

VERDES MANAGEMENT PLC

(AIM: VMP)

10 September 2013

INTERIM RESULTS FOR THE SIX MONTHS ENDED 31 MARCH 2013

NEW STRATEGY

AND

BOARD CHANGES

Verdes Management PLC ("Verdes" or "the Company") announces its interim results for the six months to 31 March 2013 and changes to the Board.

Financials

In the six months to 31 March 2013 the Company reported turnover of £NIL (2012: £NIL) and a loss before tax of £163k (2012: loss £413k).

Strategy

During the period under review, the Board has considered the future strategy of the Company and investigated several potential transactions. The Company did not generate revenues but did significantly reduce its recurring operating expenses. Most recently the Board considered two possible acquisition opportunities seriously.

The first business the Board looked at was an IT investment proposition which was, unfortunately, too early stage. The second opportunity is one which the Board would wish to progress further in the fund management sector. The Company expects it may need to seek shareholders' approval to allow this opportunity to be pursued. As and when any significant progress is made shareholders will be advised.

The Board is currently working with a Gibraltar Fund Management team to develop Verdes as a strategic investment company, specifically to build a fund management group. It is intended that this will be achieved by consolidating a number of existing fund management companies and teams of fund managers in a way that allows the fund managers to pursue their own business strategies whilst benefiting from the economies of scale that can be derived from being part of the larger group.

The "New" Verdes will aim to achieve long-term capital growth for shareholders through the purchase of other unquoted, or perhaps even quoted, (small) fund management companies. Any investment will be actively managed, together with the management teams that are acquired. It is expected that acquisitions, which may be companies or teams of people, will principally be based in Gibraltar and the United Kingdom.

At this stage, the Company has identified a core group of people to start this process and has identified two companies it may wish to acquire (though the Company is not yet at a sufficiently advanced stage to present a proposal to shareholders):

- “New” Verdes intends to base its strategy around the following key elements: production of an excellent working environment;
- where appropriate, ensuring that (well known) brand names and front offices cultures are unaffected;
- avoiding, wherever appropriate, the imposition of new business models or investment processes;
- allowing fund managers to participate in the profitability and the value that is created by their own business unit or company;
- specifically not aiming for IFAs;
- consolidating and rationalising back office functions to reduce cost whilst recognising the importance to the fund managers and clients of good administration and reliable IT.

Board Changes

In anticipation of the above new strategy, changes have today been made to the composition of the Board.

Adam Webb has resigned from the Board with immediate effect.

Dr Daan van den Noort, who has knowledge of the fund management sector, has been appointed as non-executive Chairman.

Sarah Bertolotti has joined the Board as (part time) Finance Director and Company Secretary. She is currently also the part time Finance Director and Company Secretary of AIM quoted Blavod Wines & Spirits plc, having held finance management positions previously with Hilton Hotels and serviced office provider Regus. Her other current and past directorships in the last five years comprise Blavod Wines & Spirits plc together with its subsidiaries and also SB Virtual Finance Limited.

There are no other disclosures relating to Sarah Bertolotti required in accordance with paragraph 2(g) of Schedule 2 of the AIM Rules for Companies.

Johannes (“Joep”) van den Aker has also joined the board as non-executive Director. He has held HR and IT management positions in multinational companies previously with Albany International (USA) and more recently with Wavin N.V. (The Netherlands). He is experienced in IT risk and compliance management and has managed organisational change and restructuring projects as well as HR and ERP systems implementations.

There are no other disclosures relating to Joep van den Aker required in accordance with paragraph 2(g) of Schedule 2 of the AIM Rules for Companies.

New agreements will be made with each Board member to keep costs as low as possible.

Requisition notices re general meeting

The Company has received sufficient requisition notices from shareholders given pursuant to section 303 of the Companies Act 2006 to require the directors to convene a general meeting of shareholders at which a resolution would be put to remove Adam Webb as a director of the Company. In the light of Adam Webb’s resignation, as detailed above, the Board proposes not to convene a general meeting in accordance with

the requisition notices. A resolution to approve this course of action will be put to shareholders at the next general meeting of the Company.

Working Capital

In the six months to 31 March 2013, the Company raised £175,000 of equity and also £125,000 by way of a convertible loan. At the last year end, the Company had £128,000 of cash in the bank, though this figure had reduced to £103,000 as at 31 March 2013 and to around £53,000 at the end of August.

The Company is currently in discussions with Westminster Management Worldwide Limited, an investment company specifically dealing in loans, to invest funds in the Company, probably by means of a convertible loan. Such investment, if it happens, will likely constitute a "related party transaction" under the AIM rules, further details of which be disclosed once this process is finalised.

Forfeited Shares

The 64,000,000 ordinary shares of 0.1p (the "Shares") issued to Esquire Investments BV in October 2012, for which no payment was received by the Company, were forfeited on 28 June 2013 pursuant to the procedure laid down in the Company's articles of association. The Shares are now held by the Company and may be re-issued (for cash or any other consideration) by Verdes' Board of directors without any further authorisation or approval from shareholders. The Shares continue to be admitted to AIM.

Suspension

The Company's shares are currently suspended on AIM as the Company did not issue these Interim Results in the period required under Rule 18 of the AIM Rules for Companies. However, as the Company's nominated adviser resigned on 1 August 2013, the publication of these results will not lead to the lifting of this suspension. We are in an advanced stage of discussions with a preferred Nominated Adviser and a new Broker and hope to make a further announcement very soon. Appointment of these parties should lead to the removal of the suspension of Company's shares on AIM.

Change of registered office

The Company's registered office changed to Durham House, 1 Durham House Street, London, WC2N 6HG with effect from 5th March 2013

Outlook

Notwithstanding Verdes' recent history, your Board believes that the outlook for the Company looks more promising than for some time. We will be writing to shareholders in the near future with more details of our intended new strategy, which will be implemented over the coming months.

Enquiries:

Verdes Management plc

Verdes Management plc
Income Statement for six months ended 31st March 2013

	Note	6 months ended 31 March 2013 (unaudited) £	6 months ended 31 March 2012 (unaudited) £	Year ended 30 September 2012 (audited) £
Revenue		-	-	-
Cost of Sales		-	-	-
Gross Profit		-	-	-
Administrative expenses		(162,968)	(416,177)	(809,039)
Operating (Loss)		(162,968)	(416,177)	(809,039)
Finance income		422	2,782	2,782
Finance costs		-	-	-
Loss on ordinary activities before taxation		(162,546)	(413,395)	(806,257)
Income tax expense		-	-	-
(Loss) attributable to shareholders of the company		<u>(162,546)</u>	<u>(413,395)</u>	<u>(806,257)</u>
(Loss) per share attributable to the equity holders of the company:				
Basic (loss) per ordinary share	3.	<u>(0.03 pence)</u>	<u>(0.10 pence)</u>	<u>(0.19 pence)</u>
Diluted (loss) per ordinary share	3.	<u>(0.03 pence)</u>	<u>(0.10 pence)</u>	<u>(0.19 pence)</u>

Verdes Management plc
Balance Sheet as at 31st March 2013

	31 March 2013 (unaudited) £	31 March 2012 (unaudited) £	30 September 2012 (audited) £
Assets			
Non-current assets			
Property, plant and equipment	1,121	6,866	1,418
Investments	500	500	500
	<u>1,621</u>	<u>7,366</u>	<u>1,918</u>
Current assets			
Trade and other receivables	208,825	22,300	16,264
Cash and cash equivalents	103,352	481,544	128,196
	<u>312,177</u>	<u>503,844</u>	<u>144,460</u>
Total assets	<u>313,798</u>	<u>511,210</u>	<u>146,378</u>
Liabilities and Equity			
Current liabilities			
Trade and other payables	162,535	103,540	71,569
Total liabilities	<u>162,535</u>	<u>103,540</u>	<u>71,569</u>
Equity			
Called-up equity share capital	3,397,063	3,138,063	3,158,063
Share premium account	2,120,676	2,080,675	2,120,676
Retained earnings	(5,366,476)	(4,811,068)	(5,203,930)
Total Equity	<u>151,263</u>	<u>407,670</u>	<u>74,809</u>
Total Liabilities and Equity	<u>313,798</u>	<u>511,210</u>	<u>146,378</u>

Verdes Management plc
Statement of Changes in Equity as at 31st March 2013

	Share Capital	Share Premium	Retained Earnings	Total Equity
	£	£	£	£
Balance at 1 October 2011	3,121,396	2,049,842	(4,397,673)	773,565
Issue of shares	16,667	33,333	-	50,000
Share issue costs	-	(2,500)	-	(2,500)
Loss for period	-	-	(413,395)	(413,395)
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At 31 March 2012	3,138,063	2,080,675	(4,811,068)	407,670
Issue of shares	20,000	40,000	-	60,000
Share issue costs	-	1	-	1
Profit/(Loss) for period	-	-	(392,862)	(392,862)
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At 30 September 2012	3,158,063	2,120,676	(5,203,930)	74,809
Issue of shares	239,000	-	-	239,000
Share issue costs	-	-	-	-
Loss for period	-	-	(162,546)	(162,546)
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At 31 March 2013	<u>3,397,063</u>	<u>2,120,676</u>	<u>(5,366,476)</u>	<u>151,263</u>

Verdes Management plc

Cash Flow Statement for six months ended 31st March 2013

	6 months ended 31 March 2013 (unaudited) £	6 months ended 31 March 2012 (unaudited) £	Year ended 30 September 2012 (audited) £
Net cash (outflow)/inflow from operating activities	(200,266)	(354,551)	(767,903)
Investing activities			
Purchases of property, plant and equipment	-	(484)	(481)
Purchases of listed investments	-	-	-
Interest paid	-	-	-
Interest received	422	2,782	2,782
Net cash flow before financing activities	<u>(199,844)</u>	<u>(352,253)</u>	<u>(765,602)</u>
Financing activities			
Net proceeds from issue of equity shares	175,000	47,500	107,501
Net cash used in financing activities	<u>175,000</u>	<u>47,500</u>	<u>(658,101)</u>
Net (decrease)/increase in cash and cash equivalents	(24,844)	(304,753)	(658,101)
Opening net cash and cash equivalents	128,196	786,297	786,297
Closing net cash and cash equivalents	<u>103,352</u>	<u>481,544</u>	<u>128,196</u>
Reconciliation of operating loss to net cash outflow/inflow from operating activities			
Operating (Loss) from continuing activities	(162,968)	(416,177)	(809,039)
Loss on disposal of plant and equipment	-	-	-
Depreciation	297	1,317	6,765
Operating cash flows before movements in working capital	<u>(162,671)</u>	<u>(414,860)</u>	<u>(802,274)</u>
Decrease/(increase) in receivables	(128,562)	(8,377)	(2,342)
Increase/(decrease) in payables	90,967	68,686	36,713

Net movement in working capital	<u>(37,595)</u>	<u>60,309</u>	<u>34,371</u>
Net movement in cash flow	(200,266)	(354,551)	(658,101)
Income taxes paid	-	-	-
Net cash (outflow)/inflow from operating activities	<u>(200,266)</u>	<u>(354,551)</u>	<u>(767,903)</u>

Notes to the unaudited financial statements

1. Basis of preparation

The financial information included in this report does not constitute statutory accounts as defined in section 435 of the Companies Act 2006. The interim financial statements for the six months ended 31 March 2013 have been prepared under applicable International Financial Reporting Standards adopted by the European Union ("IFRS"). The financial information for the period ended 30 September 2012 has been extracted from the statutory accounts for that period. The auditors' report on the full statutory accounts for the period ended 30 September 2012 included an Emphasis of Matter paragraph in regard to Going Concern. The financial information for the six months ended 31 March 2012 and 31 March 2013 has not been audited.

2. Principal Accounting Policies

The principal accounting policies adopted are consistent with those of the annual financial statements for the year ended 30 September 2012 and are those expected to be applied for the year ended 30 September 2013.

3. Earnings/Loss per Share

The earnings per ordinary share have been calculated on the ordinary activities after taxation of -£162,546 (31 March 2012: -£413,395, 30 September 2012: -£806,257) using the weighted average number of ordinary shares in issue during the period being 598,395,022 (31 March 2012: 406,678,914, 30 September 2012: 417,070,536). The weighted average number of diluted ordinary shares in issue during the period was 598,395,022 (31 March 2012: 406,678,914, 30 September 2012: 417,070,536).

4. Availability

Copies of this Interim Report are available from the Company Secretary, Durham House, 1 Durham House Street, London WC2N 6HG and on the Company's website www.verdes-group.com