

ADAMS PLC
ANNUAL REPORT
FOR THE YEAR ENDED
31 MARCH 2014

ADAMS PLC

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ADAMS PLC

COMPANY INFORMATION

Directors	N C P Nelson (non-executive chairman) N J Woolard (non-executive director)
Secretary	P P Scales
Registrar and Registered office	IOMA Fund and Investment Management Limited IOMA House Hope Street Douglas Isle of Man IM1 1AP
Auditors	Jeffreys Henry LLP Finsgate 5-7 Cranwood Street London EC1V 9EE
Nominated Advisor	Cairn Financial Advisors LLP 61 Cheapside London EC2V 6AX
Broker	Peterhouse Corporate Finance Limited 31 Lombard Street London EC3V 9BQ
Crest Agent	Share Registrars Limited 27/28 Eastcastle Street London W1W 8DH
Bankers	Royal Bank of Scotland International Limited 2 Victoria Street Douglas Isle of Man IM99 1NJ Barclays Bank Plc Barclays House Victoria Street Douglas Isle of Man IM99 1AJ
Solicitors	Olswang 90 High Holborn London WC1V 6XX

ADAMS PLC

BOARD OF DIRECTORS

FOR THE YEAR ENDED 31 MARCH 2014

Nicholas Nelson

Nicholas Nelson has worked in corporate communications providing services to smaller quoted PLCs over a thirteen year period and prior to this, he spent twelve years in both market making and stockbroking. Nicholas has held directorships with a number of junior companies including five quoted on ISDX or AIM. Accordingly, he brings a range of skills relevant to Adams Plc.

Nicholas Woolard ACIB, MCSI

Nicholas Woolard is a finance industry professional with broad offshore experience focused latterly on compliance, having been a Group Compliance Officer for four years in CSP/TSP, fund administration, fund management and stockbroking businesses before being appointed to various non-executive positions. Currently Mr. Woolard is the compliance officer of one of the largest Isle of Man law practices and is also a non-executive director of two private companies.

ADAMS PLC

CHAIRMAN'S STATEMENT

FOR THE YEAR ENDED 31 MARCH 2014

We have pleasure in announcing final results for the financial year ended 31st March 2014

During the year the Board, in cooperation with shareholders and external advisers, reviewed a range of investment opportunities and I am pleased to inform you that a short list has been decided upon and is being advanced. We hope that the final choice will deliver substantial value to shareholders.

In the meantime we have been careful to run the Company on a tight budget with a very low operating overhead. In preparation for the transaction phase, since the reporting period end we encouraged our warrant holders to exercise their warrant holdings which had the effect of bringing €150,000 of additional cash to our balance sheet.

We look forward to keeping shareholders apprised as developments arise.



.....
N C P Nelson
Chairman

17 September 2014

ADAMS PLC

DIRECTORS' REPORT AND STRATEGIC REPORT

FOR THE YEAR ENDED 31 MARCH 2014

The directors present their report and financial statements for the year ended 31 March 2014.

Principal activities and review of the business

The Company is an investing company and was incorporated in the Isle of Man as a public company limited by shares under the Laws with registered number 004145V. On 8 March 2013 following an Extraordinary General Meeting, the Company adopted a new investing policy, appointed new directors and changed its name to Adams PLC.

Investing Policy

In March 2013, Adams emerged following the restructuring and change of name from Carpathian Plc, formerly an AIM quoted property investing company. Fresh funding was sourced to enable Adams to continue as an AIM company with a view to making investments in the technology and life sciences sectors.

It is the Board's intention to seek to acquire a direct and/or an indirect interest in projects and assets in the biotechnology sector, however they will consider opportunities in the wider technology sector as well as opportunities that may arise in other sectors. The Company will focus on opportunities in UK or Europe but will consider possible opportunities anywhere in the world.

It is believed that an opportunity exists to acquire and consolidate holdings in Small and Medium sized Enterprises (SME's) operating in these sectors, with the intention of creating value for Shareholders. Initially, the Company's focus will be searching for companies where there may be a number of opportunities to acquire interests in undervalued or pre-commercialisation technologies which when applied produce cost savings or revenue enhancement for customers. Early acquisition of these innovative technologies should provide maximum returns for Shareholders.

The Directors see this sector as having considerable growth potential for the foreseeable future and many of the prospects they have identified are in this sector. The Directors will focus on early stage investments and believe that any investment target will have at least one of four key components: a strong management team; an innovative product proposal; revenue enhancing or cost saving capabilities; and high growth potential.

The Company may invest by way of purchasing quoted shares in appropriate companies, outright acquisition or by the acquisition of assets, including the intellectual property, of a relevant business, or by entering into partnerships or joint venture arrangements. Such investments may result in the Company acquiring the whole or part of a company or project (which in the case of an investment in a company may be private or listed on a stock exchange, and which may be pre-revenue), and such investments may constitute a minority stake in the company or project in question. The Company will not have a separate investment manager.

The Company may be both an active and a passive investor depending on the nature of the individual investments. The Board will place no minimum or maximum limit on the length of time that any investment may be held and therefore a short term disposal of any investments cannot be ruled out.

The Directors will however ensure that any investments meet strict due diligence criteria and the primary focus will be on companies post viability testing phase, to mitigate risk associated with early stage investment. This will not preclude the Company from considering investments in suitable projects in other regions and sectors where there are high-growth opportunities.

Fair review of the business

The Directors are satisfied with the results for the year.

Principal risks and uncertainties

The principal risks faced by the Company are economic factors, fluctuations in exchange rates and the ability to secure future investments. The nature of the investments made by the Company will always have an element of risk but the Company will always seek to insure its investments against the risks that can be identified. Even the largest companies and banks sometimes fail but the Company undertakes substantial due diligence prior to making any investment and as closely as possible monitors the progress of the investment and the performance of the management.

ADAMS PLC

DIRECTORS' REPORT AND STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

Key performance indicators

Since the Company had no turnover, there are no performance indicators relative to revenue and gross margin. There was no significant capital expenditure in the year. The key performance indicators currently used by the Company are overheads and cash resources. The Company intends to establish other key performance indicators in due course once the Company has matured sufficiently. The Company does not use and does not at present intend to use non-financial key performance indicators.

Results and dividends

The results for the year are set out on page 9. There were no dividends proposed or paid in the year.

Future developments

The Company is involved in discussions with a number of parties for the investment into projects or businesses which meet the Company's objectives and investment criteria. Many such discussions are aborted at various stages if the Directors are unhappy with any aspect of the proposals. If the Directors are happy to continue discussions a more detailed due diligence investigation is undertaken invariably using external consultants. Progress reports are made on the due diligence to the investment committee which decides whether to continue the due diligence or abort.

Directors

The following Directors have held office since 1 April 2013:

N C P Nelson	
N Woolard	
R P Macnamara	(Resigned 8 March 2013)
P R Cottrell	(Resigned 8 March 2013)
P P Scales	(Resigned 8 March 2013)
T G Walker	(Resigned 8 March 2013)

Secretary

The secretary of the Company holding office for the year ended 31 March 2014 was P P Scales.

Creditor payment policy

The Company's policy is to pay creditors within the agreed terms which are generally no more than 30 days.

Financial instruments

The Company has not entered into any financial instruments to hedge against interest rate or exchange rate risk.

Auditors

Our auditors, Jeffreys Henry LLP, being eligible, have expressed their willingness to continue in office in accordance with Section 12(2) of the Isle of Man Companies Act 1982.

Corporate Governance Principles

As an Isle of Man registered Company and under the AIM rules for companies, the Company is not required to comply with the UK Corporate Governance Code published by the Financial Reporting Council ("Code"). The Directors, however, place a high degree of importance on ensuring that the Company maintains high standards of Corporate Governance and have therefore adopted the spirit of the Code to the extent that they consider appropriate, taking into account the size of the Company and nature of its operations.

The Board holds at least four meetings annually and has established audit and remuneration committees.

Composition of the Board

The Board currently comprises two non-executive members.

ADAMS PLC

DIRECTORS' REPORT AND STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

Directors' remuneration

Details of the Directors' fees are shown below.

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
N. C. P. Nelson	14	1
N. J. Woolard	12	-
	<u>26</u>	<u>1</u>

Directors' interest

As at 31 March 2014 none of the Directors held interest in the Company's shares.

Financial risk management

The Company has instigated certain financial risk management policies and procedures which are set out in note 3 to the financial statements.

Events after the reporting period

The Company has raised further capital of €150,000 through the exercise of warrants.

Following the year end 31 March 2014, the Board of Adams was informed that the Polish subsidiaries lost their appeals against local property tax assessments and there were no remaining other material assets, contingent or otherwise, in the remaining subsidiary companies. Accordingly all the remaining subsidiaries will be liquidated and this process will absorb the remaining cash reserves which were established at the time of the EGM for that purpose. Accordingly the directors of Carpathian Properties sàrl have determined that there is no surplus available for distribution to Qualifying Shareholders. Following this determination, Adams has been released from its obligations under the Deed Poll and has sold its remaining interest in the subsidiaries for a nominal sum to the former portfolio asset manager, Carpathian Asset Management Limited, itself in the process of liquidation.

Going concern

After making enquiries, the Directors have formed a judgement at the time of approving the financial statements that there is an expectation that the Company has adequate working capital resources to continue its operations in the foreseeable future. The financial statements have accordingly been prepared on a going concern basis.

Indemnity of officers

The Company has Directors' and Officers' Insurance to cover against legal action brought against its Directors and officers.

ADAMS PLC

DIRECTORS' REPORT AND STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 MARCH 2014

Statement of Directors' responsibilities

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

The Directors have elected to prepare the financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union. The financial statements are required to 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 these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether the company financial statements have been prepared in accordance with IFRS as adopted by the European Union subject to any material departures disclosed and explained in the Financial Statements;
- 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 proper 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website. Legislation governing the preparation and dissemination of financial statements may differ from one jurisdiction to another.

Statement of disclosure to auditors

- So far as the Directors are aware, there is no relevant audit information of which the Company's auditors are unaware; and
- each Director has taken all the steps that he ought to have taken as Director in order to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

On behalf of the board



.....
N C P Nelson
Non-executive Chairman



.....
N J Woolard
Non-executive Director

17 September 2014

ADAMS PLC

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ADAMS PLC

We have audited the financial statements of Adams PLC for the year ended 31 March 2014, which comprise the statement of comprehensive income, statement of financial position, statement of changes in equity, statement of cash flows and related notes on pages 9 to 22. 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. 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 auditors' 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 pages 4 - 7, 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 Ethical Standards for Auditors.

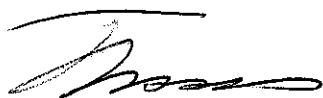
Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the 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 and Strategic Report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 March 2014 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union



**Jonathan Isaacs (Senior Statutory Auditor)
for and on behalf of Jeffrey's Henry LLP**

**Chartered Accountants
Statutory Auditor**

17 September 2014

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

ADAMS PLC

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Impairment of loans to subsidiary	10	-	(9,887)
Impairment of interest receivable from subsidiary	10	-	(18,128)
Net foreign exchange (loss)		(2)	(363)
Administrative expenses	5	(101)	(88)
Other income		-	125
Net change in fair value of financial assets at fair value through profit or loss	9	(18)	-
Operating loss	5	(121)	(28,341)
Finance income	6	-	20,155
Loss on ordinary activities before taxation		(121)	(8,186)
Tax on loss on ordinary activities	7	-	-
Loss for the year		(121)	(8,186)
Total comprehensive loss for the year		(121)	(8,186)
Basic and diluted loss per share	15	(1)€c	(260)€c

Since there is no other comprehensive loss, the loss for the year is the same as the total comprehensive loss for the year attributable to the owners of the Company.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

ADAMS PLC

STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2014

		31 March 2014	31 March 2013
	Notes	€'000	€'000
Assets			
Non-current assets			
Investments	9	14	115
Current assets			
Trade and other receivables	11	7	11
Cash and cash equivalents	12	117	139
		124	150
Total assets		<u>138</u>	<u>265</u>
Equity and Liabilities			
Called up share capital	14	2,448	2,448
Share premium	14	133	133
Accumulated deficit		(2,456)	(2,335)
Total equity		<u>125</u>	<u>246</u>
Current liabilities			
Trade and other payables	13	13	19
Total current liabilities		<u>13</u>	<u>19</u>
Total liabilities		<u>13</u>	<u>19</u>
Total equity and liabilities		<u>138</u>	<u>265</u>

The financial statements were approved and authorised for issue by the Board on 17 September 2014 and signed on its behalf by:



.....
N C P Nelson
Director

The accompanying accounting policies and explanatory notes form an integral part of the financial statements

ADAMS PLC

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2014

	Notes	Share Capital €'000	Share Premium €'000	Accumulated (Losses) €'000	Total €'000
At 1 January 2012		2,309	42,522	(31,474)	13,357
Changes in equity					
Total comprehensive loss		-	-	(8,186)	(8,186)
Dividends declared	8	-	-	(5,197)	(5,197)
Issue of shares		139	133	-	272
Reconstruction		-	(42,522)	42,522	-
At 31 March 2013		<u>2,448</u>	<u>133</u>	<u>(2,335)</u>	<u>246</u>
At 1 April 2013		2,448	133	(2,335)	246
Changes in equity					
Total comprehensive loss		-	-	(121)	(121)
At 31 March 2014		<u>2,448</u>	<u>133</u>	<u>(2,456)</u>	<u>125</u>

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Retained losses represent the cumulative loss of the Company attributable to equity shareholders.

Further details of the reconstruction are set out in note 14.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

ADAMS PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Net cash from operating activities	1 (123)	(29,781)
Cash flows from investing activities		
Receipts from sales of investments/payments to acquire investments	101	(115)
Interest received	-	27
Loan (advance to)/repayment from subsidiary	-	(9,723)
Net cash used in investing activities	101	(9,811)
Cash flows from financing		
Issue of ordinary share capital	-	272
Dividends paid	-	(5,197)
Net cash from financing activities	-	(4,925)
Net (decrease) in cash and cash equivalents	(22)	(44,517)
Cash and cash equivalents at beginning of period	139	44,656
Cash and cash equivalents at end of period	117	139

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

ADAMS PLC

NOTES TO THE STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2014

1 Reconciliation of operating loss to net cash outflow from operating activities

	Year ended 31 March 2014	Period ended 31 March 2013
	€'000	€'000
Loss for the year	(121)	(8,186)
Net other finance income	-	(20,155)
Impairment of investments and loans receivable	-	28,031
Decrease in trade and other receivables	4	384
(Decrease) in trade and other payables	(6)	(29,855)
Net cash outflow from operating activities	(123)	(29,781)

2 Analysis of net cash	1 April 2013	Cash flow	Other non-cash changes	31 March 2014
	€'000	€'000	€'000	€'000
Net cash:				
Cash at bank and in hand	139	(22)	-	117
Liquid resources:				
Current asset investments	-	-	-	-
Debt:				
Debts falling due after one year	-	-	-	-
Net cash	139	(22)	-	117

3 Reconciliation of net cash flow to movement in net cash	Year ended 31 March 2014	Period ended 31 March 2013
	€'000	€'000
Decrease in cash in the year/period	(22)	(44,517)
Movement in net cash in the year/period	(22)	(44,517)
Opening net cash	139	44,656
Closing net cash	117	139

ADAMS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

1 General information

Adams PLC is a company incorporated and domiciled in the Isle of Man. The address of the registered office is disclosed on the company information page at the front of the annual report. The principal activities of the Company are described in the Directors' report and strategic report.

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below.

2.1 Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS). IFRS comprises of standards issued by the International Accounting Standards Board (IASB) and the interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) as adopted by the European Union (EU).

Preparation of financial statements

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

New and amended standards adopted by the Company

There are no IFRSs or IFRIC interpretations that are effective for the first time for the financial year beginning on or after 1 April 2013 that would be expected to have a material impact on the Company.

Standards, interpretations and amendments to published standards that are not yet effective.

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the financial year beginning 1 April 2013 and have not been early adopted:

Reference	Title	Summary	Application date of standard	Application date of Group
Amendments to IFRS 2, IFRS 3	Amendments resulting from Annual Improvements 2010-12 Cycle	IFRS 2: clarifies definition of vesting conditions IFRS 3: clarifies contingent consideration in a business combination	1 July 2014	1 July 2014
Amendments to IAS 19	Defined Benefit Plans: Employee Contributions	Clarifies that the treatment of contributions when they are independent of the number of years of service	Periods commencing on or after 1 July 2014	1 January 2015
IFRS 9	Financial Instruments	Revised standard for accounting for financial instruments	Periods commencing on or after 1 January 2015	1 January 2015

ADAMS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

2.1 Basis of preparation (continued)

Standards, interpretations and amendments to published standards that are not yet effective (continued)

IAS 36	Impairment of assets	Limited scope amendments to disclosure requirements	Periods commencing on or after 1 January 2014	1 January 2014
IAS 39	Hedge accounting and novation of derivatives	Provides relief from discontinuing hedge accounting when novation of a hedging instrument to a central counterparty meets specified criteria	Periods commencing on or after 1 January 2014	1 January 2014
IFRS 21	Accounting for levies imposed by governments	Clarifies that the obligating event giving rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy	Periods commencing on or after 1 January 2014	1 January 2014
IFRS 10, IFRS 12, IAS 27	Exception from consolidation for "investment entities"	Amendments have been made to define an "investment entity" and to introduce an exception from consolidation and the required disclosures	Periods commencing on or after 1 January 2014	1 January 2014
IAS 32	Financial instruments: Presentation	Clarifies the requirements for offsetting of financial assets and financial liabilities	Periods commencing on or after 1 January 2014	1 January 2014
IFRS 14	Regulatory deferral accounts	Aims to enhance the comparability of financial reporting by entities subject to rate-regulations	Periods commencing on or after 1 January 2016	1 January 2016

2.2 Going concern

The financial statements have been prepared on a going concern basis.

When assessing the foreseeable future, the Directors have looked at a period of at least twelve months from the date of approval of this report. The forecast cash-flow requirements are to be financed by funds held at the date of this report.

After making enquiries, the Directors firmly believe that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the financial statements.

ADAMS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

2.3 Compliance with accounting standards

The financial statements are prepared in accordance with applicable accounting standards.

2.4 Finance income

Finance income represents amounts receivable from related parties and banks.

2.5 Investments

Listed investments are designated at fair value through profit or loss.

2.6 Deferred taxation

Deferred taxation is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

2.7 Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the company at the statement of financial position date approximated their fair values, due to relatively short term nature of these financial instruments.

2.8 Trade payables and other non-derivative financial liabilities including long term payables

Trade payables and other creditors are non-interest bearing and are measured at cost.

2.9 Equity

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from proceeds.

2.10 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

2.11 Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the Directors' best estimate of the expenditure required to settle the obligation at the statement of financial position date, and are discounted to present value where the effect is material.

2.12 Taxation

The charge for current tax is based on the results for the period as adjusted for items which are non-assessable or disallowed. It is calculated using rates that have been enacted or substantively enacted by the balance sheet date.

ADAMS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

2.13 Foreign currencies

The functional currency of the Company is considered to be the Euro. It is the currency of the primary economic environment in which it operates. For the purpose of the financial statements, the results and financial position of the Company are presented in Euros as the Company is listed on AIM and its share price is quoted in Euros.

3 Financial risk management

The Company may use a limited number of financial instruments, comprising cash, short-term deposits and various items such as other receivables and other payables, which arise directly from operations. The Company does not trade in financial instruments.

3.1 Financial risk factors

The Company's activities may expose it to a variety of financial risks: foreign exchange risk, and credit risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

a) Foreign exchange risk

The Company incurs expenses subject to foreign currency fluctuations.

b) Credit risk

Credit risk arises from cash and cash equivalents and deposits with banks and other financial institutions as well as credit exposures to wholesale and retail customers, including outstanding receivables. The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit-rating agencies.

c) Interest rate risk

The Company does not have any borrowings and therefore there is currently no risk associated with movements in market rates of interest.

d) Liquidity risk

The Company is careful to ensure that its loans and investments can be realised prior to the due date for the repayment of any liabilities.

e) Capital risk

The Company takes great care to protect its capital investments. Significant due diligence is undertaken prior to making any investment. The investment is closely monitored and wherever possible risks of a capital nature are insured.

f) Market risk

The Company may operate in many different geographical markets. A general economic downturn at a global level, or in one of the world's leading economies, could impact on the company. In addition, terrorism and other hostilities, as well as disturbances in worldwide financial markets, could have a negative effect on the company. Regulatory requirements, taxes, tariffs and other trade barriers, price or exchange controls or other governmental policies could also limit the company's operations. These risks are also applicable to most companies and the risk that Adams PLC will be more affected than the majority of companies is assessed as small.

ADAMS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

3.2 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure appropriate for its growth plans.

In order to maintain or adjust the capital structure the Company may issue new shares or alter debt levels.

4 Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Company makes estimates and assumptions concerning the future. Actual results could differ from those estimates. There are no estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year.

5 Operating loss and expense analysis by nature

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Operating loss is stated after charging:		
Directors emoluments	26	146
Fees payable to the Company's auditor for the audit of the Company's annual accounts	13	9
Legal and professional fees	41	218
Investor relations	15	26
Other administrative expenses / release of provisions	6	(311)
Total administrative expenses	<u>101</u>	<u>88</u>

6 Finance income

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Interest income from financial institutions	-	27
Interest income from subsidiary	-	20,128
	<u>-</u>	<u>20,155</u>

7 Taxation

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Total current tax	<u>-</u>	<u>-</u>

The Company is subject to income tax at the rate of 0% in the Isle of Man and, accordingly, no tax has been provided for in these financial statements.

The Company may be subject to withholding taxes in relation to income from investments, or investment realisation proceeds or gains, and such amounts will be accounted for as incurred."

ADAMS PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2014

8 Dividends

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Special dividend, paid 2013	-	5,197
	<u>-</u>	<u>5,197</u>

9 Financial assets at fair value through profit and loss

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Equity investments	14	115
Cash at bank	117	139
	<u>131</u>	<u>254</u>
Net change in fair value of financial assets at fair value through profit or loss		
Movement in unrealised (gain)/losses on investments	(10)	8
Realised losses/(gains) on investments	28	(2)
	<u>18</u>	<u>6</u>

10 Loan to former subsidiary

Following the annual review, a further impairment provision of €nil (2013 - €9.9 million) was made during the period.

During the period ended 31 March 2013 a provision of €18.1 million was also made for impairment of interest receivable from a former subsidiary. No such provision was necessary in the year ended 31 March 2014.

The Company and its former subsidiaries Carpathian Holdings S.à.r.l. and Carpathian Properties S.à.r.l. have entered into a Deed Poll. The Deed Poll provides for any amounts received by the Company and/or those Luxembourg Subsidiaries from other Subsidiaries of the Company (less costs incurred in connection with the solvent liquidation of the Subsidiaries) to be paid out to the Qualifying Shareholders.

The Directors are of the opinion that the subsidiaries could be excluded from consolidation on the grounds that there are severe long-term restrictions that substantially hinder the exercise of the rights of the parent over the assets or management of the subsidiaries.

11 Trade and other receivables

	31 March 2014 €'000	31 March 2013 €'000
Prepayments and accrued income	7	11
	<u>7</u>	<u>11</u>

The carrying amount of other current assets approximates to its fair value.

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12 Cash and cash equivalents

For the purposes of the Statement of Cash Flows, cash and cash equivalents include cash at banks and on hand and deposits with banks. Cash and cash equivalents at the end of the reporting period as shown in the Statement of Cash Flows can be reconciled to the related items in the Statement of Financial Position as follows:

	31 March 2014 €'000	31 March 2013 €'000
Cash and cash equivalents	117	139

The carrying amount of cash and cash equivalents approximates to its fair value.

13 Trade and other payables

	31 March 2014 €'000	31 March 2013 €'000
Trade payables	3	10
Accruals and deferred income	10	9
	13	19

Accruals principally comprise amounts outstanding for ongoing expenses. The carrying amount of other payables approximates to its fair value.

14 Share capital and share premium

	Number of shares issued and fully paid	Share capital €'000	Share premium €'000
At 1 January 2012 – Ordinary Shares	230,957,973	2,309	42,522
Capital reorganisation (see below)	(228,648,394)	-	(42,522)
Issue of new A shares	13,856,727	139	133
At 31 March 2013	16,166,306	2,448	133
At 1 April 2013	16,166,306	2,448	133
At 31 March 2014	16,166,306	2,448	133

A resolution was passed at the 2010 Annual General Meeting approving changes to the Articles of Association on 6 August 2010. In accordance with the Articles, the authorised share capital of the Company amounts to €3,575,000, comprising 350,000,000 Ordinary Shares of 1 euro cent each and 750,000,000 Unclassified Shares of 0.01 euro cent each.

On 8 March 2013 the Company reorganised its Ordinary Shares whereby every 100 of the existing Ordinary Shares of 1 euro cent each were consolidated into one new "A" Ordinary Share of €1.00 which in turn was then sub-divided into one new Ordinary Share with a par value of €0.01 and one Deferred Share with a par value of €0.99.

On 8 March 2013, the Company issued 13,856,813 "A" Ordinary Shares by way of a placing at 2.165 euro cents each to its shareholders.

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14 Share capital and share premium (continued)

As at 31 March 2014, 2,309,579 deferred shares of €0.99 par value each were outstanding.

Holders of the Ordinary Shares are entitled to receive dividends and other distributions and to attend and vote at any general meeting.

Holders of all other shares are entitled to receive dividends and other distributions declared on those shares, but are not entitled to any further right of participation in the profits of the Company and are not entitled to attend and vote at any general meeting unless the business of the meeting includes the consideration of a resolution for the winding-up of the Company.

15 Loss per share

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of ordinary shares in issue during the period:		
Loss after tax attributable to equity holders of the Company	(121)	(8,186)
Weighted average number of ordinary shares	16,166,306	3,144,785
Basic and diluted loss per share	<u>(1)€c</u>	<u>(260)€c</u>

16 Directors' remunerations and fees

	Year ended 31 March 2014 €'000	Period ended 31 March 2013 €'000
Remuneration for qualifying services	<u>26</u>	<u>146</u>

17 Employees

Number of employees

The average monthly number of employees (including Directors) during the year was:

	Year ended 31 March 2014 Number	Period Ended 31 March 2013 Number
Directors	<u>2</u>	<u>4</u>
	<u>2</u>	<u>4</u>

Employment costs

	Year ended 31 March 2014 €'000	Period Ended 31 March 2013 €'000
Directors remuneration	<u>26</u>	<u>146</u>

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FOR THE YEAR ENDED 31 MARCH 2014

18 Control

At the date of the annual report, in the Directors opinion there is no one controlling party. The Directors owned none of the share capital of the Company as at 31 March 2014.

19 Related party relationships and transactions

The Company has related party relationships with its subsidiaries, companies it has an investment in and transactions with companies that have common management.

During the year, the Company entered into the following transactions with related parties:

	2014 Payables €'000	2014 Income/ (Expenses) €'000	2013 Payables €'000	2013 Income/ (Expenses) €'000
Trading transactions				
Accounting and administration fee charged by IOMA Fund and Investment Management Ltd	(2)	(8)	-	-
Management fees receivable from Carpathian Eta Kft	-	-	-	125
Management fees payable to Carpathian Asset Management Limited	-	-	-	(18)
	<u>(2)</u>	<u>8</u>	<u>-</u>	<u>107</u>

18 Contingent liabilities

The Company has no contingent liabilities in respect of legal claims arising from the ordinary course of business.

19 Capital commitments

There was no capital expenditure contracted for at the end of the year but not yet incurred.

20 Events after the reporting period

Following the year end 31 March 2014, the Company issued 6,928,406 ordinary shares as result of shareholders exercising warrants. Warrants were vested at a price of €0.02165 per warrant, and ordinary shares were issued on a one for one basis with warrants, resulting in €150,000 capital injection.

Following the year end 31 March 2014, the Board of Adams was informed that the Polish subsidiaries lost their appeals against local property tax assessments and there were no remaining other material assets, contingent or otherwise, in the remaining subsidiary companies. Accordingly all the remaining subsidiaries will be liquidated and this process will absorb the remaining cash reserves which were established at the time of the EGM for that purpose. Accordingly the directors of Carpathian Properties sàrl have determined that there is no surplus available for distribution to Qualifying Shareholders. Following this determination, Adams has been released from its obligations under the Deed Poll and has sold its remaining interest in the subsidiaries for a nominal sum to the former portfolio asset manager, Carpathian Asset Management Limited, itself in the process of liquidation.