

**HERMES PACIFIC INVESTMENTS PLC**

**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH 2013**

## HERMES PACIFIC INVESTMENTS PLC

### COMPANY INFORMATION

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**Directors**

Haresh Kanabar	<i>Non-Executive Chairman</i>
John Morton	<i>Non-Executive Director</i>
John Berry	<i>Non-Executive Director</i>

**Company secretary** Haresh Kanabar

**Registered Office** 22 Great James Street  
London  
WC1N 3ES

**Company number** 05239281

**Nominated adviser and Broker** W H Ireland Limited  
4 Colston Avenue  
Bristol  
BS1 4ST

**Auditors** BSG Valentine  
Chartered Accountants  
Lynton House  
7-12 Tavistock Square  
London  
WC1H 9BQ

**Solicitors** Charles Russell LLP  
5 Fleet Place  
London  
EC4M 7RD

**Registrars** Neville Registrars Limited  
Neville House  
18 Laurel Lane  
Halesowen  
West Midlands  
B63 3DA

# HERMES PACIFIC INVESTMENTS PLC

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## **HERMES PACIFIC INVESTMENTS PLC**

### **CHAIRMAN'S STATEMENT**

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I am pleased to report the results of Hermes Pacific Investments Plc ("HPAC" or the "Company") for the 12 month period ended 31 March 2013. During the year the Company had no revenues as it does not have any operating business and the company made a loss of £122,000 which has been significantly reduced from a recorded loss of £215,000 during the previous financial year. We continue to focus on keeping our cost base low particularly during this phase of our development. At the year end the Company had net assets of £241,000

#### **Review of the Company's Operations**

The Company has made some investments in line with its investing policy in companies involved in trade finance for emerging countries and also other financial activities operating from the Far East region. These investments have performed well and we are evaluating other suitable opportunities in emerging markets and expect to make further investments in the near future.

#### **Subscription**

Following the year-end the Company has raised £4,160,000 before expenses, through the placing of 416,000,000 New Ordinary Shares. The New Ordinary Shares were placed with three existing shareholders and one new investor. The New Ordinary Shares were allotted by the Company under authorities granted by shareholders at the last Annual General Meeting of the Company held on 25 October 2012. The proceeds of the placing will provide the Company with general working capital to enable it to further implement its investing policy.

#### **Consolidation**

The Board considered that the share consolidation would be beneficial as it will reduce the size of the issued ordinary share capital of the Company, thereby making it more manageable and improve the attractiveness of the Company's shares to new investors. Consolidation would also help the market in HPAC's shares generally if its share price was higher and it was no longer a "penny stock".

A shareholders meeting was held on 9 September 2013 and the proposed resolution to consolidate the shares was passed by shareholders of the company. Under the share consolidation, every 200 Existing Ordinary Shares will be consolidated into one New Ordinary Share. The Share Consolidation became effective immediately on 10 September 2013. Post consolidation the Company has 2,333,295 shares in issue.

I would like to thank our shareholders for their continued support.

**Haresh Kanabar**  
Chairman

30 September 2013

## HERMES PACIFIC INVESTMENTS PLC

### DIRECTORS' REPORT

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The directors present their report and financial statements for the year ended 31 March 2013.

#### **Principal activities and review of the business**

The Company is an AIM listed investment vehicle.

#### **Key performance indicators**

The directors consider that the key financial performance indicators are:

	2013	2012
Loss per share from continuing operations	(0.2)p	(1.1)p
Share price at 31 March	1.0p	2.0p
Cash at bank	£0.06m	£0.04m

Non financial key performance indicators are not considered to be material to managing the financial performance and position of the Group.

#### **Current position and outlook**

The Company currently has sufficient cash resources following the investments made in August 2012. The Company will continue to review its operating costs and may seek to raise additional funds in the future to allow it to further implement its investment policy and generate returns for Shareholders.

#### **Principal risks and uncertainties**

There are a number of risks and uncertainties which could have an impact on the Company's long term performance and cause actual results to differ materially from expected and historical results. The directors seek to identify material risks and put in place policies and procedures to mitigate any exposure.

#### ***Reliance on management***

Under the revised strategy and in common with many smaller companies, the development and success of the Company depends on its current and future senior management team and the ability to recruit and retain high quality and experienced staff. The loss of key personnel and the inability to attract additional qualified personnel as the Company grows could have an adverse effect on the Company's business, financial condition and trading results. The Company does not have "Key Man" life insurance policies covering any of its directors, managers and employees.

#### ***Additional capital and dilution***

The Company may require additional capital for its future expansion and/or business development which means that the Company may need to raise additional capital from equity or debt sources to fund such expansion or development. If the Company is unable to obtain financing on terms acceptable to it then it may be forced to curtail its activities in terms of planned development.

#### **Results and dividends**

The results for the period are set out on page 8.

The directors do not recommend the payment of a dividend for the year. No dividends were paid during the year.

#### **Post balance sheet events**

On 27 July 2013, the Company announced that it had completed a share subscription raising £4,160,000 through the issue of 416,000,000 new Ordinary Shares at 1p per share. The net proceeds of the Subscription will provide the Company with general working capital and enable it to implement its new Investment Policy approved by the Shareholders.

## HERMES PACIFIC INVESTMENTS PLC

### DIRECTORS' REPORT

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A shareholders meeting was held on 9 September 2013 and the proposed resolution to consolidate the shares was passed by shareholders of the company. Under the Share Consolidation, every 200 Existing Ordinary Shares will be consolidated into one New Ordinary Share. The Share Consolidation became effective on 10 September 2013. Post consolidation the company has 2,333,395 shares in issue.

#### Directors

During the year to 31 March 2013 the directors of the Company were as follows:

Hareesh Kanabar  
Alfredo Villa (resigned 14 September 2012)  
Matt Wood (resigned 14 September 2012)  
John Morton (appointed 27 July 2012)  
John Berry (appointed 27 July 2012)

#### Substantial shareholdings

Interests in the share capital of the Company as at September 2013 were as follows:

	<b>Number of shares</b>	<b>Percentage holding</b>
Hermes Company Limited	672,500	28.82
Limerock Registrars Limited	660,000	28.29
Marglaw Secretarial Services Limited	665,000	28.50
Primrose Energy	222,500	9.54

#### Creditor payment policy

It is the Company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the Company and its suppliers, providing that all trading terms and conditions have been complied with. The creditor days for the period were 90 (2012: 90).

#### Financial Instruments

The Company's financial risk management objectives and policies are discussed in note 16 to the financial statements.

#### Corporate Governance

The Board is accountable to the Company's shareholders for good corporate governance and has adopted procedures it considers appropriate, having regard to the size and best interests of the Company.

The Board currently comprises three non-executive directors. The Company holds regular Board meetings throughout the year. The Board is responsible for formulating, reviewing and approving the Company's strategy, budgets, major items of capital expenditure and senior personnel appointments.

The Directors have adopted a policy for dealings in the Company's securities by directors and applicable employees which conforms to the requirements of the AIM Rules. The Company is responsible for taking all reasonable steps to ensure compliance by Directors and applicable employees with the policy for dealings and the AIM Rules.

## **HERMES PACIFIC INVESTMENTS PLC**

### **DIRECTORS' REPORT**

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#### **Disclosure of Information to the Auditors**

In the case of each person who was a director of the company at the date when this report was approved:

- so far as that director was aware there was no relevant available information of which the company's auditors were unaware; and
- that director had taken all steps that the director ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditors were aware of that information.

This information is given and should be interpreted in accordance with the provisions of s418 of the Companies Act 2006.

#### **Auditor**

The auditors BSG Valentine have indicated their willingness to continue in office and a resolution that they be reappointed will be proposed at the Annual General Meeting.

On behalf of the board

**Haresh Kanabar**  
Director

30 September 2013

## **HERMES PACIFIC INVESTMENTS PLC**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors are required to prepare the financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and Article 4 of the IAS Regulation. 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 financial statements, under International Accounting Standard 1, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

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

In so far as each of the Directors is aware:

- there is no relevant audit information of which the Company's auditors are unaware; and
- the Directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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 management report, which is incorporated into 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.

## **HERMES PACIFIC INVESTMENTS PLC**

### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF HERMES PACIFIC INVESTMENTS PLC**

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We have audited the financial statements of Hermes Pacific Investments Plc for the year ended 31 March 2013 which comprise the Statement of Income, the Balance Sheet, the Cash Flow Statement, the Statement of Changes in Equity, and the related notes. The financial reporting framework that has been applied in the preparation of the financial statements 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 AUDITORS**

As explained more fully in the statement of Directors' responsibilities set out on page 5, 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 and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) 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 APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

#### **OPINION ON FINANCIAL STATEMENTS**

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 March 2013 and of the group's loss for the year then ended;
- the group and parent company financial statements have been properly prepared in accordance with IFRS as adopted by the European Union; and
- the financial statements 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 report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**HERMES PACIFIC INVESTMENTS PLC**

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF HERMES PACIFIC INVESTMENTS PLC**

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**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**

The financial statements for the year ended 31 March 2012, were audited by another auditor who expressed an unmodified opinion on those statements on 27 September 2012.

Daniel Burke (senior statutory auditor)  
for and on behalf of BSG Valentine  
Chartered Accountants and Statutory Auditors  
London, United Kingdom

30 September 2013

**HERMES PACIFIC INVESTMENTS PLC****STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 MARCH 2013**

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	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Continuing operations</b>			
Revenue		-	-
Cost of sales		-	-
		<u>-</u>	<u>-</u>
<b>Gross profit</b>		-	-
Other operating income		-	-
Administrative expenses	3	(122)	(196)
		<u>(122)</u>	<u>(196)</u>
<b>Operating loss</b>		(122)	(196)
Finance income		-	-
Finance costs		-	-
		<u>(122)</u>	<u>(196)</u>
<b>Loss on ordinary activities before tax</b>		(122)	(196)
Tax expense	7	-	-
		<u>(122)</u>	<u>(196)</u>
<b>Loss for the year from continuing activities</b>		(122)	(196)
<b>Discontinued operations</b>			
Loss for the year from discontinued operations	8	-	(19)
		<u>(122)</u>	<u>(215)</u>
<b>Loss for the year</b>		(122)	(215)
<b>Other comprehensive income</b>			
Available-for-sale financial assets: Gains/(losses) arising in the year		23	-
		<u>(99)</u>	<u>(215)</u>
<b>Total comprehensive loss for the year</b>		(99)	(215)
<b>Basic and diluted loss per share</b>			
From continuing operations	9	(0.2)p	(1.1)p
From discontinuing operations	9	-	(0.1)p
		<u>(0.2)p</u>	<u>(1.2)p</u>

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**HERMES PACIFIC INVESTMENTS PLC****STATEMENT OF FINANCIAL POSITION  
AS AT 31 MARCH 2013**

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		<b>As at 31 March 2013 £'000</b>	<b>As at 31 March 2012 £'000</b>
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	-	-
Investments	11	196	-
		<u>196</u>	<u>-</u>
<b>Current assets</b>			
Trade and other receivables	13	13	61
Cash and cash equivalents	12	57	39
		<u>70</u>	<u>100</u>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	14	(25)	(58)
		<u>(25)</u>	<u>(58)</u>
<b>Net current assets</b>		<u>45</u>	<u>42</u>
<b>NET ASSETS</b>		<u>241</u>	<u>42</u>
<b>SHAREHOLDERS' EQUITY</b>			
Issued share capital	15	1,496	1,336
Share premium account		3,701	3,563
Share based payments reserve		139	139
Revaluation reserve		23	-
Retained earnings		(5,118)	(4,996)
<b>TOTAL EQUITY</b>		<u>241</u>	<u>42</u>

The financial statements were approved and authorised for issue by the board of directors on 30 September 2013 and signed on its behalf by:

**Haresh Kanabar**  
Director

Company number: 05239281

**HERMES PACIFIC INVESTMENTS PLC****CASH FLOW STATEMENT  
FOR THE YEAR ENDED 31 MARCH 2013**

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	Note	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
<b>Cash flows from operating activities</b>	17	(106)	(309)
<b>Cash flows from investing activities</b>			
Acquisition of investments		(173)	-
Income from disposal of subsidiary undertakings		-	260
Net cash (used in)/from investing activities		<u>(173)</u>	<u>260</u>
<b>Cash flows from financing activities</b>			
Proceeds of share issues		320	-
Cost of share issue		(23)	-
Net cash from financing activities		<u>297</u>	<u>-</u>
<b>Decrease in cash and cash equivalents</b>		18	(49)
<b>Cash and cash equivalents at start of period</b>	12	<u>39</u>	<u>88</u>
<b>Cash and cash equivalents at end of period</b>	12	<u><u>57</u></u>	<u><u>39</u></u>

**HERMES PACIFIC INVESTMENTS PLC****STATEMENT OF CHANGES IN EQUITY  
FOR THE YEAR ENDED 31 MARCH 2013**

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	Ordinary share capital £'000	Deferred share capital £'000	Share premium £'000	Share based payments reserve £'000	Retained earnings £'000	Revaluation reserve £'000	Total £'000
At 1 April 2011	93	1,243	3,563	139	(4,781)	-	257
Share re-organisation	-	-	-	-	-	-	-
Share issue	-	-	-	-	-	-	-
Total comprehensive loss for the period	-	-	-	-	(215)	-	(215)
At 1 April 2012	93	1,243	3,563	139	(4,996)	-	42
Share re-organisation	-	-	-	-	-	-	-
Share issue	160	-	138	-	-	-	298
Total comprehensive loss for the period	-	-	-	-	(122)	23	(99)
At 31 March 2013	253	1,243	3,701	139	(5,118)	23	241

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## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### 1. General information

Hermes Pacific Investments Plc is a company incorporated in the United Kingdom under the Companies Act 2006. The nature of the company's operations and its principal activities are set out in the Directors' Report on page 4.

#### Statement of compliance

The financial statements comply with International Financial Reporting Standards as adopted by the European Union. At the date of authorisation of these financial statements, the following Standards and Interpretations affecting the Company, which have not been applied in these financial statements, were in issue, but not yet effective (and in some cases had not been adopted by the EU):

		Effective for accounting periods beginning on or after:
IFRS 9	Financial Instruments – Classification and measurement of financial assets and liabilities	1 January 2013
IFRS 10	Consolidated Financial Statements – Identification of the concept of control of an entity and the requirement to include in consolidated accounts	1 January 2013
IFRS 11	Joint Arrangements	1 January 2013
IFRS 12	Disclosure of Interests in Other Entities	1 January 2013
IFRS 13	Fair Value Measurement	1 January 2013
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets	1 January 2012
IAS 19 (revised)	Employee Benefits	1 January 2013
IAS 27 (revised)	Separate Financial Statements	1 January 2013
IAS 28 (revised)	Investments in Associates and Joint Ventures	1 January 2013
IAS32 (amended)	Financial Instruments: Presentation	1 January 2014

The Directors have considered these new standards and interpretations and do not expect them to have a material impact on the Group.

## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### 2. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

##### **Going concern**

The financial statements have been prepared on a going concern basis as, after making appropriate enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future at the time of approving the financial statements. In addition see note 20 regarding post year end transactions.

##### **Critical accounting estimates and judgments**

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of the company's accounting policies with respect to the carrying amounts of assets and liabilities at the date of the financial statements, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the reporting year. The judgements, estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, including current and expected economic conditions. Although these judgements, estimates and associated assumptions are based on management's best knowledge of current events and circumstances, the actual results may differ. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and in any future years affected.

The judgements, estimates and assumptions which are of most significance to the company are detailed below:

##### *Goodwill*

The company tests goodwill for impairment on an annual basis or more frequently if there are indications that the amount may be impaired. The impairment analysis for such assets is principally based upon discounted estimated future cash flows based on value in use calculations. Such an analysis includes an estimation of the future anticipated results and cash flows, annual growth rates and the appropriate discount rates.

##### *Valuation of share based payments*

The charge for share based payments is calculated in accordance with the accounting policy as set out below. The model requires highly subjective assumptions to be made including the future volatility of the Company's share price, expected dividend yield and risk-free interest rates.

##### **Goodwill**

Goodwill represents the excess of the cost of an acquisition over the fair value of the company's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill is included in intangible assets and is tested annually for impairment or when there is an indication of impairment. Any impairment is recognised immediately in the income statement and is not subsequently reversed.

##### **Property, plant and equipment**

Property, plant and equipment are stated at cost less accumulated depreciation and any impairment losses.

The charge for depreciation is calculated to write down the cost of tangible fixed assets to their estimated residual values over their expected useful lives, as follows:

Fixtures and fittings	15% reducing balance
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## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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Impairment provisions are made where the carrying value of tangible fixed assets exceeds the recoverable amount.

#### **Revenue recognition**

Revenue represents the fair value of the consideration received or receivable, net of Value Added Tax, for goods sold and services provided to customers after deducting discounts. Revenue is recognised when the significant risks and rewards of ownership are transferred.

#### **Deferred taxation**

Deferred taxation is provided in full using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates that have been enacted or substantially 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 assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

#### **Leased assets**

Expenditure on operating leases is charged to the income statement on a basis representative of the benefit derived from the asset, normally on a straight line basis over the lease period.

Where fixed assets are financed by financing arrangements which give rights approximating to ownership they are treated as if they had been purchased outright at their fair value and the corresponding commitments are shown in the balance sheet as obligations under finance leases and hire purchase contracts. Depreciation of fixed assets acquired under finance leases and hire purchase contracts is calculated to write off the attributed cost over the shorter of the lease or contract term and their estimated useful lives by equal annual instalments. The excess of the total rentals over the amount capitalised is treated as interest which is charged to the profit and loss account in proportion to the amounts outstanding under the lease and hire purchase contracts.

#### **Share based payments**

The Company operates an employee share scheme under which it makes equity-settled share based payments to certain employees. For share based payments to employees of the Company, the fair value is determined at the date of grant using a Black Scholes model, and is expensed on a straight line basis together with a corresponding increase in equity over the vesting period, based on the group's estimate of the number of shares that will vest.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid funds with original maturities of three months or less and bank overdrafts. Bank overdrafts are shown within borrowing in current liabilities on the balance sheet.

#### **Borrowing costs**

All borrowing costs are recognised in the income statement for the period in which they are incurred.

#### **Investments available for sale**

Investments classified as available for sale are initially recorded at fair value including transaction costs. Quoted investments are held at fair value and measured either at bid price or latest traded price, depending on convention of the exchange on which the investment is quoted. Such instruments are subsequently measured at fair value with gains and losses being recognised directly in equity until the instrument is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is recycled to the income statement and recognised in profit or loss for the period. Impairment losses are recognised in the Income Statement when there is objective evidence of impairment.

## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### Financial instruments

Financial assets and liabilities are recognised in the balance sheet when the company becomes party to the contractual provisions of the instrument.

#### *Trade and other receivables*

Trade receivables are measured at cost less any provision necessary when there is objective evidence that the company will not be able to collect all amounts due.

#### *Trade and other payables*

Trade and other payables are not interest bearing and are measured at original invoice amount.

### 3. Operating loss

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
The operating loss is stated after charging the following, included in administrative expenses:		
Depreciation	-	2
Staff costs	68	75
Other admin costs	54	119
	<u>122</u>	<u>196</u>
	<u><u>122</u></u>	<u><u>196</u></u>

### 4. Auditors' remuneration

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
Audit fees:		
- statutory audit of the accounts	12	9
- statutory audit of the company's subsidiaries	-	3
	<u>12</u>	<u>12</u>
	<u><u>12</u></u>	<u><u>12</u></u>

**HERMES PACIFIC INVESTMENTS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013**

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**5. Directors' emoluments**

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
Emoluments for qualifying services	68	65
Pension contributions	-	5
	<u>68</u>	<u>70</u>
	<u><u>68</u></u>	<u><u>70</u></u>

The above includes amounts paid to the highest paid director as follows:-

Emoluments for qualifying services	25	40
Pension contributions	-	-
	<u>25</u>	<u>40</u>
	<u><u>25</u></u>	<u><u>40</u></u>

No directors exercised share options during the year (2012: nil)

**6. Employees and staff costs**

The average number of employees was as follows:

	<b>Year ended 31 March 2013 No.</b>	<b>Year ended 31 March 2012 No.</b>
Management	1	1
	<u>1</u>	<u>1</u>
	<u><u>1</u></u>	<u><u>1</u></u>

Staff costs for the above employees were as follows:

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
Wages and salaries	68	65
Social security costs	-	5
Pension contributions	-	5
	<u>68</u>	<u>75</u>
	<u><u>68</u></u>	<u><u>75</u></u>

The pension contributions were made to the personal pension scheme of a director of the company.

**HERMES PACIFIC INVESTMENTS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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**7. Taxation**

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
<b>Continuing operations:</b>		
Current tax charge	-	-
Adjustment in respect of prior years	-	-
	<u>-</u>	<u>-</u>
<b>Current tax credit</b>	<u>-</u>	<u>-</u>
	<u><u>-</u></u>	<u><u>-</u></u>
<b>Factors affecting the tax charge for the period</b>		
Loss from continuing operations before taxation	(122)	(196)
Loss from continuing operations before taxation multiplied by standard rate of corporation tax of 24% (2012: 26%)	(29)	(51)
Effects of:		
Temporary timing differences	-	-
Non deductible expenses	-	-
Depreciation in excess of capital allowances	-	-
Unutilised tax losses	29	51
	<u>-</u>	<u>-</u>
<b>Current tax charge</b>	<u><u>-</u></u>	<u><u>-</u></u>

The Group has approximately £3.2m (2012: £3.1m) of trading losses to carry forward and offset against future trading profits.

**8. Discontinued operations**

Discontinued operations relate to Chandan Limited and Rice & Spice Limited which were sold on 1 September 2011.

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
Revenue	-	869
Expenses	-	(843)
	<u>-</u>	<u>26</u>
Profit before taxation	-	26
	<u>-</u>	<u>26</u>
Profit from discontinued operations for the year	-	26
Loss on disposal of investment	-	(45)
	<u>-</u>	<u>(19)</u>
<b>(Loss)/profit from discontinued operations</b>	<u><u>-</u></u>	<u><u>(19)</u></u>

**HERMES PACIFIC INVESTMENTS PLC**

**NOTES TO THE FINANCIAL STATEMENTS  
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Cash flows from discontinued operations included in the consolidated cash flow statements are as follows:

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
Net cash flow from operating activities	-	104
Net cash flow from investing activities	-	(9)
Net cash flow from financing activities	-	(141)
<b>Total cash flows</b>	<u>-</u>	<u>(46)</u>

The major classes of assets and liabilities comprising operations that were disposed of on 1 September 2011 were as follows:

	<b>Year ended 31 March 2013 £'000</b>	<b>Year ended 31 March 2012 £'000</b>
Goodwill	-	475
Property, plant and equipment	-	269
Inventories	-	19
Trade and other receivables	-	219
Bank and cash	-	54
Total assets classified as held for sale	<u>-</u>	<u>1,036</u>
Trade and other payables	-	(688)
Bank overdrafts and loans	-	(53)
Net assets of disposal group	<u>-</u>	<u>295</u>
Consideration	-	(250)
Loss on disposal	<u>-</u>	<u>45</u>

**9. Loss per share**

	<b>Year ended 31 March 2013</b>	<b>Year ended 31 March 2012</b>
<b>Basic</b>		
Loss from continuing activities (£'000)	(122)	(196)
Loss from discontinued activities (£'000)	-	(19)
	<u>(122)</u>	<u>(215)</u>
Number of shares	50,658,844	16,806,004
<b>Basic loss per share (p)</b>		
From continuing operations	(0.2)p	(1.1)p
From discontinued operations	-	(0.1)p
	<u>(0.2)p</u>	<u>(1.2)p</u>

There was no dilutive effect from the share options outstanding during the year.

HERMES PACIFIC INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

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10. Property, plant and equipment

	<b>Fixtures &amp; Fittings £'000</b>
<b>Cost</b>	
At 1 April 2011	12
Additions	-
	<hr/>
At 31 March 2012	12
Additions	-
Disposals	(12)
	<hr/>
At 31 March 2013	-
	<hr/>
<b>Accumulated depreciation</b>	
At 1 April 2011	10
Charge for the year	2
	<hr/>
At 31 March 2012	12
Charge for the period	-
Elimination on disposal	(12)
	<hr/>
At 31 March 2013	-
	<hr/> <hr/>
<b>Net book value</b>	
At 31 March 2013	-
	<hr/> <hr/>
At 31 March 2012	-
	<hr/> <hr/>

11. Investments

	<b>Investments £'000</b>
<b>Cost</b>	
Additions	173
Revaluation	23
	<hr/>
At 31 March 2013	196
	<hr/> <hr/>

12. Cash and cash equivalents

	<b>2013 £'000</b>	<b>2012 £'000</b>
Cash at bank and in hand	57	39
	<hr/>	<hr/>
	57	39
	<hr/> <hr/>	<hr/> <hr/>

## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

Cash, cash equivalents and bank overdrafts include the following for the purposes of the cash flow statement:

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Cash and cash equivalents	57	39
Bank overdraft	-	-
	<u>57</u>	<u>39</u>
	<u><u>57</u></u>	<u><u>39</u></u>

#### 13. Trade and other receivables

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Other receivables	12	61
	<u>12</u>	<u>61</u>
	<u><u>12</u></u>	<u><u>61</u></u>

Included in other receivables are amounts of £nil (2012: £nil) due after more than one year.

#### 14. Trade and other payables

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
Trade payables	1	53
Accruals and deferred income	24	5
	<u>25</u>	<u>58</u>
	<u><u>25</u></u>	<u><u>58</u></u>

#### 15. Share capital

##### Group and Company

	<b>2013</b>	<b>2012</b>
	<b>£'000</b>	<b>£'000</b>
<b>Authorised</b>		
200,000,000 ordinary shares of 0.5p each	1,000	1,000
200,000,000 ordinary shares of 9.5p each	19,000	19,000
	<u>20,000</u>	<u>20,000</u>
	<u><u>20,000</u></u>	<u><u>20,000</u></u>
<b>Issued and fully paid</b>		
50,658,844 ordinary shares of 0.5p each	253	93
13,079,850 deferred shares of 9.5p each	1,243	1,243
	<u>1,496</u>	<u>1,336</u>
	<u><u>1,496</u></u>	<u><u>1,336</u></u>

All ordinary shares rank equally in respect of shareholders' rights.

## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

#### 16. Financial Instruments

##### Financial risk management

The company's activities expose the company to a number of risks including credit risk, interest rate risk and liquidity risk. The Board manages these risks through a risk management programme. The fair value of the company's assets and liabilities at 31 March 2013 are not materially different from their book value.

	2013	2012
	£'000	£'000
<b>Financial assets</b>		
Loan and receivables:		
Trade and other receivables	13	61
Cash and cash equivalents	57	39
	<hr/>	<hr/>
At fair value through profit and loss	70	100
	<hr/> <hr/>	<hr/> <hr/>
	2013	2012
	£'000	£'000
<b>Financial liabilities at amortised cost</b>		
Trade and other payables	25	58
	<hr/>	<hr/>
	25	58
	<hr/> <hr/>	<hr/> <hr/>

##### Credit risk

The company monitors credit risk on an on-going basis and manages risk by concentrating on trading and placing bank deposits with reliable counterparties. The company has no significant concentration of credit risk associated with trading counterparties. Credit risk predominantly arises from cash and cash equivalents.

##### Interest rate risk

The company has both interest bearing assets and interest bearing liabilities. Interest bearing assets include cash balances which earn interest at a variable rate. The financial liabilities in the current year are all non-interest bearing. The company has not entered into derivatives transactions and has not traded in financial instruments during the period under review. The entire company's debt is non-interest bearing there would be no effect on the company if interest rates changed.

##### Liquidity risk

The company seeks to manage liquidity risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. All cash and cash equivalents are immediately accessible. All of the company's financial assets are recoverable within the next six months.

The maturity dates of the company's financial liabilities are shown below and are based on the period outstanding at the balance sheet date up to the contractual maturity date.

HERMES PACIFIC INVESTMENTS PLC

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2013

	Less than 6 months £'000	Between 6 months and 1 year £'000	Between 1 and 5 years £'000	Total £'000
<b>2013</b>				
<b>Financial Assets</b>				
Variable interest rate instruments	57	-	-	57
Non-interest bearing	-	13	-	13
	<u>57</u>	<u>13</u>	<u>-</u>	<u>70</u>
<b>Financial Liabilities</b>				
Non-interest bearing	25	-	-	25
	<u>25</u>	<u>-</u>	<u>-</u>	<u>25</u>
	<u><u>57</u></u>	<u><u>13</u></u>	<u><u>-</u></u>	<u><u>70</u></u>
	<u><u>25</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>25</u></u>
	<u><u>57</u></u>	<u><u>61</u></u>	<u><u>-</u></u>	<u><u>100</u></u>
<b>2012</b>				
<b>Financial Assets</b>				
Variable interest rate instruments	39	-	-	39
Non-interest bearing	-	61	-	61
	<u>39</u>	<u>61</u>	<u>-</u>	<u>100</u>
<b>Financial Liabilities</b>				
Non-interest bearing	58	-	-	58
	<u>58</u>	<u>-</u>	<u>-</u>	<u>58</u>
	<u><u>58</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>58</u></u>

17. Cash flows from operating activities

	Year ended 31 March 2013 £'000	Year ended 31 March 2012 £'000
Loss on ordinary activities before tax	(122)	(214)
Depreciation of property, plant and equipment	-	2
Operating cash flows before movements in working capital	<u>(122)</u>	<u>(212)</u>
Decrease in trade and other receivables	49	(16)
Decrease in trade and other payables	(33)	(81)
<b>Cash flows from operating activities</b>	<u><u>(106)</u></u>	<u><u>(309)</u></u>

## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### 18. Related party transactions

##### Short-term Employment Benefits

In addition to salaries of £14,140 (2012: £44,390), key management personnel received an additional one-off payment of £10,000 (2012: £nil) as compensation for contract of services not rendered as employment.

##### Termination Benefits

On resignation at the company's request, the directors who resigned in the year were entitled to termination benefits of £12,750 (2012: £nil).

##### Key Management Personnel and Director Transactions

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over the financial and operating policies of these entities.

A number of these entities transacted with the company during the year. The terms and conditions of these transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

The aggregate value of transactions related to key management personnel and entities over which they have control or significant influence was £44,554.

During the year, the company used the services of Poonam & Roshni Limited totalling £12,000 (2012: £nil). H Kanabar is a director of both companies. No balance was outstanding at the year end.

During the year the company used the services of CMS Corporate Consultants Limited totalling £13,054 (2012: £nil). M Wood is a director of both companies. No balance was outstanding at the year end.

During the year the company used the services of John Berry Associates Limited totalling £12,000 (2012: £nil). J Berry is a director of both companies. No balance was outstanding at the year end.

During the year the company used the services of Thirty Acre Stables totalling £7,500 (2012: £nil). J Morton is a director of both companies. No balance was outstanding at the year end.

During the year four of the directors ("the Participating Directors") participated and acquired subscription shares.

<i>Name of Director</i>	<i>Number of Subscription Shares</i>	<i>Percentage of Enlarged Share Capital</i>
Haresh Kanabar	1,000,000	1.97
Matthew Wood	1,000,000	1.97
John Morton	1,000,000	1.97
John Berry	1,000,000	1.97

An independent director of the Company, that is a director excluding the Participating Directors, having consulted with the Company's nominated adviser, WH Ireland Limited, considers that the terms of this transaction to be fair and reasonable insofar as the Company's Shareholders are concerned.

## HERMES PACIFIC INVESTMENTS PLC

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2013

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#### 19. Post balance sheet events

##### **Subscription**

Post the year-end the Company has raised £4,160,000 before expenses, through the placing of 416,000,000 New Ordinary Shares. The New Ordinary Shares were placed with three existing shareholders and one new investor. The New Ordinary Shares were allotted by the Company under authorities granted by shareholders at the last Annual General Meeting of the Company held on 25 October 2012. The proceeds of the Placing will provide the Company with general working capital to enable it to further implement its investing policy.

##### **Consolidation**

The Board considered that the Share Consolidation would be beneficial as it will reduce the size of the issued ordinary share capital of the Company, thereby making it more manageable and improve the attractiveness of the Company's shares to new investors. Consolidation would also help the market in HPAC's shares generally if its share price was higher and it was no longer a "penny stock".

A shareholders meeting was held on 9 September 2013 and the resolution proposed to consolidate the shares was passed by shareholders of the company. Under the Share Consolidation, every 200 Existing Ordinary Shares will be consolidated into one New Ordinary Share. The Share Consolidation became effective immediately on 10 September 2013. Post consolidation the Company has 2,333,295 shares in issue.