

21 June 2012

## **VERDES MANAGEMENT PLC**

### **Interim Results announcement for the six months ended 31 March 2012**

Verdes Management plc, the specialist turnaround services provider, is pleased to announce its interim results for the six months to 31st March 2012.

#### **Highlights**

- Two new mandates signed, solid progress being made in their implementation
- £110,000 new equity raised

Chairman, John Matthews, commented: "I am pleased with the developments the business has made in the six month period. The business is still young but we are showing solid progress and we were delighted to sign two mandates during the period and secure two successful fundraisings. We have ambitious plans for the business and look forward to fulfilling the significant opportunities we believe lie ahead."

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## **Chairman and Chief Executive's Statement**

During the period the focus has been on increasing the stability of the business, actively marketing our services to companies and intermediaries across target sectors, and most importantly identifying and securing new mandates.

This strategic focus has resulted in two successful equity fundraisings, the first of which raised £50,000 during the period and a further £60,000 has been raised since the end of March 2012. The marketing initiative has continued apace and has successfully sourced opportunities that the management team has been able to convert to 'live' mandates. As announced on 23rd March 2012, Verdes secured its first two mandates and the team has invested considerable time and resource advancing these projects in order to deliver results.

The team, led by Adam Webb, is continuing to examine a number of new business opportunities to build the pipeline with projects which it believes could deliver value enhancing transactions for the Company. We are hopeful to sign one or two new mandates in the near future. We are continuing to receive referrals from intermediaries as a result of very proactive marketing and we are also witnessing an increasing flow of potential opportunities within the private sector. This is all testament to the marketing drive and the growing reputation of the Verdes offering.

Although companies continue to be cautious in their approach to change and banks are still reluctant to arrange new funding, we believe there are increasing opportunities for us to assist distressed companies. Importantly, outside of the traditional funding outlets, there is tangible evidence of more investment capital becoming available particularly from the private wealth sector and from overseas funds where alternative investment propositions are becoming more appealing and investors are searching for opportunities to invest in turnaround deals.

Within the financial sector in particular we believe there are a number of opportunities in the space that would benefit from working with Verdes. However, as we have previously stated, converting leads to "live" mandates in the current climate takes time as Board and management teams are still reluctant to change course. But we believe that some of these businesses will reach the point when they are compelled to merge or sell — and we are confident that we are poised ready for that moment and that we have the appropriate offering in those circumstances. We believe that this inevitable need for corporate action in the market will increase and as such Verdes will be well placed to capitalise on such mandates.

Alongside our business drive Verdes is also in the process of recruiting a new senior executive to work alongside Adam Webb and the team. We would anticipate that the right candidate will be instrumental in driving the volume of deals that Verdes can work on. We will provide an update when this appointment has been made.

## **Financial Review**

During the current period, we maintained our focus on efficient management of working capital. Administrative expenses for the 6 months ended 31st March 2012 were £416,177 (2010: £285,311) which is a result of the increase in headcount and resources. At 31st March 2012 we had cash resources of £481,544 and no debt.

We were delighted to secure two equity placings raising additional funds, and as we have previously mentioned we had always anticipated that there would be a requirement to raise additional funds in order to deliver on management's strategic objectives. We will continue to investigate further funding options over the coming months as we deem necessary,

particularly in order to allow us to recruit further resource and implement other potential strategic developments.

## **Outlook**

We believe that the business is ready for its next stage of growth. We have a committed and experienced team, and we are confident in our ability to convert those opportunities available in a growing market for our specific services. As we said in our recent annual results we have a Board with valuable expertise, a Panel and employees all of whom are very committed to the business, and we look forward to further strengthening the senior executive team to assist with the development of new business. We look forward to the future and the business's ability to deliver on our strategic objectives.

**John Matthews, Chairman**

**Adam Webb, CEO**

**Verdes Management plc**  
**Income Statement for six months ended 31st March 2012**

	Note	6 months ended 31 March 2012 (unaudited) £	6 months ended 31 March 2011 (unaudited) £	Year ended 30 September 2011 (audited) £
<b>Revenue</b>		-	-	-
Cost of Sales		-	-	-
		<hr/>	<hr/>	<hr/>
<b>Gross Profit</b>		-	-	-
Administrative expenses		(416,177)	(285,311)	(651,246)
		<hr/>	<hr/>	<hr/>
<b>Operating Profit/(Loss)</b>		(416,177)	(285,311)	(651,246)
Finance income		2,782	16	16
Finance costs		-	-	(17)
<b>Loss on ordinary activities before taxation</b>		(413,395)	(285,295)	(651,247)
Income tax expense		-	-	-
		<hr/>	<hr/>	<hr/>
<b>Profit/(loss) attributable to shareholders of the company</b>		<u>(413,395)</u>	<u>(285,295)</u>	<u>(651,247)</u>
<b>Profit/(Loss) per share attributable to the equity holders of the company:</b>				
<b>Basic profit/(loss) per ordinary share</b>	3.	<u>(0.10 pence)</u>	<u>(0.15 pence)</u>	<u>(0.23 pence)</u>
<b>Diluted profit/(loss) per ordinary share</b>	3.	<u>(0.10 pence)</u>	<u>(0.15 pence)</u>	<u>(0.23 pence)</u>

**Verdes Management plc**  
**Balance Sheet as at 31st March 2012**

	31 March 2012 (unaudited) £	31 March 2011 (unaudited) £	30 September 2011 (audited) £
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	6,866	8,951	7,702
Investments	500	-	500
	<u>7,366</u>	<u>8,951</u>	<u>8,202</u>
<b>Current assets</b>			
Trade and other receivables	22,300	29,861	13,922
Cash and cash equivalents	481,544	996,665	786,297
	<u>503,844</u>	<u>1,026,526</u>	<u>800,219</u>
<b>Total assets</b>	<u>511,210</u>	<u>1,035,477</u>	<u>808,421</u>
<b>Liabilities and Equity</b>			
<b>Current liabilities</b>			
Trade and other payables	103,540	49,814	34,856
<b>Total liabilities</b>	<u>103,540</u>	<u>49,814</u>	<u>34,856</u>
<b>Equity</b>			
Called-up equity share capital	3,138,063	3,059,004	3,121,396
Share premium account	2,080,675	1,958,380	2,049,842
Retained earnings	(4,811,068)	(4,031,721)	(4,397,673)
<b>Total Equity</b>	<u>407,670</u>	<u>985,663</u>	<u>773,565</u>
<b>Total Liabilities and Equity</b>	<u>511,210</u>	<u>1,035,477</u>	<u>808,421</u>

**Verdes Management plc**  
**Statement of Changes in Equity as at 31st March 2012**

	Share Capital	Share Premium	Merger Reserve	Retained Earnings	Total Equity
	£	£	£	£	£
Balance at 1 October 2010	2,886,921	893,462	-	(3,746,426)	33,957
Issue of shares	172,083	1,109,918	-	-	1,282,001
Share issue costs	-	(45,000)	-	-	(45,000)
Loss for period	-	-	-	(285,295)	(285,295)
At 31 March 2011	3,059,004	1,958,380	-	(4,031,721)	985,663
Issue of shares	62,392	129,855	-	-	192,247
Share issue costs	-	(38,393)	-	-	(38,393)
Profit/(Loss) for period	-	-	-	(365,952)	(365,952)
At 30 September 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)
At 31 March 2012	3,138,063	2,080,675	-	(4,811,068)	407,670

**Verdes Management plc****Cash Flow Statement for six months ended 31st March 2012**

	6 months ended 31 March 2012 (unaudited) £	6 months ended 31 March 2011 (unaudited) £	Year ended 30 September 2011 (audited) £
<b>Net cash (outflow)/inflow from operating activities</b>	(354,551)	(366,531)	(729,934)
<b>Investing activities</b>			
Purchases of property, plant and equipment	(484)	(414)	(715)
Purchases of listed investments	-	-	(500)
Interest paid	-	-	(17)
Interest received	2,782	16	16
<b>Net cash flow before financing activities</b>	<u>(352,253)</u>	<u>(366,929)</u>	<u>(731,150)</u>
<b>Financing activities</b>			
Net proceeds from issue of equity shares	47,500	1,237,001	1,390,854
<b>Net cash used in financing activities</b>	<u>47,500</u>	<u>1,237,001</u>	<u>1,390,854</u>
<b>Net (decrease)/increase in cash and cash equivalents</b>	(304,753)	870,072	659,704
<b>Opening net cash and cash equivalents</b>	786,297	126,593	126,593
<b>Closing net cash and cash equivalents</b>	<u>481,544</u>	<u>996,665</u>	<u>786,297</u>
<b>Reconciliation of operating loss to net cash outflow/inflow from operating activities</b>	6 months ended 31 March 2012 (unaudited) £	6 months ended 31 March 2011 (unaudited) £	Year ended 30 September 2011 (audited) £

Operating Profit/(Loss) from continuing activities	(416,177)	(285,311)	(651,246)
Loss on disposal of plant and equipment	-	-	300
Depreciation	1,317	1,177	2,427
<b>Operating cash flows before movements in working capital</b>	<b>(414,860)</b>	<b>(284,134)</b>	<b>(648,519)</b>
Decrease/(increase) in receivables	(8,377)	(13,888)	2,051
Increase/(decrease) in payables	68,686	(68,509)	(83,466)
<b>Net movement in working capital</b>	<b>60,309</b>	<b>(82,397)</b>	<b>(81,415)</b>
<b>Net movement in cash flow</b>	<b>(354,551)</b>	<b>(366,531)</b>	<b>(567,10)</b>
Income taxes paid	-	-	-
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(354,551)</b>	<b>(366,531)</b>	<b>(729,934)</b>

## 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 2012 have been prepared under applicable International Financial Reporting Standards adopted by the European Union ("IFRS"). The financial information for the period ended 30 September 2011 has been extracted from the statutory accounts for that period. The auditors' report on the full statutory accounts for the period ended 30 September 2011 was unqualified and did not contain a statement under section 498(2) or 498(3) of the Companies Act 2006. The financial information for the six months ended 31 March 2011 and 31 March 2012 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 2011 and are those expected to be applied for the year ended 30 September 2012.

### 3. Earnings/Loss per Share

The earnings per ordinary share have been calculated on the ordinary activities after taxation of -£413,395 (31 March 2011: -£285,295, 30 September 2011: -£651,247) using the weighted average number of ordinary shares in issue during the period being 406,678,914 (31 March 2011: 186,512,742, 30 September 2011: 281,802,743). The weighted average number of diluted ordinary shares in issue during the period was 406,678,914 (31 March 2011: 186,512,742, 30 September 2011: 281,802,743).