# CONCHA PLC

# (FORMERLY HOT TUNA (INTERNATIONAL) PLC)

# REPORT AND FINANCIAL STATEMENTS

# FOR THE YEAR ENDED 30 JUNE 2012

**Company Number 05382036**

## CONCHA PLC (FORMERLY HOT TUNA (INTERNATIONAL) PLC)

CONTENTS

## CONCHA PLC (FORMERLY HOT TUNA (INTERNATIONAL) PLC)

Concha PLC (Formerly Hot Tuna (International) PLC)
("Concha" or "The Group")

Concha PLC (AIM: CHA), an investment vehicle, announces its final results for the year ended 30 June 2012.

**OPERATIONS AND FINANCE REVIEW**

**Overview**
This report covers the Group's trading results for the year ending 30 June 2012. These results take into account the sale of the "Hot Tuna" brand including intellectual property and related assets in January 2012.

**Operational Review**
The operational costs involved in the management of the Hot Tuna brand were unsustainable and formed the basis of the Board's decision to sell the trade and assets of the business for the sum of £950,000 in January 2012.

As part of the wind up of the Hot Tuna business, the Board commenced the closure of the United States ("US") and Australian operations. This was successfully completed in August 2012 for the US business and is expected to occur in early 2013 for the Australian business.

In March 2012, the Group entered into a short term loan facility with Churchill Media Limited ("Churchill") which involved the Group lending Churchill up to £750,000 at a prevailing interest rate of 6% above LIBOR. The repayment date for this loan is January 2013. As at 30 June 2012 £725,000 of this facility had been advanced.

**Financial Review**
As mentioned in the Operational Review, the Group encountered a number of unsustainable costs in the management of the Hot Tuna brand which ultimately cumulated in the decision to sell the business in January 2012 (approximately seven months into the 2012 financial year). Year-on-year comparisons are therefore not appropriate and are not detailed in the text below.

Turnover for the year stood at £0.48 million which led the Group to post a gross profit of £0.16 million.

Total other operational expenses were £0.82 million leading to a loss from operations of £0.66 million and a loss after tax of £0.81 million.

Operational cash outflows (before changes in working capital) stood at £1.05 million in the 2012 financial year while net cash outflow from operating activities (after changes in working capital and investment income was £0.62 million.

Total cash outflow, post receipt of the net proceeds from the placing of £0.27 million in January 2012, was £0.37 million. This resulted in a cash balance at the end of the year of £0.29 million. Loans of £0.74 million were made to third parties.

**Outlook**
The original strategic objective of the Board was stated as a reverse takeover. However, the Directors are of the opinion that the opportunities available to the Company are best exploited by building a portfolio of investments rather than one single acquisition. Accordingly, the Directors have proposed a Revised Investing Policy which will permit the Company greater flexibility to pursue the available opportunities in the technology, media and entertainment sectors. This revision is conditional upon Members approval at the forthcoming General Meeting on 27 December 2012.

Subject to the approval of this change of investing policy, the Directors intend to manage the resulting portfolio of investments actively to enhance shareholder value through follow on investments and disposals from time to time.

Such investments may result in the Company acquiring the whole or part of a company or project, and may include the Company taking strategic equity stakes in both public and private companies.

The Company's investments may take the form of equity, debt, conversion of debt owed to the Company into equity, convertible instruments, options or other financial instruments as the Directors deem appropriate.
The Company intends to target opportunities which the Directors believe would benefit from further investment, the expertise of the Directors and access to the UK's capital markets. There is no limit on the number or size of companies into which the Company may invest.

The Directors believe that their broad collective experience in the areas of acquisitions, accounting, corporate and financial management and the technology, media and entertainment sectors will enable the Company to achieve its strategic objective.

Strategic equity or debt investments may be undertaken in the ordinary course of the Company's business and as an alternative to holding cash reserves on a day-to-day basis.

I would like to draw the shareholders' attention to the emphasis of matter in the audit opinion on page 10. This may have a bearing on the Group's future plans.

The Directors do not expect to pay dividends or make other distributions for the foreseeable future, but when appropriate the Directors intend to pursue progressive policies for the return of cash to shareholders.

Mark Barney Battles
Executive Chairman
21 December 2012

**DIRECTORS' REPORT**

The directors submit their report and the financial statements of Concha PLC ("Concha") and its subsidiary undertakings ("the Group") for the year ended 30 June 2012.

Concha PLC is a public company incorporated in England and Wales, and quoted on AIM.

PRINCIPAL ACTIVITIES

Up until January 2012, the principal activity of the Group during the year was that of design, production and sale of our branded surf and youth lifestyle apparel to specified regions of the world. Thereafter the principal activity of the Group was an "investment vehicle".

BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Group trading loss for the year, after taxation and minority interests, was £0.81 million (2011: £0.77 million). Information on future developments is included in the Operations and Finance Review.

The directors are precluded from declaring a dividend for the year (2011: Nil).

KEY PERFORMANCE INDICATORS

In the opinion of the directors there are no key performance indicators whose disclosure is necessary for an understanding of the development, performance or position of the business.

DIRECTORS

The following directors have held office during the year.

| Director | Date of appointment | Date of resignation |
|---|---|---|
| | | |
| Geoff O'Conell | | 16 February 2012 |
| Mark Barney Battles | 6 February 2012 | |
| Francis Ball | 21 February 2011 | 7 February 2012 |
| Oscar Verden | 7 September 2011 | 7 February 2012 |
| Marcus Yeoman | 7 September 2011 | |

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the Company, including family interests, were as follows:

| | *At 30 June 2012* | | *At 30 June 2011* | |
|---|---|---|---|---|
| Directors | *Number of Shares* | *Percentage (%)* | *Number of Shares* | *Percentage (%)* |
| Geoff O'Connell* | 8,336,001 | 0.27 | 16,669,339 | 0.75 |
| Mark Barney Battles | 83,333,333 | 2.68 | - | - |
| Marcus Yeoman | 88,333,334 | 2.84 | - | - |

* Geoff O'Connell resigned on 16 February 2012

CREDITOR PAYMENT POLICY

The Group's policy is to agree terms of transactions, including payment terms and to ensure that, in the absence of dispute, all suppliers are dealt with in accordance with its standard payment practice whereby all outstanding trade accounts are settled within the term agreed with the supplier at the time of the supply or otherwise 30 days from receipt of the relevant invoice. The number of days outstanding between receipt of invoices and date of payment calculated by reference to the amount owed to trade creditors at the period end as a proportion of the amounts invoiced by suppliers during the period, was 42 days (2011: 262 days).

POLITICAL AND CHARITABLE CONTRIBUTIONS

No donations for political or charitable purposes have been made by the Group or the Company during the year.

EMPLOYEES

The Group continues to give full and fair consideration to applications for employment made by disabled persons, having regard to their respective aptitudes and abilities. The policy includes, where practicable, the continued employment of those who may become disabled during their employment and the provision of training and career development and promotion, where appropriate. The Group has continued its policy of employee involvement by making information available to employees on matters of concern to them.

SUBSTANTIAL SHAREHOLDINGS

As at 10 December 2012 the Company has been notified of the following interests of 3% or more in the issued ordinary share capital of the Company:

| *Shareholder* | *Number of Shares* | *Percentage of issued share capital (%)* |
|---|---|---|
| TD DIRECT INVESTING NOMINEES (EUROPE) LIMITED | 351,048,232 | 11.29% |
| XCAP NOMINEES LIMITED | 314,000,003 | 10.10% |
| JIM NOMINEES LIMITED | 289,386,089 | 9.31% |
| BARCLAYSHARE NOMINEES LIMITED | 191,370,876 | 6.16% |
| TD WEALTH INSTITUTIONAL NOMINEES (UK) LIMITED | 163,064,502 | 5.25% |
| HSDL NOMINEES LIMITED | 145,302,161 | 4.67% |
| BROOKS MACDONALD NOMINEES LIMITED | 133,333,333 | 4.29% |
| INVESTOR NOMINEES LIMITED | 114,836,980 | 3.69% |
| DARLINGTON PORTFOLIO NOMINEES LIMITED | 93,333,334 | 3.00% |

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed that, as far as they are aware, there is no relevant audit information of which the auditors are unaware. Each of the directors have confirmed that they have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor.

DIRECTORS' INDEMNITY INSURANCE

Directors' and Officers' liability insurance is held by the Group.

POST BALANCE SHEET EVENTS

At the date these financial statements were approved, being 21 December 2012, the Directors were not aware of any significant post balance sheet events other than those set out in the notes to the financial statements.

AUDITORS

haysmacintyre has indicated its willingness to continue in office.

By order of the Board

Mark Barney Battles
Director
21 December 2012

## CONCHA PLC (FORMERLY HOT TUNA (INTERNATIONAL) PLC)

**CORPORATE GOVERNANCE STATEMENT**

The policy of the Board is to manage the affairs of the Company in accordance with the principles underlying the Combined Code on Corporate Governance.

The Board of Directors is accountable to shareholders for the good corporate governance of the Group. The principles of corporate governance and a code of best practice are set out in the Combined Code. Under the rules of AIM market the Group is not required to comply in full with the Code nor to state where it derogates from it. The Board considers that the size and nature of the Group does not warrant compliance with all the Code's requirements. This statement sets out how the principles of the Code are applied to Concha PLC.

BOARD STRUCTURE

The Board comprises two non-executive directors. Given the current dormant status of the Group, it is considered that this gives the necessary business experience for the effective governance of the Group.

There are no matters specifically reserved to the Board for its decision, although board meetings are held on a regular basis and effectively no decision of any consequence is made other than by the directors. All directors participate in the key areas of decision-making, including the appointment of new directors.

The Board is responsible to shareholders for the proper management of the Group. A statement of directors' responsibilities in respect of the accounts is set out on page 9.

To enable the Board to discharge its duties, all directors have full and timely access to all relevant information.

There is no agreed formal procedure for the directors to take independent professional advice at the Company's expense.

All directors submit themselves for re-election at the Annual General Meeting at regular intervals. There are no specific terms of appointment for the non-executive director.

The following committees, which have written terms of reference, deal with specific aspects of the Group's affairs.

AUDIT COMMITTEE

The Audit Committee comprises of Marcus Yeoman (Chairman of the committee) and Mark Barney Battles. Meetings can also be attended by the external auditors.

The remit of the Committee is to review:

- the appointment and performance of the external auditors
- the independence of the auditors
- remuneration for both audit and non-audit work and nature and scope of the audit with the external auditors
- the interim or final financial report and accounts
- the external auditors management letter and management's responses
- the systems of risk management and internal controls
- operating, financial and accounting policies and practices, and
- to make related recommendations to the Board

The Audit Committee meets once a year.

REMUNERATION COMMITTEE

The Remuneration Committee comprises Marcus Yeoman (Chairman of the committee), and Mark Barney Battles and is responsible for making recommendations to the Board on the Company's framework of Executive remuneration and its cost. The Committee determines the contract terms, remuneration and other benefits for the directors.

NOMINATION COMMITTEE

There is no separate Nomination Committee at the moment due to the size of the Board. All directors are subject to re-election at regular intervals.

INTERNAL CONTROL

The Board acknowledges its responsibility for establishing and monitoring the Company's systems of internal control. Although no system of internal control can provide absolute assurance against material misstatement or loss, the Company's systems are designed to provide the directors with reasonable assurance that problems are identified on a timely basis and dealt with appropriately.

The Group maintains a comprehensive process of financial reporting. The annual budget is reviewed and approved before being formally adopted. Other key procedures that have been established and which are designed to provide effective control are as follows:

• management structure – where the Board meets regularly to discuss all issues affecting the Company; and
• investment appraisal – the Company has a clearly defined framework for investment appraisal and approval is required by the Board where appropriate.

The Board regularly reviews the effectiveness of the systems of internal control and considers the major business risks and the control environment. No significant control deficiencies have come to light during the period and no weakness in internal financial control have resulted in any material losses, contingencies or uncertainties which would require disclosure as recommended by the guidance for directors on reporting on internal financial control.

The Board considers that in light of the control environment described above, there is no current requirement for a separate internal audit function.

RELATIONS WITH SHAREHOLDERS

The chairman is the Company's principal spokesperson with investors, fund managers, the press and other interested parties. At the Annual General Meeting (AGM), private investors are given the opportunity to question the Board.

This report and its financial statements will be presented to the shareholders for their approval at the AGM. The notice of the AGM will be distributed to shareholders together with the Annual Report.

GOING CONCERN

The financial report for the year ended 30 June 2012 has been prepared on a going concern basis. As the group is currently dormant, the directors are of the opinion the current cash reserves are sufficient to cover the outgoing overheads of the group for at least twelve months from the approval of the financial statements. As at the date of this report, the Company has no available credit facilities. In the event the Company required further funds for expansion/investment purposes, a fund raising exercise would be proposed with existing and/or potential new investors. Accordingly, the directors believe the going concern basis to be appropriate.

## CONCHA PLC (FORMERLY HOT TUNA (INTERNATIONAL) PLC)

DIRECTORS' REMUNERATION REPORT

Remuneration Committee

The members of the committee are Marcus Yeoman and Mark Barney Battles. Details of the remuneration of each director are set out below.

Executive remuneration packages are prudently designed to attract, motivate and retain directors of high calibre, who are needed to drive and maintain the Group's position as a market leader and to reward them for enhancing value to the shareholder.

Remuneration Policy

Share options
There are no share options in issue at the year end.

Pension arrangements
There are no pension arrangements in the Group. Two alternative schemes are under review.

Directors' contracts
It is the Company's policy that the executive director should have a contract with an indefinite term providing for a maximum of six months' notice. In the event of early termination, the directors' contracts provide for compensation, where appropriate, up to a maximum of basic salary for the notice period.

Non-executive directors
The fees of the non-executive director is determined by the Board as a whole having regard to the commitment of time required and the level of fees in similar companies.

The non-executive director is employed on a renewable fixed term contract not exceeding three years.
Directors' emoluments

| | | *2012* | | | *2011* | |
|---|---|---|---|---|---|---|
| | | *£000's* | | | *£000's* | |
| | *Salary* | *Fees* | *Total* | *Salary* | *Fees* | *Total* |
| Geoff O'Connell (*) | 103 | - | 103 | 83 | - | 83 |
| Francis Ball (**) | 24 | 8 | 32 | - | 12 | 12 |
| Marcus Yeoman (***) | - | 22 | 22 | - | - | - |
| Mark Barney Battles (****) | - | 28 | 28 | - | - | - |
| | 127 | 58 | 185 | 83 | 12 | 95 |

* Geoff O'Connell resigned on 16 February 2012
** Francis Ball resigned on 7 February 2012
*** Marcus Yeoman was appointed on 7 September 2011
**** Mark Barney Battles was appointed on 6 February 2012

APPROVAL

This report was approved by the Board of Directors and authorised for issue on 21 December 2012 and signed on its behalf by:

Mark Barney Battles
Executive Chairman
21 December 2012

# STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

UK Company law requires the directors to prepare Group and Company Financial Statements for each financial year. Under that law the directors are required to prepare Group financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU and have elected to prepare the company financial statements in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

The Group financial statements are required by law and IFRS adopted by the EU to present fairly the financial position and performance of the group; the Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

The Company financial statements are required by law to give a true and fair view of the state of affairs of the company.

In preparing each of the group and company financial statements, the directors are required to:

a.select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c.state whether they have been prepared in accordance with IFRSs adopted by the EU;

d.prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group and the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are also responsible for the maintenance and integrity of the Concha PLC website.

Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

**INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF CONCHA PLC (FORMALLY HOT TUNA (INTERNATIONAL) PLC)**

We have audited the financial statements of Concha Plc (formerly Hot Tuna (International) Plc) for the year ended 30 June 2012 which comprise the Group Income Statement, the Group and Parent Company Balance Sheets, the Group and Parent Company Statements of Cash Flows, the Group and Parent Company Statements of Changes in Equity and the related notes 1 to 18. 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 sections 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 Directors' Responsibilities Statement set out on page 9 the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**Scope of the audit**

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 and 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. In addition, we read all the financial and non-financial information in the Directors' report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

**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 30 June 2012 and of the Group's loss for the year then ended;
- the financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

**Emphasis of matter – Going concern**

In forming our opinion on the financial statements, which is not qualified, we have considered the adequacy of the disclosure made in the accounting policies concerning the company's ability to continue as a going concern. The group incurred a net loss of £0.81 million during the year ended 30 June 2012 and, at that date, the group's cash assets were £0.29 million, and net cash outflow from operating activities for the year ended 30 June 2012 was £0.37 million. These conditions, along with the other matters explained in the accounting policies, indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

**Opinion on other matters prescribed by the Companies Act 2006**

In our opinion:

- the part of the Directors' Remuneration Report to be audited has been properly prepared in accordance with the Companies Act 2006; and
- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Matters on which we are required to report by exception**

We have nothing to report in respect of the following:

Under the Companies Act 2006 we are required 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.

**Ian Cliffe (Senior Statutory Auditor)**
**for and on behalf of haysmacintyre**
Statutory Auditors
Fairfax House, 15 Fulwood Place, London, WC1V 6AY
21 December 2012

## FINANCIAL STATEMENTS

## *CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 30 JUNE 2012*

| | NOTES | *Year ended 30/06/12 £000's* | *Year ended 30/06/11 £000's* |
|---|---|---|---|
| Revenue | 1 | 479 | 207 |
| Cost of sales | | (317) | (157) |
| **Gross profit** | | **162** | **50** |
| Selling and marketing expenses | | (55) | (86) |
| General and administrative expenses | | (746) | (826) |
| Depreciation | | (6) | - |
| Amortisation | | (17) | - |
| **Loss from operations before exceptional items** | 3 | **(662)** | **(862)** |
| Exceptional (costs)/income | | (142) | 93 |
| Investment income | 5 | 11 | 1 |
| Loss on disposal of property, plant and equipment | | (16) | - |
| Loss before tax | | (809) | (768) |
| Tax | 6 | - | - |
| **Retained loss after tax for the year** | | **(809)** | **(768)** |
| **Other comprehensive income** | | | |
| Exchange differences on translation of foreign operations | | - | 27 |
| **Total comprehensive income for the year net of taxation** | | **(809)** | **(741)** |
| **Retained loss attributable to:** | | | |
| Owners of the company | | (809) | (768) |
| Non-controlling interest | | - | - |
| **Loss for the year** | | **(809)** | **(768)** |
| **Total comprehensive income attributable to:** | | | |
| Owners of the company | | (809) | (741) |
| Non-controlling interest | | - | - |
| **Total comprehensive income for the year** | | **(809)** | **(741)** |
| Loss per share | | | |
| Basic and diluted | 8 | (0.03) pence | (0.05) pence |

The Company's loss for the year ended 30 June 2012 was £0.81 million (2011: £0.74 million loss). The above trading activities were discontinued in the year as a result of the sale of the intellectual property and related assets in January 2012. The Company is exempt from publishing its own income statement under section 408 of the Companies Act 2006.

# FINANCIAL STATEMENTS

## *CONSOLIDATED AND COMPANY STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2012*

| | *NOTES* | *2012 Group £000's* | *2012 Company £000's* | *2011 Group £000's* | *2011 Company £000's* |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| **Non-current assets** | | | | | |
| Other intangible assets | 9 | - | - | 498 | 495 |
| Property, plant and equipment | 10 | 5 | - | - | - |
| Investments | 11 | - | 2 | - | 3 |
| | | 5 | 2 | 498 | 498 |
| **Current assets** | | | | | |
| Inventories | 12 | - | - | 183 | - |
| Trade and other receivables | 13 | 762 | 750 | 214 | 121 |
| Cash and cash equivalents | | 289 | 268 | 678 | 649 |
| | | 1,051 | 1,018 | 1,075 | 770 |
| **TOTAL ASSETS** | | 1,056 | 1,020 | 1,573 | 1,268 |
| **EQUITY AND LIABILITIES** | | | | | |
| **EQUITY** | | | | | |
| Share capital | 15 | 311 | 311 | 221 | 221 |
| Deferred share capital | 15 | 1,795 | 1,795 | 1,795 | 1,795 |
| Share premium reserve | | 13,706 | 13,706 | 13,526 | 13,526 |
| Share-based payment reserve | | - | - | 2,057 | 2,057 |
| Warrant reserve | | - | - | 238 | 238 |
| Foreign exchange reserve | | (73) | - | (54) | - |
| Retained loss | | (14,942) | (14,955) | (16,428) | (16,644) |
| **TOTAL EQUITY** | | 797 | 857 | 1,355 | 1,193 |
| **Current Liabilities** | | | | | |
| Trade and other payables | 14 | 259 | 163 | 218 | 75 |
| | | 259 | 163 | 218 | 75 |
| **TOTAL EQUITY AND LIABILITIES** | | 1,056 | 1,020 | 1,573 | 1,268 |

The financial statements were approved by the board of directors and authorised for issue on 21 December 2012 and are signed on its behalf by:

Mark Barney Battles
Director

Marcus Yeoman
Director

# FINANCIAL STATEMENTS

## *STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2012*

| CONSOLIDATED | *Share capital* | Deferred Share Capital | *Share premium account* | *Share-based payment reserve* | *Foreign Exchange Reserve* | *Warrant reserve* | *Retained loss* | *Total* | *Minority interest* | *Total equity* |
|---|---|---|---|---|---|---|---|---|---|---|
| | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* |
| *Balance at 1 July 2011* | 221 | 1,795 | 13,526 | 2,057 | (54) | 238 | (16,428) | 1,355 | - | 1,355 |
| Loss for the year | - | - | - | - | - | - | (809) | (809) | - | (809) |
| Exchange differences arising on translation of overseas operations | - | - | - | - | (19) | - | - | (19) | - | (19) |
| Total comprehensive income for 2012 | 221 | 1,795 | 13,526 | 2,057 | (73) | 238 | (17,237) | 527 | - | 527 |
| Share capital issued | 90 | - | 180 | - | - | - | - | 270 | - | 270 |
| Reversal of lapsed options and warrants | - | - | - | (2,057) | - | (238) | 2,295 | - | - | - |
| *Balance at 30 June 2012* | 311 | 1,795 | 13,706 | - | (73) | | (14,942) | 797 | - | 797 |

COMPANY

| | *Share capital* | Deferred Share Capital | *Share premium account* | *Share-based payment reserve* | *Foreign Exchange Reserve* | *Warrant reserve* | *Retained loss* | *Total* |
|---|---|---|---|---|---|---|---|---|
| *Balance at 1 July 2011* | 221 | 1,795 | 13,526 | 2,057 | - | 238 | (16,644) | 1,193 |
| Loss for the year | - | - | - | - | - | - | (606) | (606) |
| Total comprehensive income for 2012 | 221 | 1,795 | 13,526 | 2,057 | - | 238 | (17,250) | 587 |
| Share capital issued | 90 | - | 180 | - | - | - | - | 270 |
| Reversal of lapsed options and warrants | - | - | - | (2,057) | - | (238) | 2,295 | - |
| *Balance at 30 June 2012* | 311 | 1,795 | 13,706 | - | - | - | (14,955) | 857 |

## FINANCIAL STATEMENTS
## *STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 30 JUNE 2011*

| CONSOLIDATED | *Share capital* | Deferred Share Capital | *Share premium account* | *Share-based payment reserve* | *Foreign Exchange Reserve* | *Warrant reserve* | *Retained loss* | *Total* | *Minority interest* | *Total equity* |
|---|---|---|---|---|---|---|---|---|---|---|
| | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* |
| *Balance at 1 July 2010* | 115 | 1,795 | 12,623 | 2,308 | (81) | 238 | (15,911) | 1087 | - | 1087 |
| Loss for the year | - | - | - | - | - | - | (768) | (768) | - | (768) |
| Exchange differences arising on translation of overseas operations | - | - | - | - | 27 | - | - | 27 | - | 27 |
| Total comprehensive income for 2011 | - | - | - | - | 27 | - | (768) | (741) | - | (741) |
| Share capital issued | 106 | - | 949 | - | - | - | - | 1,055 | - | 1,055 |
| Costs of share issue | - | - | (46) | - | - | - | - | (46) | - | (46) |
| Reversal of expired options | - | - | - | (251) | - | - | 251 | - | - | - |
| *Balance at 30 June 2011* | 221 | 1,795 | 13,526 | 2,057 | (54) | 238 | (16,428) | 1,355 | - | 1,355 |

| COMPANY | *Share capital* | Deferred Share Capital | *Share premium account* | *Share-based payment reserve* | *Foreign Exchange Reserve* | *Warrant reserve* | *Retained loss* | *Total* |
|---|---|---|---|---|---|---|---|---|
| *Balance at 1 July 2010* | 115 | 1,795 | 12,623 | 2,308 | - | 238 | (16,153) | 926 |
| Loss for the year | - | - | -- | - | - | - | (742) | (742) |
| Total comprehensive income for 2011 | - | - | - | - | - | - | (742) | (742) |
| Share capital issued | 106 | - | 949 | - | - | - | - | 1,055 |
| Costs of share issue | - | - | (46) | - | - | - | - | (46) |
| Reversal of expired options | - | - | - | (251) | - | - | 251 | - |
| *Balance at 30 June 2011* | 221 | 1,795 | 13,526 | 2,057 | - | 238 | (16,644) | 1,193 |

# FINANCIAL STATEMENTS

## *CONSOLIDATED AND COMPANY STATEMENT OF CASH FLOWS FOR THE YEAR ENDED FOR THE YEAR ENDED 30 JUNE 2012*

| | Group 2012 *£000's* | Company 2012 *£000's* | Group 2011 *£000's* | Company 2011 *£000's* |
|---|---|---|---|---|
| Loss for the year | (809) | (607) | (768) | (742) |
| Investment income | (11) | (11) | (1) | - |
| Depreciation | 6 | - | - | - |
| Amortisation | 17 | - | - | - |
| Foreign exchange (gains)/losses | - | - | 4 | - |
| Profit on disposal of tangible and intangible assets | (250) | (266) | - | - |
| Operating cash flows before movements in working capital | (1,047) | (884) | (765) | (742) |
| Decrease/(Increase) in inventories | 183 | - | (47) | - |
| Decrease/(Increase) in receivables | 188 | 107 | (49) | (85) |
| Increase/(Decrease) in payables | 41 | 89 | (79) | 12 |
| **NET CASH OUTFLOW FROM OPERATING ACTIVITIES** | (635) | (688) | (940) | (815) |
| Investment income | 11 | 11 | 1 | - |
| Net cash flow from operating activities | (624) | (677) | (939) | (815) |
| **Cash flow from investing activities** | | | | |
| Purchase of intangible assets | (14) | - | (3) | - |
| Purchase of tangible assets | (27) | - | - | - |
| Sale of investments | - | 1 | - | - |
| Sale of intangible assets | 761 | 761 | - | - |
| **Net cash flow from investing activities** | 720 | 762 | (3) | - |
| **Cash flow from financing activities** | | | | |
| Net proceeds from issue of share capital | 270 | 270 | 1,009 | 1,009 |
| Loans advanced | (736) | (736) | - | - |
| Net cash (outflow)/inflow from financing activities | (466) | (466) | 1,009 | 1,009 |
| Net cash (outflow)/inflow for the year | (370) | (381) | 67 | 194 |
| Foreign exchange differences on translation | (19) | - | 23 | - |
| Cash and cash equivalents at start of period | 678 | 649 | 588 | 455 |
| Cash and cash equivalents at the end of the period | 289 | 268 | 678 | 649 |

# *NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012*

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**(a) General information and authorisation of financial statements**

Concha Plc is a public limited company incorporated and domiciled in England and Wales under the Companies Act 2006. The address of its registered office is 80-83 Long Lane, London, EC1A 9ET. The Company's ordinary shares are traded on the AIM Market operated by the London Stock Exchange. The Group financial statements of Concha Plc for the year ended 30 June 2012 were authorised for issue by the Board on 21 December 2012 and the balance sheets signed on the Board's behalf by Mr Mark Barney Battles and Mr Marcus Yeoman.

The nature of the Group's operations and its principal activities are set out in note 2 and in the Operations and Finance Review on page 2 and 3.

**(b) Going Concern**

The financial report for the year ended 30 June 2012 has been prepared on a going concern basis. As the group is currently dormant, the directors are of the opinion the current cash reserves are sufficient to cover the outgoing overheads of the group for at least twelve months from the approval of the financial statements. As at the date of this report, the Company has no available credit facilities. In the event the Company required further funds for expansion/investment purposes, a fund raising exercise would be proposed with existing and/or potential new investors. Accordingly, the directors believe the going concern basis to be appropriate.

**(c) Statement of compliance with IFRS**

The Group's financial statements have been prepared in accordance with International Accounting Standards and interpretations issued by the International Accounting Standards Board as adopted by the European Union. The principal accounting policies adopted by the Group and Company are set out below.

**(d) Basis of consolidation**

Where the Company has the power, either directly or indirectly, to govern the financial and operating policies of another entity or business so as to obtain benefits from its activities, it is classified as a subsidiary. The consolidated financial statements present the results of the Company and its subsidiaries ("the Group") as if they formed a single entity. Intercompany transactions and balances between Group companies are therefore eliminated in full.

**(e) Business combinations and goodwill**

On acquisition, the assets and liabilities of a subsidiary are measured at their fair values at the date of acquisition. Any excess of the cost of acquisition over the fair values of the identifiable net assets acquired is recognised as goodwill.

**(f) Revenue recognition**

Revenue is recognised to the extent that the right to consideration is obtained in exchange for performance. Payment received in advance of performance is deferred on the balance sheet as a liability and released as services are performed or products are exchanged as per the agreement with the customer.

Revenue derived from the license royalties is recognised on notification of payment by the licensee. Revenue derived from the sale of manufactured products is recognised when delivered to the customer in accordance with the specific supply contract terms.

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

### (g) Foreign currencies

Transactions in currencies other than Sterling 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 foreign currencies are retranslated at the rates prevailing on the balance sheet date. Gains and losses arising on retranslation are included in the income statement for the period.

On consolidation, the results of overseas operations are translated into sterling at rates approximating to those ruling when the transactions took place. All assets and liabilities of the overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the balance sheet date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised directly in equity (the "foreign exchange reserve").

### (h) Taxation

The tax expense represents the sum of the current tax and deferred tax.

The current tax is based on taxable profit for the period. 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 periods and it further excludes items that are never taxable or deductible. The liability for current tax is calculated by 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 amount 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 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 goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction which affects neither the tax profit nor the accounting profit.

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

### (i) Externally acquired intangible assets

Externally acquired intangible assets are initially recognised at cost and subsequently amortised on a straight-line basis over their useful economic lives. The amortisation expense is included within the administrative expenses line in the consolidated income statement.

Intangible assets are recognised on business combinations if they are separable from the acquired entity or give rise to other contractual/legal rights. The amounts ascribed to such intangibles are arrived at by using appropriate valuation techniques.

The significant intangibles recognised by the Group, their useful economic lives and the methods used to determine the cost of intangibles acquired in a business combination are as follows:

| Intangible asset | Useful economic life | Valuation method |
|---|---|---|
| Intellectual property | Patent life (20 years) | Estimated royalty stream if the rights were to be licensed |
| Licenses | 10 years Estimated | discounted cash flow |
| Website costs | 10 years estimated | |

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(j) Impairment of tangible and intangible assets excluding goodwill**

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 there is such indication then an estimate of the asset's recoverable amount is performed and compared to the carrying amount.

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. 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.

If the recoverable amount of an asset is estimated to be less that its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset 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 in prior periods. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

An acquired brand is deemed to have an indefinite useful economic life and is therefore not subject to amortisation but is reviewed for impairment at least annually. The acquired brand is assessed on the basis of the acquired business being a group of cash generating units.

**(k) Property, plant and equipment**

Items of property, plant and equipment are initially recognised at cost and subsequently at depreciated cost. As well as the purchase price, cost includes directly attributable costs and the estimated present value of any future costs of dismantling and removing items.

Depreciation is provided on all of property, plant and equipment to write off the carrying value of items over their expected useful economic lives. It is applied at the following rates:

| | |
|---|---|
| Buildings and improvements | 20 – 33.3% per annum straight line |
| Fixtures and fittings | 20 – 33.3% per annum straight line |
| Office equipment | 20 – 33.3% per annum straight line |

**(l) Inventories**

Inventories are initially recognised at cost, and subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, cost of conversion and other costs incurred in bringing the inventories to their present location and condition. Weighted average cost is used to determine the cost of ordinarily interchangeable items.

**(m) Provisions**

Provisions are recognised for liabilities of uncertain timing or amount that have arisen as a result of past transactions and are discounted at a pre-tax rate reflecting current market assessments of the time value of money and the risks specific to the liability.

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**(n) Financial instruments**

Financial assets and financial liabilities are recognised on the balance sheet when the Group has become a party to the contractual provisions of the instrument

*Cash and cash equivalents*

Cash and cash equivalents comprise cash in hand, cash at bank and short term deposits with banks and similar financial institutions.

*Trade and other receivables*

Trade and other receivables do not carry any interest and are stated at their nominal value as reduced by appropriate allowances for estimated irrecoverable amounts.

*Financial liability and equity*

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

*Trade and other payables*

Trade and other payables are non interest bearing and are stated at their nominal value.

*Equity instruments*

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

**(o) Share Warrants**

Warrants represent subscription rights for ordinary shares in Concha PLC. The warrant reserve represents the fair value of these warrants, determined using the Black-Scholes valuation model, using assumptions consistent with those used in calculating the fair value of share options.

Subject to the Memorandum and Articles of Association the warrant holder shall be entitled to subscribe to ordinary shares in the Company upon exercise of the warrants at subscription price. Warrants may be exercised in whole or in part (and from time to time) prior to the final exercise date. The warrants are non-transferable.

When the warrants are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the warrants are exercised.

When warrants lapse, any amounts credited to the warrants reserve are released to the retained earnings reserve.

**(p) Share-based payments**

Where share options are awarded to employees, the fair value of the options at the date of grant is charged to the consolidated income statement over the vesting period. Non-market vesting conditions are taken into account by adjusting the number of equity instruments expected to vest at each balance sheet date so that, ultimately, the cumulative amount recognised over the vesting period is based on the number of options that eventually vest. Market vesting conditions are factored into the fair value of the options granted. As long as all other vesting conditions are satisfied, a charge is made irrespective of whether the market vesting conditions are satisfied. The cumulative expense is not adjusted for failure to achieve a market vesting condition.

Where the terms and conditions of options are modified before they vest, the increase in the fair value of the options, measured immediately before and after the modification, is also charged to the consolidated income statement over the remaining vesting period.

When the options are exercised, the company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

When share options lapse, any amounts credited to the warrants reserve are released to the retained earnings reserve.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

1. REVENUE

An analysis of the Group's revenue is as follows:

| | *2012* | *2011* |
|---|---|---|
| | *£000's* | *£000's* |
| Discontinued operations | | |
| Sale of goods | 479 | 207 |
| | 479 | 207 |

2. BUSINESS AND GEOGRAPHICAL SEGMENTS

Segment information is presented in respect of the Group's management and internal reporting structure.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

**Operating and Geographical segments**

All locations operated the same activity – design, production and sale of branded apparel, up until the date of sale in January 2012.

The Group's operations were located in Europe, including the United Kingdom, United States and Australia.

Inter-segment sales were charged at prevailing market prices.

Year ended 30 June 2012

| | AUSTRALIA | EUROPE | UNITED STATES | CONSOLIDATED |
|---|---|---|---|---|
| | *£000's* | *£000's* | *£000's* | *£000's* |
| REVENUE | | | | |
| External Sales | 71 | 402 | 6 | 479 |
| *Total Revenue* | 71 | 402 | 6 | 479 |
| RESULT | | | | |
| *Segment Result* | (5) | 174 | (7) | 162 |
| Depreciation and Amortisation | - | (23) | - | (23) |
| Operating Expenses | (92) | (673) | (36) | (801) |
| Operating loss | (97) | (522) | (43) | (662) |
| Investment revenues | - | 11 | - | 11 |
| Exceptional costs | - | (142) | - | (142) |
| Loss on Disposal of Fixed Assets | - | (16) | - | (16) |
| Loss before tax | (97) | (669) | (43) | (809) |
| BALANCE SHEET | | | | |
| ASSETS | | | | |
| Segment Assets | - | 1,056 | - | 1,056 |
| LIABILITIES | | | | |
| Segment Liabilities | - | 259 | - | 259 |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

2. BUSINESS AND GEOGRAPHICAL SEGMENTS CONTINUED
Year ended 30 June 2011

| | AUSTRALIA | EUROPE | UNITED STATES | CONSOLIDATED |
|---|---|---|---|---|
| | *£000's* | *£000's* | *£000's* | *£000's* |
| REVENUE | | | | |
| External Sales | 58 | 63 | 86 | 207 |
| *Total Revenue* | 58 | 63 | 86 | 207 |
| RESULT | | | | |
| *Segment Result* | 19 | (12) | 43 | 50 |
| Depreciation | - | - | - | - |
| Operating Expenses | (138) | (605) | (169) | (912) |
| Operating loss | (119) | (617) | (126) | (862) |
| Investment revenues | 1 | - | - | 1 |
| Exceptional write-off liabilities | - | - | 93 | 93 |
| Loss before tax | (118) | (617) | (33) | (768) |
| BALANCE SHEET | | | | |
| ASSETS | | | | |
| Segment Assets | 60 | 1,411 | 102 | 1,573 |
| LIABILITIES | | | | |
| Segment Liabilities | (17) | (110) | (91) | (218) |
| *Capital expenditure – Website* | - | 3 | - | 3 |

3. LOSS FROM OPERATIONS
Loss from operations has been arrived at after charging:

| | *2012* | *2011* |
|---|---|---|
| | *£000's* | *£000's* |
| Depreciation of property, plant and equipment – owned assets | 6 | - |
| Amortisation of intangible assets | 17 | - |
| Write down of inventory to net realisable value | 138 | 30 |
| Loss on disposal of fixed assets | 16 | - |
| Staff costs (see note 4) | 487 | 439 |
| Net foreign exchange (gains)/losses | - | 4 |
| Auditors' remuneration for audit services (see below) | 16 | 23 |
| Amounts payable to Company Auditors and their associates in respect of both audit and non-audit services: | | |
| Comprising | | |
| - audit services | 10 | 23 |
| - non-audit services | 2 | - |
| - fees paid to the company auditors in respect of the audit of subsidiary company audit | 4 | - |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

4. STAFF COSTS

The average monthly number of employees (including executive directors) for the year for each of the Group's principal divisions was as follows:

| | *2012 Number* | *2011 Number* |
|---|---|---|
| Management | 3 | 3 |
| Selling and Distribution | 2 | 6 |
| Head office and administration | 2 | 4 |
| | 7 | 13 |

The aggregate remuneration comprised:

| | *2012 £000's* | *2011 £000's* |
|---|---|---|
| Wages and salaries | 263 | 274 |
| Social security and taxes | 11 | 40 |
| Temporary/consultant expenses | 28 | 30 |
| Directors emoluments | 185 | 95 |
| | 487 | 439 |

The above costs are included in general and administrative expenses.

The highest paid director received £102,865 (2011: £82,500) and no directors received any pension contributions during the year (2011: Nil).

5. INVESTMENT INCOME

| | *2012 £000's* | *2011 £000's* |
|---|---|---|
| Interest receivable | 11 | 1 |

6. INCOME TAX EXPENSE

| | *Group 2012 £000's* | *Group 2011 £000's* |
|---|---|---|
| Current tax | - | - |
| Deferred tax | - | - |
| | - | - |

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

| | | |
|---|---|---|
| Loss before taxation | (809) | (768) |
| Expected tax credit on loss before tax at 26% (2011: 26/28%) | (210) | (211) |
| Current and deferred tax profit and loss charge | | - |
| Difference to be explained (see below) | (210) | (211) |
| Expenses not deductible for tax purposes | - | (108) |
| Tax losses not recognised for tax purposes | (210) | - |
| Temporary differences not recognised for tax purposes | - | (103) |
| | | (211) |
| Effective tax rate | 0% | 0% |

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

7. DIVIDEND

The directors are precluded from declaring a dividend for the year (2011: Nil).

8. LOSS PER SHARE

The calculation of the basic and diluted earnings per share is based on the following data:

| | *2012* | *2011* |
|---|---|---|
| *Earnings* | | |
| Earnings for the purposes of basic earnings per share net loss for the period attributable to equity holders of the parent (£000's) | (809) | (768) |
| *Number of shares* | | |
| Weighted average number of ordinary shares for the purposes of basic earnings per share (millions) | 2,583.0 | 1,422.1 |

The denominator for the purpose of calculating the basic earnings per share has been adjusted to reflect all capital raisings. Due to the loss incurred in the period, there is no dilutive effect resulting from the issue of share options, warrants and shares to be issued.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

9. INTANGIBLE ASSETS

| GROUP | | | *2012* | | | *2011* |
|---|---|---|---|---|---|---|
| | *Hot Tuna Brand* | *e-Commerce Website* | *Total* | *Hot Tuna Brand* | *e-Commerce Website* | *Total* |
| | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* | *£000's* |
| *Opening balance* | 495 | 3 | 498 | 495 | - | 495 |
| Additions | - | 14 | 14 | - | 3 | 3 |
| Disposal | (495) | - | (495) | - | - | - |
| Amortisation | | (17) | (17) | - | - | - |
| *Closing balance* | - | - | - | 495 | 3 | 498 |

| COMPANY | *2012 Hot Tuna Brand £000's* | *2012 Total £000's* | *2011 Hot Tuna Brand £000's* | *2011 Total £000's* |
|---|---|---|---|---|
| *Opening balance* | 495 | 495 | 495 | 495 |
| Impairment charge | - | - | - | - |
| Disposal | (495) | (495) | - | - |
| *Closing balance* | - | - | 495 | 495 |

IMPAIRMENT REVIEW

At 30 June 2012, the directors carried out an impairment review and considered that the value of the e-Commerce website should be fully written off reflecting the sale of the "Hot Tuna" Brand. (2011: £Nil).

Resulting from the sale of the Hot Tuna Brand in January 2012, this year the directors did not need to carry out an impairment review of the Brand at year end. In prior years the brands carrying value has been compared to its recoverable amount based on a net present value calculation. The only impairment test related to the writing down of the e-Commerce website which was fully provided at year end.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

10. PROPERTY, PLANT AND EQUIPMENT

| GROUP | *Office Equipment* | *Fixtures and Fittings* | *Total* |
|---|---|---|---|
| | *£000's* | *£000's* | *£000's* |
| COST | | | |
| At 1 July 2011 | 33 | 27 | 60 |
| Additions | 27 | - | 27 |
| Disposals | (20) | - | (20) |
| At 30 June 2012 | 40 | 27 | 67 |
| | | | |
| ACCUMULATED DEPRECIATION | | | |
| At 1 July 2011 | (33) | (27) | (60) |
| Disposals | 4 | - | 4 |
| Charge for the year | (6) | - | (6) |
| At 30 June 2012 | (35) | (27) | (62) |
| | | | |
| NET BOOK VALUE | | | |
| At 30 June 2012 | 5 | - | 5 |
| At 30 June 2011 | - | - | - |

11. INVESTMENTS IN SUBSIDIARIES

| | *Company 2012* | *Company 2011* |
|---|---|---|
| | *£000's* | *£000's* |
| Investments in subsidiaries | | |
| *At 1 July 2011* | 3 | 3 |
| Disposal of investment | (1) | - |
| *At 30 June 2012* | 2 | 3 |

The following are the Company's subsidiaries:

| *Name of subsidiary* | *Place of incorporation (or registration) and operation* | *Proportion of ownership interest%* | *Proportion of voting power held%* | *Principal activity* |
|---|---|---|---|---|
| HTI Trading Limited Inc | USA | 100% | 100% | Dormant |
| Hot Tuna International Inc | USA | 100% | 100% | Dormant |
| CC123 Limited (Formally Hot Tuna (UK) Limited) | UK | 100% | 100% | Dormant |
| Hot Tuna (Australia) Pty Ltd | Australia | 100% | 100% | Dormant |
| Hot Tuna Holdings Pty Ltd | Australia | 100% | 100% | Dormant |

During the year the company disposed of its shares in Map Print Ltd for £999 representing a loss on disposal of £1.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

12. INVENTORIES

| | *Group 2012 £000's* | *Company 2012 £000's* | *Group 2011 £000's* | *Company 2011 £000's* |
|---|---|---|---|---|
| Finished goods | - | - | 183 | - |
| | - | - | 183 | - |

13. TRADE AND OTHER RECEIVABLES

| | *Group 2012 £000's* | *Company 2012 £000's* | *Group 2011 £000's* | *Company 2011 £000's* |
|---|---|---|---|---|
| Trade receivables | - | - | 81 | - |
| Other receivables | 762 | 750 | 133 | 121 |
| | 762 | 750 | 214 | 121 |

Trade receivables are amounts due from the sale of goods.

The following table provides an aged analysis of trade receivables as at 30 June, but not impaired. The Group believes that the balances are ultimately recoverable based on a review of past payment history and the current financial status of the customers.

| | 2012 £000's | 2011 £000's |
|---|---|---|
| Up to three months | - | 79 |
| Up to six months | - | 1 |
| Over 6 months | - | 1 |
| | - | 81 |

There are no significant credit risks arising from financial assets that are neither past due nor impaired.

At 30 June 2012, £Nil (2011: £35,474) of receivables were denominated in Sterling and £Nil (2011: £45,961) in US dollars.

The directors consider that the carrying amount of trade and other receivables approximates to their fair value.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

14. TRADE AND OTHER PAYABLES

| | *Group 2012 £000's* | *Company 2012 £000's* | *Group 2011 £000's* | *Company 2011 £000's* |
|---|---|---|---|---|
| Trade and other payables | 103 | 12 | 186 | 43 |
| Accruals | 13 | 9 | 32 | 32 |
| Other creditors | 143 | 142 | - | - |
| | 259 | 163 | 218 | 75 |
| Due within one year: | 259 | 163 | 218 | 75 |

Trade creditors principally comprise amounts outstanding for trade purchases and ongoing costs.

The Directors consider that the carrying amount of trade and other payables approximates their fair value.

15 SHARE CAPITAL

| | *Number of shares* | *Nominal value £000's* |
|---|---|---|
| **a)Issued and Fully Paid:** | | |
| As at 1 July 2009 | 283,303,090 | 28 |
| 13 August 2009 – for cash at 0.3pence per share | 370,000,000 | 37 |
| 30 March 2010 –for cash at 0.3 pence per share | 500,000,000 | 50 |
| 29 March 2011 – for cash at 0.1pence per share | 1,054,981,000 | 106 |
| As at 30 June 2011 | 2,208,284,090 | 221 |
| 30 January 2012 – for cash at 0.3pence per share | 900,000,000 | 90 |
| As at 30 June 2012 | 3,108,284,090 | 311 |
| **b)Deferred shares** | | |
| As at 30 June 2011 and 30 June 2012 | 181,303,419 | 1,795 |

The Directors of the Company continue to be limited as to the number of shares they can allot at any time and remain subject to the allotment authority granted by the shareholders pursuant to section 551 of the Companies Act 2006.

The deferred shares have no voting rights, are not admitted to trading on AIM and are only entitled to negligible participation in the dividends and the return of capital in the Company.

The Company has one class of ordinary shares which carry no right to fixed income.

**(e) Total share options in issue**

During the year, no options were granted (2011: Nil).

As at 30 June 2012 there were no options in issue.

25,700,000 options lapsed and no options were exercised during the year (2011: 1,815,000 lapsed).

15 SHARE CAPITAL (continued)

**(f) Total warrants in issue**

During the year, no warrants were issued (2011: nil).

As at 30 June 2012 the warrants in issue were;

| Exercise Price (pence) | Expiry Date | Warrants in Issue 30 June 2012 |
|---|---|---|
| 1.5 | 11/03/2013 | 29,250,000 |
| 1.5 | 25/03/2013 | 5,700,000 |
| | | 34,950,000 |

725,000 warrants expired during the year (2011: nil).
No warrants were cancelled during the year (2011: nil).
No warrants were exercised during the year. (2011: nil).

Warrants represent subscription rights for ordinary shares in Concha Plc.

Subject to the Memorandum and Articles of Association the warrant holder shall be entitled to subscribe to ordinary shares in the Company upon exercise of the warrants at subscription price. Warrants may be exercised in whole or in part (and from time to time) prior to the final exercise date. The warrants are non-transferable.

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2012 (CONTINUED)**

16. RELATED PARTY TRANSACTIONS

Trading transactions
During the year, Group companies entered into the following transactions with related parties who are not members of the Group:

| | *2012* | *2011* |
|---|---|---|
| | *Fees paid to third parties* | *Fees paid to third parties* |
| | *£000's* | *£000's* |
| Monitor Marketing Limited * | - | 5 |
| Balgownie Ventures Limited ** | 28 | - |
| Springtime Consultancy Limited *** | 16 | - |
| | 44 | 5 |

* Monitor Marketing Limited is a company related to Francis Ball.
** Balgownie Ventures Limited is a company related to Mark Barney Battles.
*** Springtime Consultancy Limited is a company related to Marcus Yeoman.

Fees to third parties comprise amounts paid to the Directors through their limited companies under an agreement to provide the Group with their services. These fees are derived from formalised contracts with each of the directors.

| *Inter-company Loans:* | *Company Amounts owed by related parties 2012 £000's* | *Group Amounts owed by related parties 2012 £000's* | *Company Amounts owed by related parties 2011 £000's* | *Group Amounts owed to related parties 2011 £000's* |
|---|---|---|---|---|
| MAP Print Limited | - | - | 783 | - |
| HTI Trading Limited Inc | 250 | - | 238 | - |
| Hot Tuna International Inc | 3,839 | - | 3,966 | - |
| Hot Tuna (Australia) Pty Ltd | 1,073 | - | 1,019 | - |
| CC123 Limited (Formally Hot Tuna (UK) Limited) | 2,938 | - | 2,572 | - |
| Hot Tuna (International) Inc Trust | 110 | - | - | - |
| Provision for doubtful debts | (8,210) | - | (8,578) | - |
| Total | - | - | - | - |

Remuneration of key management personnel
The remuneration of the Directors, who are the key management personnel of the Group, is set out below

| | *2012* | *2011* |
|---|---|---|
| | *£000's* | *£000's* |
| Short term employee benefits (including social security) | 196 | 174 |
| | 196 | 174 |

17 CONTINGENT LIABILITIES

As at 30 June 2012, the Group did not have any contingent liabilities or litigation outstanding not provided for.

18. POST BALANCE SHEET EVENTS

Following the disposal of the Hot Tuna brand during the year the overseas subsidiary companies are to be dissolved. Hot Tuna International Trading Limited Inc was dissolved on 1 August 2012. At the date these financial statements were approved, being 21 December 2012, the remaining subsidiaries are in the process of being dissolved.

The Directors were not aware of any significant post balance sheet events other than those set out above in the notes to the financial statements.

**DIRECTORS, ADVISERS AND OFFICERS**

| | |
|---|---|
| Registered Number | 05382036 |
| Directors | Mark Barney Battles (Executive Chairman)<br>Marcus Yeoman (Non Executive Director) |
| Company Secretary | Cargil Management Services Limited |
| Registered Office | 80-83 Long Lane<br>London EC1A 9ET<br><br>T: 020 7692 0589<br>W: www.conchaplc.com |
| Nominated Adviser and Broker | Strand Hanson<br>26 Mount Row<br>Mayfair,<br>London W1K 3SQ |
| Auditor | haysmacIntyre<br>Fairfax House<br>15 Fulwood Place<br>London WC1V 6AY |
| Share Registrar | Share Registrars Limited<br>Suite E, First Floor<br>9 Lion and Lamb Yard<br>Farnham<br>Surrey GU9 7LL |
| Bankers | Lloyds TSB plc<br>25 Gresham Street<br>London EC2V 7HN |
| Solicitors | Lawrence Graham LLP<br>4 More London Riverside<br>London SE1 2AU<br><br>Gallafents LLP<br>27 Britton Street<br>London EC1M 5UD |