(98)	-
Loss for the period	-	-	-	-	(1,523)	(1,523)
Other comprehensive income for the period	-	-	-	45	-	45
Balance at 30 June 2013	1,921	11,848	247	293	(10,543)	3,766
Loss for the year	-	-	-	-	(1,083)	(1,083)
Other comprehensive income for the year	-	-	-	(184)	-	(184)
Balance at 30 June 2014	**1,921**	**11,848**	**247**	**109**	**(11,626)**	**2,499**

All amounts in equity are attributable to the owners of the parent company.

Consolidated Cash Flow Statement

for the year ended 30 June 2014

	Note	2014 £'000	2013 £'000
Net cash used in operating activities	24	**(27)**	(1,315)
Investing activities			
Interest received		**3**	3
Dividends received		**14**	54
Proceeds of sale of available-for-sale investments		**672**	1,039
Purchases of available-for-sale investments		**-**	(37)
Proceeds of sale of fair value through profit and loss investments		**399**	-
Purchases of fair value through profit and loss investments		**-**	(131)
Proceeds of sale of subsidiary assets		**-**	27
Purchases of plant and equipment		**(3)**	(4)
Net cash from investing activities		**1,085**	951
Financing activities			
Proceeds from issue of ordinary share capital		**-**	100
Net cash from financing activities		**-**	100
Net increase/(decrease) in cash and cash equivalents		**1,058**	(264)
Cash and cash equivalents at beginning of period		**905**	1,169
Cash and cash equivalents at end of period	15	**1,963**	905

Notes to the Financial Statements

for the year ended 30 June 2014

1. GENERAL INFORMATION

Evolve Capital Plc is a company incorporated in England and Wales under the Companies Act 2006. The address of the registered office is given on page 2. The nature of the Group's operations and its principal activities are set out in note 4 and in the strategic report on pages 6 and 7.

The financial statements of the Group have been prepared for the year ended 30 June 2014. Comparative information has been supplied for the previous 18 month period ended 30 June 2013.

Adoption of new and revised standards

In the current period, no new or revised Standards and Interpretations have been adopted that have affected the amounts reported in these financial statements.

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

		Effective date (period beginning on or after)
IFRS 2, 3, 8, 13 IAS 16, 24, 38	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IFRS 1, 3, 13, IAS 40	Amendments resulting from Annual Improvements 2011-2013 Cycle	1 July 2014
IFRS 5, 7, IAS 19, 34	Amendments resulting from Annual Improvements 2012-2014 Cycle	1 January 2016
IFRS 7	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 9	Financial Instruments	1 January 2018
IFRS 10, 12, IAS 27	Amendments for Investment Entities	1 January 2014
IFRS 10, 12, IAS 28	Amendments to Investment Entities: Applying the Consolidated Exception	1 January 2016
IFRS 10, IAS 28	Amendments regarding Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	1 January 2016
IFRS 11	Amendments regarding the Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
IFRS 15	Revenue from Contracts with Customers	1 January 2017
IAS 1	Disclosure Initiative amendments to Presentation of Financial Statements	1 January 2016
IAS 16, 38	Amendments regarding the Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
IAS 16, 41	Agriculture: Bearer Plants	1 January 2016
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that are linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments regarding the Equity Method in Separate Financial Statements	1 January 2016
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Amendments arising from Recoverable Amount Disclosures for Non-Financial Assets	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement – Amendments for Novation of Derivatives and Continuation of Hedge Accounting	1 January 2014
IFRIC 21	Levies	1 January 2014

The Directors do not expect the adoption of Standards and Interpretations in issue but not yet effective listed above to have a material impact on the financial statements of the Group in future periods.

Notes to the Financial Statements

for the year ended 30 June 2014

2. ACCOUNTING POLICIES

a) Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs). They have also been prepared under the historical cost convention except for financial instruments that are measured at revalued amounts or fair values, as explained in the accounting policies below.

b) Basis of consolidation

The consolidated financial statements incorporate the financial statements 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 benefit from its activities. The results of subsidiaries acquired or disposed of during the period are included in the consolidated income statement from the effective date of acquisition or up to the effective date of disposal, as appropriate. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

Changes in percentage interest (increases and decreases) of a controlled entity that do not result in a change of control are accounted for as transactions with equity holders, and no adjustment is made to goodwill. The difference between the amount paid and the book value of the non-controlling interests eliminated is taken directly to equity.

c) Going concern

The Board has assessed the prospects of the Company and Group together, as activity within the Group is confined to the parent company. It is the Board's intention to reorganise the Group and return both cash and assets to the shareholders. At the time of approving the financial statements, Group cash balances are such that the Company and the Group have adequate resources to continue in operational existence until the reorganisation is concluded. For this reason, the Board consider it appropriate to continue to adopt the going concern basis in preparing the financial statements.

d) Revenue recognition

The Group follows the principles of IAS 18, 'Revenue Recognition', in determining appropriate revenue recognition policies. In principle, therefore, revenue is recognised to the extent that it is probable that the economic benefits associated with the transaction will flow into the Group.

Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

e) Operating segments

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board to allocate resources to the segments and to assess their performance.

f) Intangible assets

Intangible assets acquired separately are measured, on initial recognition, at cost. Following initial recognition, intangible assets acquired separately are carried at cost less accumulated amortisation and any accumulated impairment. The cost of intangible assets acquired in a business combination is their fair value at the date of acquisition.

Intangible assets are amortised over their useful economic lives. The amortisation period and method for an intangible asset are reviewed at least once every financial year. Changes in the expected useful economic life or the expected pattern of consumption of future economic benefits embodied in the asset are accounted for by changing the amortisation period or method and are treated as changes in accounting estimates. Amortisation is calculated on a straight line basis to write down the cost of intangible assets to their residual values.

Notes to the Financial Statements

for the year ended 30 June 2014

2. ACCOUNTING POLICIES (continued)

g) Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and impairment. Cost includes expenditure that is directly attributable to the acquisition of items. Depreciation is charged so as to write off the cost of assets over their useful economic lives, using the straight line method, on the following bases:

Office equipment	-	25 per cent per annum

The assets' residual values and useful lives are reviewed, and if appropriate asset values are written down to their estimated recoverable amounts, at each balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts, and are included in the income statement.

h) Impairment of tangible and intangible assets

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets 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. An intangible asset with an indefinite useful life is tested for impairment annually and whenever there is an indication that the asset may be impaired.

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.

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 years. A reversal of an impairment loss is recognised as income immediately.

i) Fair value through profit and loss

Investments acquired where the shareholding is in excess of 20 per cent, but where the Group has neither control nor significant influence are designated as fair value through profit and loss at initial recognition, and all subsequent changes in fair value are recognised in the income statement in the period of change.

j) Available-for-sale investments

Available-for-sale investments are recognised or not recognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned, and are initially measured at cost, including transaction costs.

At subsequent reporting dates, available-for-sale investments are measured at fair value. Gains or losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the net profit or loss for the period. Impairment losses recognised in profit or loss are not subsequently reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised directly in equity.

The fair values of available-for-sale investments quoted in active markets are determined by reference to the current quoted bid price. Where independent market prices are not available, fair values may be determined using valuation techniques with reference to observable market data.

Available-for-sale investments are disposed of when commercially beneficial to the Group.

Notes to the Financial Statements

for the year ended 30 June 2014

2. ACCOUNTING POLICIES (continued)

k) Cash and cash equivalents

Cash and cash equivalents comprise cash and demand deposits, and other short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Such investments are normally those with original maturities of three months or less.

l) Trade and other payables

Trade and other payables are recognised initially at fair value, which is the agreed market price at the time goods or services are provided, and are subsequently measured at amortised cost. The Group accrues for all goods and services consumed but as yet unbilled at amounts representing management's best estimate of fair value.

m) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

n) Equity instruments

Equity instruments issued by the Company are recorded as the proceeds received, net of direct issue costs.

o) Taxation

The tax expense represents the sum of the tax currently payable and the deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Notes to the Financial Statements

for the year ended 30 June 2014

2. ACCOUNTING POLICIES (continued)

p) Foreign currencies

In preparing the financial statements of the individual companies, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the balance sheet date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences arising on the settlement of monetary items, and on the retranslation of monetary items, are included in profit or loss for the period. Exchange differences arising on the retranslation of non-monetary items carried at fair value are included in profit or loss for the period, except for differences arising on the retranslation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

q) Critical accounting judgements and key sources of estimation uncertainty

In the application of the Group's accounting policies, which are described above, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision occurs only in that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Allowance for bad debts

The Group makes provision for the element of fees which it believes will not be recovered from clients. This is based on past experience and detailed analysis of the outstanding fees position, particularly with regard to the value of customers' portfolios relative to the fees owed.

Fair value of investments

The Group holds a number of less liquid investments that are valued by reference to quoted prices with a discount factor applied. Where market prices are unavailable, fair values may be determined by reference to observable market data and by using management's best estimate of value based upon the information available.

Impairment

The assets on the balance sheet are reviewed for any indications of impairment. This is done with reference to the recoverability and market value of the assets concerned but may involve an element of judgement or estimation in determining whether there are any indications of impairment and, if so, the extent of any impairment loss.

3. REVENUE

An analysis of the Group's revenue (excluding investment revenue – see note 8) is as follows:

	2014	2013
	£'000	£'000
Continuing operations		
Fee and commission income	-	-
	-	-
Discontinued operations		
Fee and commission income (see note 4)	-	306
Other operating income	-	20
	-	326
	-	326

Notes to the Financial Statements

for the year ended 30 June 2014

4. BUSINESS AND GEOGRAPHICAL SEGMENTS

IFRS 8 requires operating segments to be identified on the basis of internal reports about components of the Group that are regularly reviewed by the Board so as to allocate resources to the segments and to assess their performance. The Group reviews its results by investment and its reportable segments under IFRS 8 are therefore as follows:

- Astaire Group, the investment banking and private client stockbroking group. (Discontinued in the year ended 31 December 2011)
- St Helens Capital Partners, an ISDX adviser. (Discontinued in the 18 month period ended 30 June 2013)
- Investments held as available-for-sale or fair value through profit and loss.

Segment revenues and results

The following is an analysis of the Group's revenue and results by reportable segment in 2014:

	Astaire Group 2014 £'000	St Helens 2014 £'000	Investments 2014 £'000	Discontinued operations 2014 £'000	Consolidated 2014 £'000
Revenue					
Fee and commission income	-	-	-	-	-
Result					
Segment result	-	-	(779)	-	(779)
Central administration costs					(321)
Operating loss					(1,100)
Investment revenue					17
Loss for the period (from continuing operations)					(1,083)

The following is an analysis of the Group's revenue and results by reportable segment for 2013:

	Astaire Group 2013 £'000	St Helens 2013 £'000	Investments 2013 £'000	Discontinued operations 2013 £'000	Consolidated 2013 £'000
Revenue					
Fee and commission income	-	306	-	(306)	-
Other income	20	-	-	(20)	-
Total revenue	20	306	-	(326)	-
Result					
Segment result	(195)	(139)	(568)	334	(568)
Central administration costs					(677)
Operating loss					(1,245)
Investment revenue					56
Loss from continuing operations					(1,189)
Loss from discontinued operations					(334)
Loss for the period					(1,523)

In arriving at the segment result for St Helens, amortisation of intangibles of £52,000 has been charged.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

4. BUSINESS AND GEOGRAPHICAL SEGMENTS (continued)

Segment assets

	2014	2013	2011
	£'000	£'000	£'000
Astaire Group	**-**	13	2,204
St Helens	**-**	-	261
Investments	**650**	2,633	2,406
Total segment assets	**650**	2,646	4,871
Unallocated assets	**1,980**	1,280	1,052
Consolidated total assets	**2,630**	3,926	5,923

For the purposes of monitoring segment performance and allocating resources between segments the Group's Chairman monitors the tangible, intangible and financial assets attributable to each segment. Unallocated assets comprise cash and other financial assets held by the Group.

Geographical information

The Group's revenue from external customers and information about its segment assets (non-current assets) by geographical location are detailed below:

	Revenue from external customers		**Non-current assets**		
	2014	2013	**2014**	2013	2011
	£'000	£'000	**£'000**	£'000	£'000
United Kingdom	**-**	306	**5**	4	55

5. OPERATING LOSS

	2014	2013
	£'000	£'000
Operating loss is stated after charging:		
<u>**Continuing operations**</u>		
Depreciation of property, plant and equipment	**2**	3
Staff costs	**67**	132
Impairment loss recognised on available-for-sale equity investments	**1,195**	732
<u>**Discontinued operations**</u>		
Amortisation of other intangibles	**-**	52
Profit associated with sale of assets and business of St Helens	**-**	27
Staff costs	**-**	271

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

6. AUDITOR'S REMUNERATION

The analysis of auditor's remuneration is as follows:

	2014 £'000	2013 £'000
Fees payable to the Company's auditor for:		
- The audit of the Company's financial statements	4	8
- The audit of the Company's subsidiaries financial statements	-	7
Total audit fees	4	15
Fees payable to the Company's auditor and its associates for:		
- Other services to the Group	4	35
Total non-audit fees	4	35

7. STAFF COSTS AND EMPLOYEES

Continuing and discontinued activities	2014 £'000	2013 £'000
Wages and salaries	64	363
Social security costs	3	40
	67	403

The average monthly number of employees (including executive directors) was:	No.	No.
Office and management staff	5	9
	5	9

8. INVESTMENT REVENUE

	2014 £'000	2013 £'000
Interest on bank deposits	3	3
Dividends from equity investments	14	53
	17	56

Investment revenue earned on financial assets analysed by category of asset is as follows:

Available-for-sale financial assets	14	53
Loans and receivables (including cash and bank balances)	3	3
	17	56

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

9. TAXATION

	2014 £'000	2013 £'000
Corporation tax:		
Current period charge	-	-
Deferred tax movement (note 18)	-	-
	-	-

All corporation tax arising relates to the continuing activities of the Group.

UK corporation tax is calculated at 23 per cent (2013: 24 per cent) of the estimated assessable profit for the period. Deferred tax is calculated at a rate of 21 per cent (2013: 23 per cent).

The tax charge for the period can be reconciled to the loss per the income statement as follows:

	2014 £'000	2013 £'000
Tax credit at the UK corporation tax rate of 23% (2013: 24%)	**249**	286
Effects of:		
Expenses not deductible in determining taxable profit	**(275)**	(174)
Revaluation of fair value through profit & loss assets not recognised	**108**	(44)
Creation of unrecognised tax losses	**(82)**	(68)
Total tax charge	-	-

The effective tax rate for the period was Nil per cent (2013: Nil per cent).

10. DISCONTINUED OPERATIONS

On 6 November 2012 St Helens entered into an Asset Sale Agreement to transfer its client contracts and staff to Peterhouse Corporate Finance Limited. This transaction was completed in January 2013 and the activities of St Helens have been treated as discontinued in the eighteen month period ended 30 June 2013.

The results of the discontinued operations, which have been included in the consolidated income statement, were as follows:

	2013 £'000
Total income	326
Expenses	(660)
Loss before taxation	(334)
Attributable taxation credit	-
Loss from discontinued operations	(334)

During the eighteen month period ended 30 June 2013, St Helens absorbed £91,000 of the Group's net operating cash flows and paid £9,000 in respect of investing activities.

The effect of discontinued operations on segment results is disclosed in note 4.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

11. LOSS PER SHARE

The calculation of the basic and diluted loss per ordinary share is based on the loss on ordinary activities after tax and on the weighted average number of ordinary shares in issue during the period. Dilutive instruments affect the weighted average number of shares in issue during each period as indicated below, but have no effect on the reported earnings for either period.

	2014 Loss £'000	2014 Weighted average number of shares	2014 Loss per share pence	2013 Loss £'000	2013 Weighted average number of shares	2013 Loss per share pence
From continuing operations						
Basic loss per ordinary share	(1,083)	314,919,553	**(0.34)**	(1,189)	305,504,562	(0.39)
Diluted loss per ordinary share	(1,083)	391,661,273	**(0.34)**	(1,189)	382,246,282	(0.39)
From continuing and discontinued operations						
Basic loss per ordinary share	(1,083)	314,919,553	**(0.34)**	(1,523)	305,504,562	(0.50)
Diluted loss per ordinary share	(1,083)	391,661,273	**(0.34)**	(1,523)	382,246,282	(0.50)
From discontinued operations						
Basic loss per ordinary share	-	-	-	(334)	305,504,562	(0.11)
Diluted loss per ordinary share	-	-	-	(334)	382,246,282	(0.11)

12. OTHER INTANGIBLE ASSETS

	Customer lists £'000
Cost	
At 31 December 2011	383
Disposals	(383)
At 30 June 2013 and 30 June 2014	-
Amortisation and impairment losses	
At 31 December 2011	331
Charge for the period	52
Released on disposal	(383)
At 30 June 2013 and 30 June 2014	-
Carrying value	
At 30 June 2014	-
At 30 June 2013	-

St Helens' customer lists were disposed of on 6 November 2012, as part of the sale of the business to Peterhouse Corporate Finance Ltd.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

13. PROPERTY, PLANT AND EQUIPMENT

	Office equipment £'000
Cost	
At 31 December 2011	21
Additions	4
Disposals	(4)
At 30 June 2013	21
Additions	3
At 30 June 2014	24
Accumulated depreciation	
At 31 December 2011	18
Charge for the period	3
Eliminated on disposals	(4)
At 30 June 2013	17
Charge for the year	2
At 30 June 2014	19
Carrying value	
At 30 June 2014	**5**
At 30 June 2013	4

14. SUBSIDIARIES

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest, is given in note 5 to the Parent Company's separate financial statements.

15. OTHER FINANCIAL ASSETS

Trade and other receivables

	2014 £'000	2013 £'000
Trade receivables	**21**	5
Allowance for doubtful debts	**(21)**	-
	-	5
Other debtors	**8**	367
Prepayments and accrued income	**4**	16
	12	388

The average credit period taken on sales of services is 30 days (2013: 30). The Group reviews receivables on an individual customer basis and makes provision accordingly.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

15. OTHER FINANCIAL ASSETS (continued)

Cash and cash equivalents

	2014	2013
	£'000	£'000
Cash and cash equivalents	**1,963**	905

Cash and cash equivalents comprise cash held by the Group within trading accounts and bank deposits.

16. INVESTMENTS

	2014	2013
	£'000	£'000
Available-for-sale investments carried at fair value – shares	**650**	2,180

The shares included above represent investments in equity securities that present the Group with the opportunity for return through dividend income and capital gains. These shares are not held for trading and are accordingly classified as available-for-sale. The fair values of equity securities are based on quoted market prices.

17. OTHER FINANCIAL LIABILITIES

	2014	2013
	£'000	£'000
Trade creditors and accruals	**131**	164

Other financial liabilities principally comprise amounts outstanding for trade purchases and ongoing costs. The average credit period taken for trade purchases is 30 days. The Group does not incur interest charges on late payment of creditors, and has financial risk management policies in place to ensure that all payables are paid within the credit timeframe. The Directors consider that the carrying value of its other financial liabilities approximates to their fair value.

18. DEFERRED TAX LIABILITIES

	Fair value through profit & loss	Other	Liabilities in respect of AFS investments	Deferred tax liability
	£'000	£'000	£'000	£'000
At 31 December 2011	-	-	40	40
Credit to other comprehensive income	-	-	(40)	(40)
At 30 June 2013 and 30 June 2014	-	-	-	-

At the balance sheet date, the Group has unused tax losses of £4,353,000 (2013: £4,125,000) and unused capital losses of £894,000 (2013: £841,000) in respect of which the Group has not recognised deferred tax assets as there is insufficient certainty that the losses will be utilised.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

19. SHARE CAPITAL

Authorised	**2014** **No.**	2013 No.
Ordinary shares of 0.1p	**1,993,623,885**	1,993,623,885
Deferred shares of 0.1p	**1,606,376,115**	1,606,376,115
	3,600,000,000	3,600,000,000

Issued	Ordinary shares of 0.1p No.	Deferred shares of 0.1p No.	Total £'000
At 31 December 2011	304,919,553	1,606,376,115	1,911
Shares issued in the period	10,000,000	-	10
At 30 June 2013 and 30 June 2014	**314,919,553**	**1,606,376,115**	**1,921**

On 29 May 2013, Evolve issued 10 million new ordinary shares of 0.1 pence for cash at a price of 1.0 pence per share.

Rights of Deferred Shares
The holders of Deferred Shares have no rights to dividends, to attend or vote at meetings and only receive the amount paid up on a return of capital after the ordinary shareholders have received £1,000,000 per share.

Rights of Ordinary Shares
The holders of Ordinary Shares are entitled to receive notice of and to attend and vote at any General Meeting of the Company. Every member present at such a meeting shall, upon a show of hands, have one vote. Upon a poll, holders of all shares shall have one vote for every share held.

20. SHARE PREMIUM ACCOUNT

	£'000
At 31 December 2011	11,758
Issue of ordinary share capital	90
At 30 June 2013 and 30 June 2014	**11,848**

21. EQUITY RESERVE

	2014 **£'000**	2013 £'000
At 30 June	**247**	247

This reserve represents the equity value of 76,741,720 warrants issued to subscribe for the company's ordinary share capital. The warrants are exercisable at any time up until 30 June 2020 and entitle the holder to subscribe for a new ordinary 0.1 pence share in Evolve at a price of 0.5 pence per share.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

22. FAIR VALUE AND OTHER RESERVES

	2014 £'000	2013 £'000
At 1 July 2013/1 January 2012	**293**	150
Revaluation of available-for-sale investments net of tax	**(184)**	45
Transfer from retained deficit	**-**	98
At 30 June 2014/30 June 2013	**109**	293

Fair value and other reserves include entries in respect of the revaluation of available-for-sale investments.

23. RETAINED DEFICIT

	2014 £'000	2013 £'000
At 1 July 2013/1 January 2012	**(10,543)**	(8,922)
Transfer to fair value reserve	**-**	(98)
Loss for the period attributable to equity shareholders of the parent company	**(1,083)**	(1,523)
At 30 June 2014/30 June 2013	**(11,626)**	(10,543)

24. NOTES TO THE CASH FLOW STATEMENT

	2014 £'000	2013 £'000
Loss for the period after taxation	**(1,083)**	(1,523)
Adjustments for:		
Investment revenues	**(520)**	(341)
Other gains and losses	**54**	176
Finance costs	**(17)**	(56)
Depreciation of property, plant and equipment	**2**	3
Amortisation of intangible assets	**-**	51
Profit on disposal of subsidiary assets	**-**	(27)
Increase in investment provisions	**1,195**	632
Operating cash flows before movements in working capital	**(369)**	(1,085)
Decrease in receivables	**376**	345
Decrease in payables	**(34)**	(575)
Cash used in operations	**(27)**	(1,315)
Income taxes paid	**-**	-
Interest paid	**-**	-
Net cash used in operating activities	**(27)**	(1,315)

25. FINANCIAL INSTRUMENTS

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximising the return to stakeholders. The Group's capital structure consists of cash and cash equivalents and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings. The Group has no debt.

Significant accounting policies

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis for measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument, are disclosed in the accounting policies in note 2.

Categories of financial instruments

	2014	2013
	£'000	£'000
Financial assets		
Trade and other receivables	**12**	388
Available-for-sale financial assets	**650**	2,180
Fair value through profit and loss	**-**	453
Loans and receivables (including cash and cash equivalents)	**1,963**	905
Financial liabilities		
Trade and other payables	**131**	164

The carrying value of each class of financial asset denoted above approximates to its fair value. The Group's Corporate Treasury function provides services to the business, co-ordinates access to financial markets, and monitors and manages the financial risks relating to the operations of the Group. The Group is exposed to market risk and liquidity risk.

The Board monitors risks and implements policies to mitigate risk exposures. The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

The following table provides an analysis of financial instruments at 30 June 2014 that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly as prices or indirectly derived from prices; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

	Level 1	Level 2	Level 3	Total
	£'000	£'000	£'000	£'000
At 30 June 2014				
Available-for-sale financial assets	-	-	**650**	**650**
Fair value through profit and loss	-	-	-	-
At 30 June 2013				
Available-for-sale financial assets	-	-	2,180	2,180
Fair value through profit and loss	-	-	453	453

Level 3 investments represent less liquid investments valued on the basis of quoted prices with a discount factor applied.

25. FINANCIAL INSTRUMENTS (continued)

Market risk

The Group is exposed to equity price risks arising from equity investments. Equity investments are designated as available-for-sale or as fair value through profit and loss and are held for strategic rather than trading purposes. The Group does not actively trade these investments.

There has been no change to the Group's exposure to market risks or the manner in which it manages and measures the risk.

Equity price sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to equity price risks at the reporting date.

If equity prices had been 5 per cent higher, profit before taxation for the year ended 30 June 2014 would have been unaffected (2013: £23,000 higher). If equity prices had been 5 per cent lower, profit before taxation for the year ended 30 June 2014 would have been unaffected (2013: £23,000 lower).

The fair values of all equity securities are based on quoted market prices and hence the value of available-for-sale investments is directly proportional to equity prices. If equity prices had been 5 per cent higher / lower the fair value reserve would increase / decrease by £14,000 (2013: increase / decrease by £50,000). The Group's sensitivity to equity prices has reduced due to the decrease in the investment portfolio value during the year ended 30 June 2014.

Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the Board of Directors, which has built an appropriate liquidity risk management framework for the management of the Group's short, medium and long-term funding and liquidity management requirements. The Group manages liquidity risk by maintaining adequate reserves and by continuously monitoring forecast and actual cash flows and matching the maturity profiles of financial assets and liabilities.

The Group expects to meet all its obligations from operating cash flows and the proceeds of maturing financial assets.

26. RELATED PARTY TRANSACTIONS

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

Remuneration of key management personnel

The remuneration of the directors and their interests in the share capital of the Company is disclosed in the Directors' Remuneration Report on pages 8 and 9 of this annual report.

Transactions with Directors and Evolve

O J Vaughan is interested in transactions with Central Asian Minerals and Resources Plc ("CAMAR"), a company in which Evolve Capital Plc has an investment, by virtue of his directorship of both companies.

During the year Evolve rented office space to Gulf International Minerals Ltd ("Gulf"), a subsidiary of CAMAR, for £16,500. Although at 30 June 2014 outstanding rents owed to Evolve amounted to £21,000 (30 June 2013: £4,500), the full amount of this debt has been impaired and, as a consequence, no income has been recognised in the Consolidated Income Statement.

During the year Evolve paid £3,300 for office accommodation to Mountcashel, a business belonging to O J Vaughan.

Notes to the Consolidated Financial Statements

for the year ended 30 June 2014

26. RELATED PARTY TRANSACTIONS (continued)

While having no beneficial interest, D Snow is interested in transactions with Rowan Dartington Holdings Ltd ("RDH"), a company in which Evolve Capital Plc has an investment, by virtue of his appointment as a non-executive director to both companies. At 30 June 2014 Evolve held equity rights to 25.6% of the capital of RDH. (30 June 2013: 25.6%)

27. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 30 June 2014, ultimate control of the Group does not lie with any identifiable individual. Copies of the group financial statements of Evolve Capital Plc are available from 20 Phillimore Gardens, London W8 7QE.

Parent Company Financial Statements

Evolve Capital Plc

Parent Company Financial Statements prepared under UK GAAP

Financial Statements for the year ended 30 June 2014

Independent Auditor's Report to the Members of Evolve Capital Plc

We have audited the financial statements of Evolve Capital Plc for the year ended 30 June 2014 which comprise the Parent Company Balance Sheet and the related notes 1 to 10. 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 auditor
As explained more fully in the Directors' Responsibilities Statement, the Directors are responsible for the preparation of the Parent Company 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 parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements
An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. In addition, we read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements
In our opinion the financial statements:

- give a true and fair view of the state of the Parent Company's affairs as at 30 June 2014 and of its profit for the year then ended;
- 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 Strategic Report and the Directors' Report for the financial year for which the 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 matters
We have reported separately on the group financial statements of Evolve Capital Plc for the year ended 30 June 2014.

Emyr Evans (Senior Statutory Auditor)
for and on behalf of
Dewey Evans Limited
Statutory Auditors
Cardiff
20 February 2015

Company Balance Sheet

As at 30 June 2014

	Note	2014 £'000	2013 £'000
Fixed assets			
Tangible fixed assets	4	**5**	4
Investments in subsidiary undertakings	5	**5,631**	2,631
Fixed asset investments	6	**430**	2,713
		6,066	5,348
Current assets			
Debtors	7	**4**	375
Cash at bank and in hand		**1,963**	357
		1,967	732
Creditors: Amounts falling due within one year	8	**(6,133)**	(5,461)
Net current liabilities		**(4,166)**	(4,729)
Net assets		**1,900**	619
Capital and reserves			
Called up share capital	9	**1,921**	1,921
Share premium account	9	**11,847**	11,847
Equity reserve	9	**247**	247
Profit and loss account	9	**(12,115)**	(13,396)
Shareholders' funds		**1,900**	619

The financial statements for Evolve Capital Plc, registered number 06383902, were approved by the Board of Directors and authorised for issue on 20 February 2015.

On behalf of the Board

Edward Vandyk
Director

Notes to the Financial Statements

for the year ended 30 June 2014

1. ACCOUNTING POLICIES

The following accounting policies have been applied in dealing with items which are considered material in relation to the financial statements, and have all been applied consistently throughout the period and the preceding year.

a) Basis of accounting
The financial statements are drawn up under the historical cost convention, the Companies Act 2006, as amended, and in accordance with applicable UK accounting standards.

b) Going concern
Details of the Company's and Group's accounting policy in respect of going concern can be found in note 2(c) to the Group financial statements.

c) Investments
Fixed asset investments are stated at cost or market value, if lower, where it is considered there has been a permanent diminution in value. Current asset investments, which comprise the Company's liquid resources, are stated at the lower of cost and net realisable value. In the case of quoted investments net realisable value is based on market price.

d) Deferred taxation
Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different to those in which they are included in the financial statements. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets are not discounted.

e) Foreign exchange
All foreign exchange denominated transactions and balances are translated at the rate of exchange ruling at that date. Foreign currency monetary assets are translated at the rate of exchange ruling at the balance sheet date. Any differences are taken to the profit and loss account.

f) Financial instruments
Financial instruments are measured initially and subsequently at cost, except in the case of current asset investments which are valued at the lower of cost and net realisable value.

Notes to the Financial Statements

for the year ended 30 June 2014

2. LOSS OF THE PARENT COMPANY

As permitted by Section 408 of the Companies Act 2006, the Company has elected not to present its profit and loss account for the year. Evolve Capital Plc reported a profit for the year ended 30 June 2014 of £1,281,000 (18 months ended 30 June 2013: loss of £2,212,000).

The auditor's remuneration for audit and other services is disclosed in note 6 to the Group financial statements.

3. STAFF COSTS AND EMPLOYEES

	2014 **£'000**	2013 £'000
Wages and salaries	**64**	122
Social security costs	**3**	10
	67	132

The average monthly number of employees (including executive Directors) was:

	No.	No.
Office and management	**5**	5

4. TANGIBLE FIXED ASSETS

	Office equipment £'000
Cost	
At 1 July 2013	21
Additions	3
At 30 June 2014	24
Depreciation	
At 1 July 2013	17
Charge for the year	2
At 30 June 2014	19
Net book value	
At 30 June 2014	**5**
At 30 June 2013	4

Notes to the Financial Statements

for the year ended 30 June 2014

5. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	Shares in subsidiary undertakings £'000
Cost	
At 1 July 2013 and 30 June 2014	12,302
Impairments	
At 1 July 2013	9,671
Impairment release	(3,000)
At 30 June 2014	6,671
Net book value	
At 30 June 2014	**5,631**
At 30 June 2013	2,631

The value of each subsidiary included in the table above has been based upon its fair value.

Principal subsidiary undertakings are as follows:

Entity	Principal activity	Class	Percentage owned	Incorporated in
St Helens Capital Partners LLP	Dormant	Partnership	100	England & Wales
Astaire Group Limited	Dormant holding company	Ordinary 0.1p	100	England & Wales
Corporate Synergy Holdings Limited	Holding company	Ordinary 1p	100	England & Wales
Dowgate Capital Limited	Dormant	Ordinary 7.5p	100	England & Wales
Blue Oar Asset Management LLP	Dormant	Partnership	100	England & Wales

6. FIXED ASSET INVESTMENTS

	2014 £'000	2013 £'000
At 1 July/1 January	**2,713**	3,230
(Disposals)/Additions	**(978)**	131
Transferred from subsidiaries	**-**	887
Provisions for impairment	**(1,305)**	(1,535)
At 30 June	**430**	2,713
Market value of listed investments	**650**	2,514

7. DEBTORS

	2014 £'000	2013 £'000
Other debtors	**-**	363
Prepayments	**4**	12
	4	375

Notes to the Financial Statements

for the year ended 30 June 2014

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014 £'000	2013 £'000
Trade creditors	**1**	-
Amounts due to subsidiary undertaking	**6,120**	5,417
Other taxation and social security	**1**	2
Accruals and deferred income	**11**	42
	6,133	5,461

9. SHARE CAPITAL AND RESERVES

	Share capital £'000	Share premium £'000	Equity reserve £'000	Profit and loss account £'000
At 30 June 2013	1,921	11,847	247	(13,396)
Profit for the financial year	-	-	-	1,281
At 30 June 2014	**1,921**	**11,847**	**247**	**(12,115)**

10 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

At 30 June 2014, ultimate control of the Parent Company does not lie with any identifiable individual. Copies of the group financial statements of Evolve Capital Plc are available from 20 Phillimore Gardens, London, W8 7QE.