KENNEDY VENTURES plc

ANNUAL
REPORT
2012

Contents

Directors and Advisers

DIRECTORS

P Redmond *Chairman*
C J Yates *Director*

FINANCIAL ADVISERS, NOMINATED ADVISER AND JOINT STOCKBROKERS

Cenkos Securities plc
6,7,8 Tokenhouse Yard
London EC2R 7AS

JOINT STOCKBROKERS

Peterhouse Corporate Finance Ltd
31 Lombard Street
London EC3V 9BQ

SOLICITORS

Morrison & Foerster
CityPoint
One Ropemaker Street
London EC2Y 9AW

BANKERS

Lloyds Banking Group
2 City Place, Beehive Ring Road
Gatwick RH6 0PA

AUDITOR

Deloitte LLP
1 Woodborough Road
Nottingham NG1 3FG

REGISTRARS

Capita Registrars, The Registry
34 Beckenham Road, Beckenham
Kent BR3 4TU

Registered in England and Wales Number 05697574

Chairman's statement

During the financial period under review, the Company has undergone a substantial operational and financial restructuring The Company's operational businesses were disposed of in their entirety or were closed down However this was not sufficient to restore the Company to financial solvency and it was therefore decided by the then Board to put the Company into a Company Voluntary Arrangement ("CVA") in order to provide some return to creditors and some residual value to shareholders

The CVA was approved by creditors and shareholders on 25 May 2012 when it was also resolved to dispose of the Group's remaining assets and to carry out a capital reorganisation. The Company adopted a new investing policy which is to seek investments in the resources and energy sectors and the Company changed its name to Kennedy Ventures plc A placing of 2,500,000,000 new ordinary shares at a price of 0 02p was completed, raising £500,000 before expenses – of which some £122,000 is being applied to meeting the creditor settlement under the CVA. The CVA is nearing completion now, as more fully detailed in the Directors' Report

The circumstances leading to the CVA were fully described in the Circular to Shareholders dated 8 May 2012 and I shall not repeat them in detail In summary, the then Board disposed of the Compliance Division in August 2011 for £3 million to a division of The Capita Group plc as they did not consider the Company had sufficient resources to develop this activity. In November 2011, they disposed of the Group's remaining business, the MSS Building Services division, to Rentokil Initial plc, the initial agreed terms were for a consideration of £6.5 million but the final adjusted consideration was agreed at £4 1 million, a figure materially below the then Board's expectations

As a result of the decrease in consideration, the then Board decided that the Group would not be able to meet its long term liabilities, principally a long term lease entered into by previous management They therefore decided that the only viable course other than liquidation was the CVA previously referred to

The qualification to the accounts arises from the fact that we were unable to gain access within the necessary timescale to the books and records of the MSS Building Services and Compliance divisions for those months during which they remained part of the Group Since this period preceded the CVA and refinancing, this has had no impact on the accuracy of the balance sheet presented to shareholders or the total quantum of the loss for the period In addition, the Group balance sheet includes approximately £110,000 of non-trading subsidiary companies liabilities which are not guaranteed by the Company and are not intended to be settled The Company balance sheet, showing net assets of £238,000, gives a better indication of the effective net asset position of the Group

Following approval of the CVA and the placing, the then Board resigned in its entirety and I joined the Board, as Chairman, along with my colleague Chris Yates

Since then, we have been engaged in reviewing a range of investment opportunities in trading businesses as well as dealing with a number of outstanding administration issues Our focus is principally in the energy and resources sectors where we are seeking a suitable reverse opportunity that will bring capital growth for shareholders. However, we are also looking at other smaller opportunities which will hopefully give the potential for more immediate returns

We have to date made one such investment – a loan and share investment of $85,000 within an overall fundraise of $7.6 million in Bison Energy Services Limited, a company that has been established to invest principally in the supply of frac sand to the growing US fracking industry

Frac sand is a necessary ingredient in the fracking process in which fractures are propagated in a rock layer to enable the release of oil and gas from the rock formations, a technique which gives access to vast reserves of formerly inaccessible hydrocarbons

Chairman's statement continued

The proceeds of Bison's fundraising have principally been used to complete the acquisition of certain property in Wisconsin, USA on which deposits of Northern White sand, a high quality frac sand, are located – this sand only tends to be found in Wisconsin and Minnesota. These deposits are well located to supply the oil shale areas in northern USA, including the Bakken Shale area in North Dakota which is one of the largest oil deposits in the USA.

Your Directors believe that this investment, which has been made on particularly favourable terms, has the potential to deliver substantial returns in the short to medium term

We will continue to seek opportunities both in terms of investments and in seeking a more substantial transaction in the coming months

I would like to close by thanking the Company's staff and advisers who have contributed to giving it a new and hopefully profitable lease of life

Peter Redmond
Chairman

Directors' Report

The Directors present their report and the audited consolidated financial statements for the period ended 30 June 2012 The comparative period was for the year ended 31 March 2011

DIRECTORS AND THEIR INTERESTS

The current Directors of the Company are

P Redmond – Chairman

Peter Redmond was appointed as a Director on 25 May 2012 He is an experienced corporate financier and has some 30 years' experience in corporate finance and venture capital He has gained particular experience in the field of reverse takeovers and mergers He became director of corporate finance at Durlacher Limited in 2003, and then joined Merchant House Group PLC where he later became Chief Executive. He has been active in reconstructing a number of AIM companies which have subsequently acquired or established operating businesses He is currently Chairman of AIM-quoted Leed Resources plc and of Pires Investments plc

C J Yates – Director

Christopher Yates was appointed as a Director on 25 May 2012 He has been a corporate financier for nearly 30 years involved mainly with smaller quoted companies. He qualified as a chartered accountant in 1978 and, following a secondment to the London Stock Exchange, joined the corporate finance department of Laing & Cruickshank (which became Credit Lyonnais Securities) He worked on flotations, fund raisings, take-overs, acquisitions and disposals for small quoted companies including a number of investment companies. In January 2003 he joined Corporate Finance Partners Limited, a small corporate finance advisory firm of which he is still a director He is director and company secretary of the AIM-quoted investment company, Pires Investments plc From 1999 until 2006, he was a member of the Corporate Governance Committee of the Quoted Companies Alliance (and chairman between 2001 and 2006)

The Directors who held office during the period and their beneficial interest in the ordinary shares of the Company were as follows

Ordinary shares	30 June 2012 *(see note 1)* Number	31 March 2011 *(see note 2)* Number
S D Beart (resigned 25 May 2012)	2,686,215	2,686,215
P L S Wilson(resigned 25 May 2012)	650,000	650,000
J Reynolds (resigned 7 December 2011)	634,321	634,321
I R Mann (resigned 25 May 2012)	282,000	282,000
E J McAlpine (resigned 4 August 2011)	314,000	314,000
P Redmond (appointed 25 May 2012)	–	–
C J Yates (appointed 25 May 2012)	–	–

Loan Notes	30 June 2012 *(see note 1)* Number	31 March 2010 *(see note 2)* Number
S D Beart	–	100,000
P L S Wilson	–	5,000
J Reynolds	–	15,000
I R Mann	–	20,000

Notes.

1 At the date of resignation in the case of a Director who ceased to hold office during the period
2 At the date of appointment in the case of a Director appointed since 31 March 2011

Directors' Report continued

Details of the Directors' incentive and options arrangements are set out in the Remuneration Report

MATERIAL INTERESTS

So far as the Board is aware, no Director had any material interest in a contract of significance (other than service contracts) with the Company or its subsidiary companies during the period

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the Company is as an investment company with the investing policy adopted at a general meeting of the Company on 25 May 2012. The Company's Investing Policy will be to invest principally, but not exclusively in the resources and energy sectors The Company will initially focus on projects located in Asia but will also consider investments in other geographical regions The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings

The principal activity of the Group at the start of the period was the provision of Building Services and Compliance Services The previous trades of the Group ceased during the period with the sale or closure of the businesses All the subsidiaries of the Company have been or are in the course of being dissolved or are about to be dissolved or liquidated

The review of the period is contained within the Chairman's statement.

The results for the Group are set out in the consolidated profit and loss account on page 13

The Directors recommend that there is no dividend payment for the period ended 30 June 2012 (March 2011 nil)

The Chairman's statement provides a balanced and comprehensive analysis of the development and performance and results of the Company and the Group during the period and the balance sheet position of the Group at the end of that period in the context of the Company's current activities

As the Company has ceased to have any operations or to own subsidiaries involved in trading operations, the going concern basis for the preparation of the accounts is not appropriate under International Financial Reporting Standards and accordingly assets and liabilities are recorded at their fair values Notwithstanding this, the Directors believe that the Company has adequate resources to continue its investing activities for the foreseeable future.

Principal risks and uncertainties

The Company's business is to identify, make, manage and realise investments in accordance with the Company's stated investing policy As the Company's subsidiaries at the period end have been, are in the course of being or are about to be liquidated or dissolved, the risks and uncertainties going forward are solely those which relate to the Company The Directors consider the following risks to be the most material or significant for the management of the business These issues do not purport to be a complete list or explanation of all the risk factors facing the Company In particular the Company's performance may be affected by changes in the market and/or economic conditions and changes in legal, regulatory or tax requirement legislation Additional risks and uncertainties not presently known by the Company or that the Company currently deems immaterial may also impact the business.

- ***Unable to invest***

The Directors may be unable to indentify investments which are consistent with the Company's investment policy which are available at a price which the Directors consider suitable, which would limit the potential for the Company's value to grow

- ***Unavailability of finance***

The Directors may identify suitable investments at what they believe to be a suitable price but which may require more funds than are available to the Company and the Company may then be unable to raise further funds at all or on terms which the Directors consider acceptable

- ***Investment risk***

Once an investment has been made, the underlying business invested in may not perform as the Directors had expected and this may impair or eliminate the value of the Company's investment

Directors' Report continued

- ***Realisation risk***

Once an investment has been made, it may not prove possible to realise the investment at the time the Directors intend or only to realise it at a value which damages the Company's value

The Board of Directors monitors these risks and the Company's performance on a regular basis, considering investment proposals, the performance of investments made and opportunities for divestment as appropriate as well as considering the actual performance of the Company against budgets

FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company's activities will expose it to a small number of financial risks including credit risk and investment risk. It has no borrowings at the current time and no immediate intention of introducing borrowings It is the Company's policy that no speculative trading in financial instruments shall be undertaken.

- ***Credit risk***

The Company's principal financial assets are investments made and bank balances and cash and the Board consider there is limited credit risk

- ***Investment risk***

The Company is expected to make investments whose value may fluctuate

CREDITORS' VOLUNTARY ARRANGEMENT

On 25 May 2012, the Company's creditors and members approved a creditors' voluntary arrangement ("CVA") proposed by the previous directors of the Company who resigned on that day. Since this approval, the Supervisor of the CVA has been establishing valid claims against the Company and the opportunity for proving such claims has now closed In the near future, it is expected that the Supervisor will despatch payments in respect of valid claims at the rate set in the approved arrangement, being nine pence in the pound Following such payment there will be a short period during which creditors whose claims were not agreed as valid can challenge the Supervisor's decision Then, following agreement of the claim by HMRC, the Supervisor will be in a position to conclude the CVA

SUPPLIER PAYMENT POLICY

Following the approval of the Company's CVA, it is the Company's policy to settle debts with its creditors on a timely basis, taking into consideration the terms and conditions offered by each suppliers At 30 June 2012, the number of creditor days outstanding for the Group that were not subject to the CVA arrangement was 30 days (31 March 2011 58 days)

CAPITAL STRUCTURE

Details of the issued share capital are shown in note 22 The Company has one class of ordinary shares which carries no right to fixed income Each share carries the right to one vote on a poll at general meetings of the Company

As part of the re-organisation of the Company's share capital which was approved on 25 May 2012, the ordinary shares of 1p each which were in issue were subdivided into one ordinary share of 0.01p and a deferred share of 0 99p. The entire class of deferred shares were then purchased by the Company for cancellation for an aggregate consideration of one pence out of the proceeds of the issue of 2,500,000,000 new ordinary shares subscribed for by investors in May 2012

There are no specific restrictions on the size of a holding nor on the transfer of shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation The Directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights

Notes 24 and 25 of the Financial Statements set out details of the employee share schemes which existed during the period and of the potential share issues thereunder All of the options and other arrangements with potential for share issues to emloyees have now lapsed

No person has any special rights of control over the Company's share capital and all issued shares are fully paid.

Directors' Report continued

With regard to the appointment and replacement of directors, the Company is governed by its Articles of Association, the Combined Code, the Companies Acts and related legislation The Articles themselves may be amended by special resolution of the shareholders.

On 31 March 2011 convertible loan notes with a nominal value of £500,000 were issued and were redeemed during the period These notes paid interest semi annually at a rate of 7% and were convertible into new ordinary shares of the Company, at a conversion price of 5p, by a note holder

SUBSTANTIAL SHAREHOLDINGS

The Board has been notified of the following disclosures in respect of shareholders with an interest in 3 per cent. or more of the issued share capital of the Company at 28 September 2012

	Number of ordinary shares	%
Gledhow Investments plc	500,000,000	18 45%
Client of Redmayne Nominees Limited	401,500,000	14 82%
Deutsche Bank (Suisse) SA	137,500,000	5.07%

Close company status

In the opinion of the Directors, the Company is not a close company within the provisions of section 414 of the Income and Corporation Taxes Act 1988.

Directors' and Officers' liability insurance

The Company has liability insurance for its Directors and officers as permitted by the Companies Act 2006.

Key Performance Indicators

The Company considers investment value (and thus net asset value) as its principal key performance indicator following cessation of the Group's previous activities. These are reported in the financial statements, monitored monthly and reviewed at Board meetings

EMPLOYEES

The Directors do not intend in the short term to have a significant number of employees. To the extent that the Company becomes an employer, it is the Directors intention that it will be an equal opportunities employer

CORPORATE GOVERNANCE STATEMENT

The Company, being listed on AIM, is not required to comply with the requirements of the Combined Code (June 2008) but the Board is committed to high standards of corporate governance The Board is accountable to the shareholders for good governance.

At the current time, the Company has only two Directors and no full time executive employees All functions are therefore undertaken by the Board as a whole including the consideration of relations with the auditors, the appointment of further directors and the setting of remuneration levels

The Board is committed to implementing corporate governance structures in line with best practice for a company of its size and complexity as its business and activities develop

The Directors acknowledge that they have overall responsibility for the Group's system of internal control and for reviewing its effectiveness. Such a system is designed to manage rather than eliminate the risk of failure to achieve business objectives and even the most effective system can provide only reasonable, and not absolute, assurance with respect to the preparation of financial information and the safeguarding of assets The close involvement of the Directors in all decisions and actions undertaken by the Company is intended to ensure that the risks to the Company are minimised

Directors' Report continued

DONATIONS

During the period the Group made charitable donations of £1,750 (year to 31 March 2011 £847)

No political donations were made during the period (year to 31 March 2011 £nil)

AUDITOR

Each of the persons who is a director at the date of approval of this report confirms that

1) so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware save for the information in respect of the MSS Building Services and Compliance divisions held by the purchaser of the Building Services division which could not be accessed on a timely basis, and
2) the Director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information

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

Deloitte LLP have expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the forthcoming Annual General Meeting.

ANNUAL GENERAL MEETING

The Annual General Meeting will be held on 8th November 2012 at 11.00 a m at the offices of Morrison & Foerster, CityPoint, One Ropemaker Street, London, EC2Y 9AW A notice of the meeting is set out after the Financial Statements of this Report together with a brief explanation of certain of the resolutions A Form of Proxy to use at this meeting accompanies this Report and Accounts

By order of the Board

C J Yates
Secretary

28 September 2012

Report of the Board on Remuneration

UNAUDITED INFORMATION

As stated in the Corporate Governance Statement in the Directors' Report, the Company is not required to comply with the requirements of the Combined Code (June 2008).

This report is made in accordance with AIM Notice 36 with regard to Director's remuneration

Remuneration committee

In view of the size of the Company's Board and the Company's activities, remuneration matters are dealt with by the Board as a whole

Remuneration policy

The remuneration of the Directors is set by the Board as a whole and is reviewed annually They are remunerated by a fixed fee for their duties as Directors, but it is anticipated that additional payments may be made where as a result of the Company's activities the time to be spent by the Directors on the affairs of the Company are greater than envisaged by the fixed fee

The Board will review over coming months the most appropriate way of aligning the efforts of the Directors most closely with the achievement of success by the Company and this may involve an appropriate form of share incentive arrangement

The Company does not provide a pension scheme for employees or Directors and does not contribute to plans established by them

Directors' warrants and share options and Long term incentive plans

Previous Directors of the Company have been granted share options and have participated in long term incentive plans which granted share options to them. All such participations were terminated without cost to the Company upon their resignations.

Directors' service contracts

The Directors have letters of appointment which run for a one-year term, commencing from their date of appointment (25 May 2012) and will continue thereafter unless terminated in accordance with the terms of the letter

AUDITED INFORMATION

Directors' emoluments

	Basic Salary £'000s	Benefits £'000s	Bonus £'000s	Fees £'000s	15 month Period ended 30 June 2012 Total £'000s	Year ended 31 March 2011 Total £'000s
Current Directors						
P Redmond	–	–	–	2	2	–
C J Yates	–	–	–	2	2	–
Previous Directors						
S D Beart	185	4	20	–	209	198
P L S Wilson	160	1	16	–	177	161
J Reynolds	123	1	120	–	244	200
I R Mann	50	–	–	–	50	50
E J McAlpine	8	–	–	–	8	25
	526	6	156	4	692	634

In addition to the above, payments in respect of termination of employment of £16,000, £14,000, £30,000 and £4,000 were paid to S D Beart, P L S Wilson, J Reynolds and I R Mann respectively

Report of the Board on Remuneration continued

No share related options were issued or exercised in the period and all in existence at the start of the period lapsed during the period

Directors' pension entitlements

The previous executive Directors are members of individual money purchase schemes The contributions made by the Company to these were as follows

Previous Directors	Total Period ended 30 June 2012 £'000s	Total Year ended 31 March 2011 £'000s
S D Beart	34	29
P L S Wilson	25	20
J Reynolds	6	9
	65	58

No contributions were made by the Group or the Company in respect of other Directors

Approved and signed on behalf of the Board.

P Redmond
Chairman

Statement of Directors' Responsibilities

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

Company law requires the Directors to prepare financial statements for each financial period Under that law the Directors are required to prepare the group financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and have also chosen to prepare the parent company financial statements under IFRSs as adopted by the EU Under company law the Directors must not approve the accounts unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, International Accounting Standard 1 requires that directors

- properly select and apply accounting policies,
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information,
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance, and
- make an assessment of the Company's ability to continue as a going concern

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

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

Responsibility statement

We confirm that to the best of our knowledge

- the financial statements, prepared in accordance with International Financial Reporting Standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole save for any revision to the disclosure of the results of the MSS Building Services and Compliance divisions and the associated profits on disposal which might have been made had appropriate evidence from those divisions been made available to us by the purchaser, and
- the management report, which is incorporated into the Directors' Report, includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

P Redmond
Chairman

28 September 2012

C J Yates
Director

28 September 2012

Independent Auditor's Report to the members of Kennedy Ventures plc

We have audited the financial statements of Kennedy Ventures plc for the period ended 30 June 2012 which comprise the Group Income Statement, the Group and Parent Company Statements of Changes in Equity, the Group and Parent Company Balance Sheets, the Group and Parent Company Cash Flow Statements, and the related notes 1 to 31. 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 and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement, 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 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 annual 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

Basis of qualified opinion

With respect to the result on disposal of discontinued operations relating to the MSS Building Services and Compliance divisions and the associated consolidated results to the date of disposal as described in the basis of preparation and note 9 to the financial statements, the audit evidence available to us was limited because we were unable to access the accounting records of those divisions up to the date of disposal Owing to the nature of those divisions' records, we were unable to obtain sufficient appropriate audit evidence regarding the disclosure of consolidated results up to the date of disposal and associated profits on disposal by using other audit procedures.

Opinion on financial statements

In our opinion except for the possible effects of the matters described in the Basis of Qualified Opinion paragraph, 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 period then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006

Emphasis of matter – basis other than going concern

In forming our opinion on the financial statements, which is not qualified in this respect, we have considered the adequacy of the disclosure made on the basis of preparation in Note 2 concerning the preparation of the financial statements on a basis other than going concern

Independent Auditor's Report to the members of Kennedy Ventures plc
continued

Opinion on other matter prescribed by the Companies Act 2006

In our opinion 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 matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us, or
- the parent company financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

except that in relation to the consolidated results of the MSS Building Services and Compliance divisions and the associated result on disposal we did not receive all the information and explanations required for our audit

Mark Doleman, FCA (Senior statutory auditor)
for and on behalf of Deloitte LLP
Chartered Accountants and Statutory Auditor
Nottingham

28 September 2012

Consolidated income statement for the period ended 30 June 2012

	Note	Period ended 30 June 2012 £'000	Restated Year ended 31 March 2011 £'000
PROFIT BEFORE TAX FROM CONTINUING OPERATIONS		–	–
Income tax	7	–	–
PROFIT FOR THE PERIOD FROM CONTINUING OPERATIONS		–	–
Discontinued operations			
Loss for the period from discontinued operations	9	(9,628)	(1,382)
Discontinued operations			
LOSS FOR THE FINANCIAL PERIOD		(9,628)	(1,382)
BASIC LOSS PER SHARE (pence)			
Discontinued operations	8	(1.77)	(0 74)
DILUTED LOSS PER SHARE (pence)			
Discontinued operations	8	(1 77)	(0 73)

There are no recognised gains or losses in either period other than the loss for that period and therefore no consolidated statement of comprehensive income is presented

The comparatives have been restated to present the Group's results as discontinued operations (note 9)

Consolidated statement of changes in equity for the period ended 30 June 2012

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Share based payment reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Total equity attributable to equity shareholders of the Company £'000	Non Controlling interests £'000	Total equity £'000
Balance at 1 April 2010	1,652	4,899	(4,875)	1,220	–	4,647	7,543	25	7,568
Loss for the financial period	–	–	(1,377)	–	–	–	(1,377)	(5)	(1,382)
Issue of share capital	446	–	–	–	–	–	446	–	446
Premium on issue of shares	–	2,474	–	–	–	–	2,474	–	2,474
Transfer to retained earnings	–	–	4,647	–	–	(4,647)	–	–	–
Increase in share based payments reserve	–	–	–	236	–	–	236	–	236
Balance at 31 March 2011	2,098	7,373	(1,605)	1,456	–	–	9,322	20	9,342
Loss for the financial period	–	–	(9,628)	–	–	–	(9,628)	–	(9,628)
Issue of share capital	250	–	–	–	–	–	250	–	250
Premium on issue of shares	–	250	–	–	–	–	250	–	250
Repurchase and cancellation of shares	(2,077)	–	–	–	2,077	–	–	–	–
Reduction in minority shareholding during the period	–	–	(5)	–	–	–	(5)	(20)	(25)
Share issue costs	–	(52)	–	–	–	–	(52)	–	(52)
Balance at 30 June 2012	**271**	**7,571**	**(11,238)**	**1,456**	**2,077**	**–**	**137**	**–**	**137**

Company statement of changes in equity for the period ended 30 June 2012

	Share capital £'000	Share premium account £'000	Retained earnings £'000	Share based payment reserve £'000	Capital redemption reserve £'000	Special reserve £'000	Total equity attributable to equity shareholders of the Company £'000	Non Controlling interests £'000	Total equity £'000
Balance at 1 April 2010	1,652	4,899	(880)	1,220	–	4,647	11,538	–	11,538
Loss for the financial period	–	–	(1,634)	–	–	–	(1,634)	–	(1,634)
Issue of share capital	446	–	–	–	–	–	446	–	446
Premium on issue of shares	–	2,474	–	–	–	–	2,474	–	2,474
Transfer to retained earnings	–	–	4,647	–	–	(4,647)	–	–	–
Increase in share based payments reserve	–	–	–	236	–	–	236	–	236
Balance at 31 March 2011	2,098	7,373	2,133	1,456	–	–	13,060	–	13,060
Loss for the financial period	–	–	(13,270)	–	–	–	(13,270)	–	(13,270)
Issue of share capital	250	–	–	–	–	–	250	–	250
Premium on issue of shares	–	250	–	–	–	–	250	–	250
Repurchase and cancellation of shares	(2,077)	–	–	–	2,077	–	–	–	–
Share issue costs	–	(52)	–	–	–	–	(52)	–	(52)
Balance at 30 June 2012	**271**	**7,571**	**(11,137)**	**1,456**	**2,077**	**–**	**238**	**–**	**238**

Consolidated balance sheet as at 30 June 2012

	Note	30 June 2012 £'000	31 March 2011 £'000
NON CURRENT ASSETS			
Goodwill	10	–	8,000
Other intangible assets	11	–	4,145
Property, plant and equipment	12	–	804
		–	12,949
CURRENT ASSETS	13	459	7,908
TOTAL ASSETS		459	20,857
CURRENT LIABILITIES	17	(322)	(11,004)
NET CURRENT ASSETS/(LIABILITIES)		137	(3,096)
NON CURRENT LIABILITIES			
Convertible loan notes	18	–	(500)
Obligations under finance leases	20	–	(11)
		–	(511)
TOTAL LIABILITIES		(322)	(11,515)
NET ASSETS		137	9,342
EQUITY			
Share capital	22	271	2,098
Share premium account		7,571	7,373
Capital redemption reserve		2,077	–
Share based payments reserve		1,456	1,456
Retained earnings		(11,238)	(1,605)
Equity attributable to owners of the Company		137	9,322
Non-controlling interests		–	20
TOTAL EQUITY		137	9,342

These financial statements were approved by the Board of Directors and authorised for issue on 28th September 2012

Signed on behalf of the Board of Directors

P. Red

Peter Redmond
Director

Christopher Yates
Director

Company balance sheet as at 30 June 2012

Company registered number 05697574

	Note	30 June 2012 £'000	31 March 2011 £'000
NON CURRENT ASSETS			
Goodwill	10	–	–
Investments in subsidiaries	11	–	475
		–	475
CURRENT ASSETS	13	448	13,714
TOTAL ASSETS		448	14,189
CURRENT LIABILITIES	17	(210)	(629)
NET CURRENT ASSETS		238	13,085
NON CURRENT LIABILITIES			
Convertible loan notes	18	–	(500)
TOTAL LIABILITIES		(210)	(1,129)
NET ASSETS		238	13,060
EQUITY			
Share capital	22	271	2,098
Share premium account		7,571	7,373
Capital redemption reserve		2,077	–
Share based payments reserve		1,456	1,456
Retained earnings		(11,137)	2,133
TOTAL EQUITY		238	13,060

These financial statements were approved by the Board of Directors and authorised for issue on 28th September 2012

Signed on behalf of the Board of Directors

P. Red

Peter Redmond
Director

Christopher Yates
Director

Consolidated cash flow statement for the period ended 30 June 2012

	Note	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
NET CASH USED IN DISCONTINUED OPERATING ACTIVITIES	29	(3,179)	(2,496)
INVESTING ACTIVITIES			
Interest received		–	5
Proceeds from sale of assets held for sale		–	150
Proceeds on disposal of property, plant and equipment		65	792
Net proceeds on disposal of subsidiaries	28	6,797	–
Purchases of property, plant and equipment		(197)	(457)
Cash disposed of with subsidiary undertakings	9	(444)	–
Acquisition of businesses			
Cash paid	27	(9)	(7,972)
Cash acquired	27	–	1,677
Deferred consideration payments	27	(277)	(1,266)
NET CASH FROM/(USED IN) INVESTING ACTIVITIES BY DISCONTINUED OPERATIONS		5,935	(7,071)
FINANCING ACTIVITIES			
(Decrease)/Increase in short term borrowings		(3,017)	2,840
Repayment of obligations under finance leases		(77)	(13)
(Repayment of)/proceeds from convertible loan notes		(500)	500
Net proceeds of share issue		448	2,920
NET CASH (USED IN)/FROM FINANCING ACTIVITIES BY DISCONTINUED OPERATIONS		(3,146)	6,247
NET DECREASE IN CASH		(390)	(3,320)
CASH AT THE BEGINNING OF PERIOD	16	815	4,135
CASH AT THE END OF THE PERIOD		425	815

Company cash flow statement for the period ended 30 June 2012

	Note	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
NET CASH FROM/(USED IN) DISCONTINUED OPERATING ACTIVITIES	29	101	(6,573)
INVESTING ACTIVITIES			
Interest (paid)/received		(31)	530
Purchases of businesses	27	(9)	(466)
NET CASH (USED IN)/FROM INVESTING ACTIVITIES BY DISCONTINUED OPERATIONS		(40)	64
FINANCING ACTIVITIES			
Net proceeds of convertible loan stock issue		–	500
Repayment of loan stock		(500)	–
Net proceeds of share issue		448	2,920
NET CASH (USED IN)/FROM FINANCING ACTIVITIES BY DISCONTINUED OPERATIONS		(52)	3,420
NET INCREASE/(DECREASE) IN CASH		9	(3,089)
CASH AT THE BEGINNING OF PERIOD	16	405	3,494
CASH AT THE END OF THE PERIOD		414	405

Notes to the financial statements for the period ended 30 June 2012

1 GENERAL INFORMATION

Kennedy Ventures plc is a Company incorporated in the United Kingdom under the Companies Act The address of the registered office is given on the back cover The nature of the Group's operations and its principal activities are set out in the Chairman's Statement and Directors' report

These financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the Group operates There are no foreign operations

2 ACCOUNTING POLICIES

Going concern

On the 25th May 2012 the Company was placed into a Company Voluntary Arrangement ("CVA") under Part 1 Insolvency Act 1986 Since then the Supervisor of the CVA has been establishing valid claims against the Company and the opportunity for proving such claims has now closed In the near future, it is expected that the Supervisor will despatch payments in respect of valid claims at the rate set in the approved arrangement, being nine pence in the Pound Following such payment there will be a short period during which creditors whose claims were not agreed as valid can challenge the Supervisor's decision Then, following agreement of the claim by HMRC, the Supervisor will be in a position to conclude the CVA

Following the disposal of the two trading divisions of the Group and the cessation of trade of the Interiors division, the Group no longer has any trading activities As such, and as required under IFRS, the financial statements have been prepared on a basis other than going concern As a result of the CVA, liabilities have been stated at their fair value of 9p in the Pound as per the CVA No other material adjustments arose

Basis of preparation

The financial statements are prepared in accordance with applicable IFRS including standards and interpretations issued by the International Accounting Standards Board as adopted by the EU, in the case of the consolidated financial statements the Group has also complied with Article 4 of the IAS Regulation

The financial report has been prepared on the basis of historical cost, except for the revaluation of financial instruments. Cost is based on the fair values of the consideration given in exchange for assets

The qualification to the Company's accounts arises from the fact that our auditors were unable to gain access, despite several attempts to do so, to the books and records of the MSS Building Services division for those months during which it remained part of the MSS Group Since this period preceded the CVA and refinancing, this has had no impact on the accuracy of the balance sheet presented to shareholders or the total quantum of the loss for the period.

The results for the discontinued operations classified under Building Services division and Compliance division are derived from the Group's Management Accounts for the period.

In the application of IFRS management is required to make judgments, estimates and assumptions about carrying values of assets and liabilities that are not readily apparent from other sources The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments. Actual results may differ from these estimates

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods

Judgments made by management in the application of IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Adoption of new and revised Standards

Accounting policies set out below have been applied in preparing the financial standards for the period ended 30 June 2012 and the comparative information presented in these financial statements for the year ended 31 March 2011

In the current period the following standards and interpretations were effective

IFRS 1 (Amended)	Additional exemptions for first time adoptions of IFRS
IFRS 1 (Amended)	Limited exemption from comparative IFRS 7 disclosures
IFRS 2 (Amended)	Group cash settled share based payment transactions
IAS 24 (Revised)	Related party disclosures
IFRIC 14	Agreements for the construction of real estate
IFRIC 19	Hedges of a net investment in a foreign operation
Improvements to IFRSs 2010	

The adoption of these has not led to any changes in accounting policies

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements were issue but not yet effective (and in some cases not yet endorsed by EU)

IFRS 1 (Amendment)	Government loans
IFRS 7 (Amendment)	Financial Instrument disclosures
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13 (Amendment)	Fair Value measurement
IAS 1 (Amendment)	Presentation of Items of Other Comprehensive Income
IAS 12 (Amendment)	Deferred tax recovery of Underlying assets
IAS 19 (Revised)	Employee Benefits
IAS 24	Related party disclosures
IAS 27 (Revised)	Separate Financial Statements
IAS 28 (Revised)	Investment in Associates and Joint ventures
IAS 32 (Amendment)	Financial Instruments presentation

The Directors do not believe that adoption of any of the above accounting standards will have a material impact on the financial results of the Group although additional disclosures may be required.

Basis of consolidation

The Consolidated Financial Statements incorporate the Financial Statements of Kennedy Ventures plc and the entities controlled by it (its subsidiaries) made up to 30 June 2012. Control is achieved when Kennedy Ventures plc has the power to govern the financial and operating policies of an invested entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the period are included in the Consolidated Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

All intra-group transactions, balances, income and expenses are eliminated on consolidation

In accordance with section 408 of the Companies Act 2006, no income statement is presented for the Company. The retained loss of the parent Company for the financial period was £13,270,000 (2011 £1,634,000)

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Non-controlling interests in subsidiaries are identified separately from the Group's equity therein. The interests of non-controlling shareholders may be initially measured at fair value or at the non-controlling interests' proportionate share of the fair value of the acquiree's identifiable net assets The choice of measurement is made on an acquisition by acquisition basis Subsequent to acquisition, the carrying amount of non-controlling interests is the amount of those interests at initial recognition plus the non-controlling interests' share of subsequent changes in equity. Total comprehensive income is attributed to non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Goodwill

Goodwill is stated at cost less impairment At the date of acquisition of a business fair values are attributed to the assets and liabilities of the acquired business. Goodwill arises where the fair value of the consideration exceeds the fair value of the net assets acquired and is recognised from that date

Goodwill arising on consolidation represents the excess of the costs of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities of a subsidiary, associate or jointly controlled entity at the date of acquisition Goodwill is not amortised but is reviewed annually for impairment.

In accordance with IFRS 3, Business combinations, goodwill is allocated to cash generating units at acquisition date Each unit is reviewed annually and where there are indications that the carrying value may not be recoverable for impairment

Other intangible assets

Other intangible assets consist of customer relationships of acquired businesses The cost of customer relationships acquired in a business combination is generally based on fair market values The intangible assets are separable from goodwill in accordance with IFRS3, *Business combinations*, and IAS 38, *Intangible assets* Customer relationships are amortised over a straight line basis over their estimated useful economic lives, being between one and six years. Intangible assets are valued using the excess earnings method

Business combinations

The acquisition of subsidiaries is accounted for using the purchase method The cost of the acquisition is measured at the aggregate of the fair values, at the date of exchange, of assets given, liabilities incurred and/or equity instruments issued by the Group in exchange for control of the acquiree. On the acquisition of a business, fair values are attributed to the Group's share of net separable assets Where the cost of acquisition exceeds the fair values attributable to such assets, the difference is treated as purchased goodwill and capitalised in the balance sheet in the year of acquisition The results and cash flows relating to such a business are included in the consolidated income statement and the consolidated cash flow statements from the date of acquisition

Current assets and liabilities – discontinued operations

Current assets held for sale are measured at the lower of carrying amount and fair value less costs to sell

Assets are classified as held for sale when their carrying amount is expected to be recovered through a sale transaction or the operation is discontinued rather than through continuing use This condition is regarded as met only when the sale is highly probable and the asset is available for immediate sale in its present condition

The amounts reflect the fair values of the current liabilities based on the amounts that will be settled as a result of the CVA process that commenced in May 2012

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Profit or loss from discontinued operations

A discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale

The profit or loss from discontinued operations, including prior year components of profit or loss, is presented in a single amount in the income statement

This amount, which comprises the post-tax profit or loss of discontinued operations and the post-tax gain or loss resulting from the measurement and disposal of assets classified as held for sale, is further analysed in note 9

The disclosures for discontinued operations in the prior year relate to all operations that have been discontinued by 30 June 2012

Revenue recognition

Revenue is measured at the fair value of consideration received or receivable and represents amounts received or receivable for goods and services provided in the normal course of business, net of discounts, VAT and other sales related taxes

Revenue is recognised either upon invoicing or agreement with the customer as to the amount of services supplied, or in the case of project related work the stage of completion of the contract If there is no agreement with the customer the revenue will not be recognised For contracted maintenance or other activities where incom is invoiced in advance, income is recognised as the work is completed and a deferred income provision is held within trade and other payables

The Group as lessee

Rentals payable under operating leases are charged to income on a straight-line basis over the term of the relevant lease

Benefits received and receivable as an incentive to enter into an operating lease are also spread on a straight-line basis over the lease term after initial recognition of liability.

When a property is not in use, a provision is made for the full rent of the remaining period or up to management's estimate of the likely break/sublet period

Operating profit or loss

Operating profit is stated after charging amortisation, restructuring and closure costs, impairment charges, share based payments, costs associated with acquisitions and gains or losses on the disposal of assets held for sale, but before investment income and finance costs.

Retirement benefit costs

Payments to defined contribution retirement schemes are charged as an expense as they fall due Payments made to state-managed retirement benefit schemes are dealt with as payments to defined contribution schemes where the Group's obligations under the schemes are equivalent to those arising in a defined contribution retirement scheme.

Taxation

The tax currently payable is based on taxable profit or loss for the period Taxable profit or loss differs from net profit or loss as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts 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 generally 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) or other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future

The carrying value of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be recovered

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted at the balance sheet date Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

Impairment

Assets that have an indefinite useful life are not subject to amortisation but are reviewed for impairment annually and where there are indications that the carrying value may not be recoverable An impairment loss is recognised for the amount by which the carrying value exceeds the recoverable amount

Share based payments

The Group has issued equity-settled share-based payments to certain employees The fair value (excluding the effect of non-market related combinations), as determined at the grant date, is expensed on a straight-line basis over the vesting period, based on the Group's estimate of the number of shares that will eventually vest and adjusted for the effect of non-market related conditions

Fair value is measured by use of a Black-Scholes model Further detail regarding the determination of Fair Value is set out in note 24. The liability in respect of equitysettled amounts is included in equity

All options expired during the period.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's balance sheet when the Group becomes a party to the contractual provisions of the instrument

The Group no longer recognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

The Group no longer recognises a financial liability when the Group's obligations are discharged, cancelled or they expire

Financial instruments are classified as cash and cash equivalents, trade and other receivables, trade creditors, borrowings (including obligations under finance leases) and other payables (including social security and current tax liabilities)

Non-derivative financial assets are categorised as "loans and receivables" and non-derivative financial liabilities are categorised as "other financial liabilities"

Loans and receivables

Loans and receivables, as categorised above, are measured at amortised cost using the effective interest method less any impairment Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial

Trade and other receivables

Trade and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market They are included in current assets, except for those with maturities greater than 12 months after the balance sheet date, which are classified as non-current assets and are measured at amortised cost less an allowance for any uncollectible amounts The net of these balances are classified as "trade and other receivables" in the balance sheet

Trade and other receivables are assessed for indicators of impairment at each balance sheet date and are impaired where there is objective evidence that the recovery of the receivable is in doubt

Objective evidence of impairment could include significant financial difficulty of the customer, default on payment terms or the customer going into liquidation

The carrying amount of trade and other receivables is reduced through the use of an allowance account. When a trade or other receivable is considered uncollectible, it is written off against the allowance account Subsequent recoveries of amounts previously written off are credited against the allowance account Changes in the carrying amount of the allowance account are recognised in the income statement

Cash and cash equivalents

Cash and cash equivalents include cash at bank and in hand, deposits at call with banks, other short-term highly liquid investments with original maturity at acquisition of three months or less that are readily convertible to cash, net of bank overdrafts For the purpose of the cash flow statement, cash and cash equivalents consist of the definition outlined above

Financial liabilities

All non-derivative financial liabilities are classified as other financial liabilities and are initially measured at fair value, net of transaction costs Other financial liabilities are subsequently measured at amortised cost using the effective interest rate method Other financial liabilities consist of borrowings and trade and other payables.

Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Notes to the financial statements continued

2 ACCOUNTING POLICIES continued

Other financial liabilities

Other financial liabilities, as categorised above, are initially measured at fair value, net of transaction costs Other financial liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. Other financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date

Compound financial instruments:

The fair value of the liability portion of a convertible loan is determined using a market interest rate for an equivalent non-convertible loan This amount is recorded as liability on an amortised cost basis until extinguished on conversion The remainder of the proceeds is allocated to the conversion option This is recognised and included in shareholders' equity

Equity instruments

Equity instruments consist of the Company's ordinary share capital and are recorded at the proceeds received, net of direct issue costs.

3 CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements in conformity with the Group's accounting policies as disclosed in Note 2 requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources Actual results may differ from these estimates The carrying value of assets is determined based on their fair value as supported by a management valuation less costs to sell. This estimate and assumption can present a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial period

4 BUSINESS AND GEOGRAPHICAL REPORTING

The Group's operations were only in the United Kingdom Following the disposal of the Group's Compliance division, the cessation of operations at its Interior Contractors division, the sale of the Building Services division, and the subsequent discontinued Central and Other division, the results reported in the Consolidated Income Statement relate solely to discontinued operations The segmental results are now reported under Note 9 "Discontinued operations"

Notes to the financial statements continued

5 OPERATING LOSS FOR THE PERIOD

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Group		
Discontinued operations		
Operating loss for the period has been arrived at after charging:		
Staff costs (see note 6)	6,699	11,325
Auditor's remuneration	28	107
The analysis of auditor's remuneration is as follows		
Fees payable for the Company's annual audit	28	60
Fees payable for the audit of the Company's subsidiaries	–	20
Total audit fees	28	80
Non audit services		
Tax services	–	27
Total	28	107

6 STAFF COSTS

Discontinued operations

	Group		Company	
	Period ended 30 June 2012 Number	Year ended 31 March 2011 Number	Period ended 30 June 2012 Number	Year ended 31 March 2011 Number
Average number of persons employed (including directors)				
Administration	103	121	7	5
Engineering	173	199	–	–
	276	320	7	5
	£'000	£'000	£'000	£'000
Staff costs during the period				
Wages and salaries	5,811	10,044	741	697
Social security costs	708	1,122	92	90
Other pension costs	180	159	68	57
	6,699	11,325	901	844

Directors' emoluments

An analysis of the directors' emoluments and pension entitlements and their interest in the share capital of the Company is contained in the Remuneration Report accompanying these financial statements.

Highest paid director

The Companies Act 2006 requires certain disclosures about the remuneration of the highest paid director taking into account emoluments, gains on exercise of share options and amounts receivable under long term incentive schemes

On this basis, the highest paid director in the year was Mr J Reynolds

Notes to the financial statements continued

7 TAX

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Analysis of tax charge in the period:		
Current taxation		
United Kingdom charge	–	–
	–	–

Factors affecting current tax charge in the period:

On 23 March 2011, the Chancellor announced that the main rate of UK corporation tax would reduce from 28% to 26% for the financial year commencing 1 April 2011 and to 25% with effect from 1 April 2012 A further change to 24% was substantively enacted in March 2012, effective 1 April 2012 and hence is the rate in effect at the balance sheet date

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Loss on ordinary activities before tax (note 9)	(9,684)	(1,382)
Loss on ordinary activities multiplied by the standard rate of corporation tax of 26 5% (2011 28%)	(2,566)	(387)
Effects of:		
Share based payments charge not deductable	–	66
Expenses not deductable for tax purposes	869	71
Timing differences between capital allowances and depreciation	–	(105)
Short term timing differences	–	(25)
Effect of the change in tax rate from 28% to 26 5%	(145)	–
Losses carried forward	1,786	380
Adjustment in respect of prior period	56	–
Current tax charge based on loss for the period	–	–

Deferred tax

Deferred tax assets and liabilities are measured at tax rates that are enacted or substantively enacted at the balance sheet date Accordingly the reduction to 24% has been taken into account when measuring the deferred tax assets and liabilities at 30 June 2012

Further changes to the rate are proposed to reduce the rate by one per cent per annum to 23% by 1 April 2014. However these changes were not substantively enacted at the balance sheet date (nor have they yet been substantively enacted) and as such are not included in the deferred tax figures at 30 June 2012

No deferred tax asset is recognised in respect of losses brought forward at a tax written down value of £1 8m (2011 £5 1m) The asset is not recognised as there is insufficient certainty that sufficient taxable profits will arise within the next 12 months against which to utilise the losses The reduction in the deferred tax asset not previously recognised in 2011 relates to the disposal of operations in the current period

An asset would be recognised once it was reasonably certain that sufficient taxable profits would arise within the group above the level of group relief available in the year.

There are no significant deferred tax assets or liabilities relating to either capital allowances or short term timing differences in either the current year or prior period

Notes to the financial statements continued

8 LOSS PER SHARE

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

	2012 £'000	2011 £'000
Discontinued operations		
Loss for the financial period	(9,628)	(1,382)
Number of shares		
Weighted average number of shares for the purposes of basic earnings per share	543,135,524	187,503,084
Potentially dilutive ordinary shares	–	2,750,000
Weighted average number of shares for the purposes of diluted earnings per share	543,135,524	190,253,084
Basic loss per ordinary share (pence)		
Discontinued operations	(1 77)	(0 74)
Diluted loss per ordinary share (pence)		
Discontinued operations	(1 77)	(0 73)

9 DISCONTINUED OPERATIONS

The following is an analysis of the Group's discontinued operations by reportable segment for the period ended 30 June 2012.

The results for the discontinued operations classified under Building Services division and Compliance division are derived from the Group's Management Accounts for the period

	Building Services Period ended 30 June 2012 £'000	Compliance Period ended 30 June 2012 £'000	Interior Contracts Period ended 30 June 2012 £'000	Central and Other Period ended 30 June 2012 £'000	Consolidated Period ended 30 June 2012 £'000
Result					
(Loss)/profit before tax	(12,030)	421	32	1,893	(9,684)
Tax	–	–	(8)	64	56
(Loss)/profit after tax	(12,030)	421	24	1,957	(9,628)

The following is an analysis of the Group's discontinued operations by reportable segment for the year ended 31 March 2011.

	Building Services Year ended 30 June 2012 £'000	Compliance Year ended 30 June 2012 £'000	Interior Contracts Year ended 30 June 2012 £'000	Central and Other Year ended 30 June 2012 £'000	Consolidated Year ended 30 June 2012 £'000
Result					
(Loss)/profit before tax	1,052	373	(179)	(2,602)	(1,356)
Tax	(24)	–	(2)	–	(26)
(Loss)/profit after tax	1,028	373	(181)	(2,602)	(1,382)

Notes to the financial statements continued

9 DISCONTINUED OPERATIONS continued

	2012 £'000
Profit on disposal of operations	
Total consideration	7,100
Provisions and disposal costs	(303)
Net liabilities disposed	699
Pre-tax profit on disposal	7,496
Cash received from disposal of operations	7,100
Disposal costs	(303)
Cash and cash equivalents of subsidiaries disposed	(444)
Net cash inflow on disposal	6,353

The results of the discontinued operations up until the point of disposal during the year ended 30 June 2012 and the comparative year, which have been disclosed separately in the consolidated income statement, as required by IFRS 5, are as follows

Compliance Division

On the 26 August 2011 the Group disposed of its interests in its Compliance division for a net consideration of £3 million The division was sold to Capita Symonds, a trading division of The Capita Group plc

The results included in the consolidated income statement are as follows

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Revenue	1,100	2,336
Operating profit before items identified below	178	576
Forgiveness of InterCompany balances	(563)	–
plc Management charges	–	(200)
Profit on disposal of subsidiary	806	–
Operating profit before tax	421	376
Taxation	–	(3)
Profit attributable to discontinued operation	421	373

The assets and liabilities of the Compliance division were as follows

	£'000	£'000
Plant, property and equipment	56	42
Trade and other receivables	498	622
Cash and cash equivalents	52	–
Trade and other payables	(1,354)	(1,103)
Net liabilities	(748)	(439)

Notes to the financial statements continued

9 DISCONTINUED OPERATIONS continued

Interior Contracts Division

On 30 November 2011, the Group's Interior Contracts Division ceased trading It will continue the process of clearing remaining outstanding liabilities

The results included in the consolidated income statement are as follows

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Revenue	910	3409
Operating (loss)/profit before items identified below	(341)	138
Forgiveness of InterCompany balances	368	–
Profit on disposal of fixed assets	5	–
plc Management charges	–	(200)
Restructuring of operations	–	(117)
Operating profit/(loss) before tax	32	(179)
Taxation	(8)	(2)
Profit/(loss) attributable to discontinued operation	24	(181)

The assets and liabilities of the Interior Contracts Division are as follows

	£'000	£'000
Plant, property and equipment	–	17
Trade and other receivables	–	774
Cash and cash equivalents	11	–
Trade and other payables	(85)	(889)
Net liabilities	(74)	(98)

Notes to the financial statements continued

9 DISCONTINUED OPERATIONS continued

Building Services Division

On 5 December 2011, the Group disposed of its interests in the Building Services Division for a net consideration of £4 1 million. The division was sold to Rentokil Initial plc.

The results included in the consolidated income statement are as follows

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Revenue	13,431	22,427
Operating (loss)/profit before items identified below	(2,599)	1,072
Impairment of goodwill	(12,073)	–
plc Management charges	–	(300)
Amortisation of intangibles	–	(350)
Restructuring of operations	–	(669)
Profit on disposal of subsidiaries	6,027	–
Profit on disposal of fixed assets	8	–
Impairment of investments	(3,124)	–
Forgiveness of InterCompany balances	(269)	2,172
Cost of acquisitions	–	(348)
Operating (loss)/profit before tax	(12,030)	1,577
Taxation	–	(7)
(Loss)/profit attributable to discontinued operation	(12,030)	1,570

The assets and liabilities of the Building Services division were as follows

	£'000	£'000
Intangible assets	–	12,146
Investments	–	3,624
Plant, property and equipment	633	745
Trade and other receivables	5,095	7,412
Cash and cash equivalents	392	410
Trade and other payables	(5,408)	(8,877)
Amounts owing to fellow subsidiaries	–	(14,506)
Net assets	712	954

Notes to the financial statements continued

9 DISCONTINUED OPERATIONS continued

Central and Other Division

As a result of the disposal of the Group's operations and the CVA entered into on 25 May 2012, the Central division has also been classified as a Discontinued Operation

The results included in the consolidated income statement are as follows

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Revenue	–	700
Operating loss before items identified below	(2,426)	(1,076)
Forgiveness of InterCompany balances	380	(2,172)
Profit on disposal of investments	661	–
Amortisation of intangibles	(660)	(343)
Restructuring of operations	(434)	–
Increase in share based payments	–	(236)
Elimination of impairment of investments	3,124	–
Effect of Company Voluntary Arrangement	1,248	–
Operating profit/(loss) before tax	1,893	(3,127)
Taxation	64	(17)
Profit/(loss) attributable to discontinued operation	1,957	(3,144)

The assets and liabilities of the Central division were as follows

	£'000	£'000
Elimination of Investments	–	(4,125)
Trade and other receivables	34	13,315
Cash and cash equivalents	414	405
Trade and other payables	(210)	(670)
Net assets	238	8,925

Notes to the financial statements continued

10 GOODWILL

	Group £'000	Company £'000
Cost		
At 1 April 2010	40,212	24,148
Acquisition of businesses in prior period	4,000	–
At 31 March 2011	44,212	24,148
Adjustment to Goodwill*	(73)	–
At 30 June 2012	44,139	24,148
Accumulated impairment losses		
At 1 April 2010 and 31 March 2011	36,212	24,148
Impairment loss in the period	7,927	–
At 30 June 2012	44,139	24,148
Carrying amount		
At 30 June 2012	–	–
At 31 March 2011	8,000	–

* The adjustment to Goodwill in the period relates to the re-negotiation and re-assessment of the acquisition amount payable in respect of Environmental Control Services Limited

The carrying value of goodwill was previously allocated to the Interiors Contract division and the Building Services division. Following the cessation of trade in the Interiors division and the disposal of the Building Services division, the Group has fully impaired the carrying value of the goodwill

11 OTHER INTANGIBLE ASSETS

	Acquired customer relationships £'000
Cost	
At 1 April 2010	3,664
Acquisition of businesses in the prior period	2,673
At 1 April 2011 and 30 June 2012	6,337
Amortisation	
At 1 April 2010	1,499
Charge for the year	693
At 31 March 2011	2,192
Charge for the period	660
Disposal in the period	(661)
Impairment loss in the period	4,146
At 30 June 2012	6,337
Carrying amount	
At 30 June 2012	–
At 1 April 2011 and 30 June 2012	4,145

Following the cessation of trade in the Interiors division and the disposal of the Compliance and Building Services divisions, the Group has fully impaired the carrying value of the customer relationships

Notes to the financial statements continued

12 PLANT PROPERTY AND EQUIPMENT

	Land and Buildings £'000	Office Equipment £'000	Motor Vehicles £'000	Total £'000
Group				
Cost or valuation				
At 1 April 2010	57	652	222	931
Additions	–	457	–	457
Acquisition of subsidiary company	750	8	194	952
Disposals	(807)	–	(111)	(918)
At 31 March 2011	–	1,117	305	1,422
Additions	–	197	–	197
Disposals	–	(1,314)	(305)	(1,619)
At 30 June 2012	–	–	–	–
Depreciation				
At 1 April 2010	57	362	17	436
Charge for the year	–	200	123	323
Disposals	(57)	–	(84)	(141)
At 31 March 2011	–	562	56	618
Charge for the period	–	185	75	260
Disposals	–	(747)	(131)	(878)
At 30 June 2012	–	–	–	–
Net book value				
At 30 June 2012	–	–	–	–
At 31 March 2011	–	555	249	804

13 CURRENT ASSETS

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Work in progress	–	499	–	–
Trade and other receivables (note 15)	34	6,594	34	13,309
Cash and cash equivalents (note 16)	425	815	414	405
	459	7,908	448	13,714

Notes to the financial statements continued

14 INVESTMENTS IN SUBSIDIARIES

	£'000
Company	
At 1 April 2010 and 31 March 2011	2,475
Additions	9
At 30 June 2012	2,484
Impairment	
At 1 April 2010 and 31 March 2011	2,000
Impairment charge in the period	484
At 30 June 2012	2,484
Net book value	
At 30 June 2012	–
At 31 March 2011	475

The non-controlling interest related to the 5% shareholding in the ordinary share capital of MSS Building Services Limited acquired by certain employees for cash as part of their incentive arrangements During the period, the Group purchased part of the minority holding being 8,750 shares at a consideration of £1 per share

On 5 December 2011, the Group hived down the trade and certain net assets of MSS Building Services Limited (the Building Services Division) to MSS Facilities Management Limited Subsequent to the hive down, the Group disposed of its interests in the Building Services Division on 5 December 2011 to Rentokil Initial plc. As a result, the Company has impaired its interests in MSS Building Services Limited during the period

Details of the principal subsidiary companies during the period to 30 June 2012, all of which have been consolidated are

Subsidiary undertakings	Country of registration/ incorporation	Class and percentage of shares held	Nature of business
MSS Building Services Limited	England and Wales	100% ordinary	Non trading
MSS Health and Safety Limited*	England and Wales	100% ordinary	Non trading
MSS Interiors Limited*	England and Wales	100% ordinary	Non trading

* denotes indirect subsidiary owned 100% by MSS Building Services Limited

During the year the Group hived down the trade and certain net assets of MSS Health and Safety Limited (the Compliance division) to a fellow subsidiary, MSS Newco Limited Subsequent to the hive down, the Group disposed of its interests in the Compliance Division on 26 August 2011 to Capita Symonds, a trading division of the Capita Group plc

On the 30 November 2011, MSS Interiors Limited ceased trading and it is anticipated that that company will remain dormant in the forthcoming future.

On 5 December 2011, the Group hived down the trade and certain net assets of MSS Building Services Limited (the Building Services Division) to MSS Facilities Management Limited. Subsequent to the hive down, the Group disposed of its interests in the Building Services Division on 5 December 2011 to Rentokil Initial plc.

The percentage of the issued share capital held by the Group is equivalent to the percentage of voting rights held

Notes to the financial statements continued

15 TRADE AND OTHER RECEIVABLES

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Amounts receivable for the sale of goods	–	5,638	–	–
Amounts due from Group undertakings	–	–	–	13,249
Other debtors	–	158	–	30
Prepayments	34	798	34	30
	34	6,594	34	13,309

16 CASH AND CASH EQUIVALENTS

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Cash and cash equivalents	425	815	414	405

Credit risk

The Group's principal financial assets are bank balances and cash, and trade receivables, which represent the Group's maximum exposure to credit risk in relation to financial assets The credit risk on liquid funds is limited because the counterparties are banks with high credit ratings assigned by international credit rating agencies.

17 CURRENT LIABILITIES

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade and other payables (note 19)	322	7,641	210	624
Short term borrowings	–	3,017	–	–
Current tax liabilities	–	234	–	–
Obligations under finance leases	–	66	–	–
Provisions for liabilities (note 21)	–	46	–	5
	322	11,004	210	629

The amounts reflected above represent the fair values of the liabilities based on the amounts that will be settled as a result of the CVA process that commenced in May 2012.

18 CONVERTIBLE LOAN NOTES

Convertible Loan Notes were issued on 31 March 2011 with a total nominal value of £500,000 The Convertible Loan Notes were redeemed in full during the period

Notes to the financial statements continued

19 TRADE AND OTHER PAYABLES

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Trade creditors	148	3,396	148	118
Amounts owed to group undertakings	–	–	2	275
Social security and other taxes	123	653	12	–
Deferred consideration	–	350	–	–
Other creditors	–	1,074	–	136
Deferred income	–	1,044	–	–
Accruals	51	1,124	48	95
	322	7,641	210	624

The amount due for distribution under the CVA is included within Trade and other Payables. The expected value of the distribution is £122,000 The difference between Group and company creditors represents amounts owed by subsidiaries which are to be liquidated

The Directors consider that the carrying amount of trade payables approximates to their fair value at the balance sheet date

20 OPERATING LEASE COMMITMENTS

Discontinued operations

At the balance sheet date, the Group had no outstanding commitments for future minimum lease payments under non-cancellable operating leases All leases were terminated or surrendered in the period

In the prior period, the Group had obligations under finance leases in excess of one year of £11,000

21 PROVISIONS FOR LIABILITIES

	Onerous leases £'000	Legal costs £'000	Total £'000
Group			
Balance at 1 April 2010	204	62	266
Utilisation of provision	(126)	–	(126)
Release of provision	(37)	(57)	(94)
Balance at 31 March 2011	41	5	46
Additional provision in the period	–	4	4
Utilisation of provision	(41)	(9)	(50)
Balance at 30 June 2012	–	–	–
Company			
Balance at 1 April 2010	78	62	140
Utilisation of provision	(74)	–	(74)
Release of provision	(4)	(57)	(61)
Balance at 31 March 2011	–	5	5
Utilisation of provision	–	(9)	(9)
Additional provision in the period	–	4	4
Balance at 30 June 2012	–	–	–

Notes to the financial statements continued

21 PROVISIONS FOR LIABILITIES continued

The onerous lease provision related to leases to which the Group was committed but for which no future benefit through usage was expected.

The loss making contracts provisions related to contracts in respect of which further costs were required to remediate or complete work and the Group was unlikely to recover these costs from the client

The legal costs provision related to work commenced by the Group's legal advisors to start proceedings against third parties in relation to the flotation of the Group in 2006

22 SHARE CAPITAL

	2012 £'000	2011 £'000
Issued and fully paid		
209,802,191 Ordinary shares of 1p each	–	2,098
2,709,802,191 Ordinary shares of 0 01p each	271	–
	271	2,098

A special resolution was passed at a general meeting on 25 May 2012 to sub divide each ordinary issued share of 1p into one ordinary share of 0 01p and one deferred share of 0 99p. The deferred shares were not listed, had no voting or dividend rights and only very limited rights on return of capital A resolution to approved the purchase and subsequent cancellation of the deferred shares was approved at the same meeting The deferred shares were bought for an aggregate consideration of 1p

On 25 May 2012, the Company placed 2,500,000,000 shares at 0 02p per share The placement generated net proceeds of £448,000 after costs of the placement including commissions.

On 25 May 2012 and in association with the CVA and Placing, the Company granted to Peterhouse Corporate Finance Limited by way of a deed a warrant to subscribe shares representing 3% of the Company's issued ordinary share capital from time to time exercisable at 0.02 pence per share at any time up to 20 March 2015.

23 NON-CONTROLLING INTEREST IN SUBSIDIARY

	£'000
Balance at 1 April 2011	20
Disposal of interest to Kennedy Ventures plc during the period	(9)
Interest forfeited during the period	(11)
Balance at 30 June 2012	–

The non-controlling interest related to the 5% shareholding in the ordinary share capital of MSS Building Services Limited acquired by certain employees for cash as part of their incentive arrangements It was forfeited during the period or upon termination or employment.

Notes to the financial statements continued

24 SHARE BASED PAYMENTS

The Company operated a share option scheme and Long Term Incentive Plan ("LTIP") that granted options over its ordinary shares on a discretionary basis to its Directors and employees

Details of the movements in the periods to 31 March 2011 and 30 June 2012 in options, warrants and LTIPs are set out below

	1 April 2011 Number	Granted Number	Expired Number	30 June 2012 Number	Exercise prices pence	Exercise Period
Share options and warrants						
EMI Scheme	3,505,262	–	3,505,262	–	7 5 – 10 0	2008 – 2018
Warrants	4,994,738	–	4,994,738	–	7 5 – 10.0	2008 – 2018
Former advisors' options at listing	–	–	–	–		
EMI Scheme and Warrant sub total	**8,500,000**	**–**	**8,500,000**	**–**		

					Vesting Prices	Exercise Period
LTIP Contingent Awards						
LTIP Type 1 (vest 31 3.11)	2,750,000	–	2,750,000	–	–	2012 – 2016
LTIP Type 1 (vest at 25p)	4,750,000	–	4,750,000	–	25p	2009 – 2016
LTIP Type 1 (vest at 30p)	2,750,000	–	2,750,000	–	30p	2009 – 2016
LTIP Type II (vest at 12p)	2,812,500	–	2,812,500	–	12p	2009 – 2016
LTIP Type II (vest at 16p)	2,812,500	–	2,812,500	–	16p	2009 – 2016
LTIP Type II (vest at 20p)	2,812,500	–	2,812,500	–	20p	2009 – 2016
Total	**27,187,500**	**–**	**27,187,500**	**–**		

	1 April 2010 Number	Granted Number	Expired Number	31 March 2011 Number	Exercise prices pence	Exercise Period
Share options and warrants						
EMI Scheme	3,505,262	–	–	3,505,262	7 5 – 10.0	2008 – 2018
Warrants	4,994,738	–	–	4,994,738	7.5 – 10.0	2008 – 2018
Former advisors' options at listing	650,000	–	650,000	–	75 0	Up to 2011
EMI Scheme and Warrant sub total	**9,150,000**	**–**	**650,000**	**8,500,000**		

					Vesting Prices	Exercise Period
LTIP Contingent Awards						
LTIP Type 1 (vest 31.3.11)	3,500,000	–	750,000	2,750,000	–	2012 – 2016
LTIP Type 1 (vest at 25p)	3,500,000	2,000,000	750,000	4,750,000	25p	2009 – 2016
LTIP Type 1 (vest at 30p)	3,500,000	–	750,000	2,750,000	30p	2009 – 2016
LTIP Type II (vest at 12p)	2,812,500	–	–	2,812,500	12p	2009 – 2016
LTIP Type II (vest at 16p)	2,812,500	–	–	2,812,500	16p	2009 – 2016
LTIP Type II (vest at 20p)	2,812,500	–	–	2,812,500	20p	2009 – 2016
Total	**28,087,500**	**2,000,000**	**2,900,000**	**27,187,500**		

The Company and the Group has not recognised any expense in the current period (2011 £236,000) related to equity settled share-based payment transactions This expense in the prior period relates to options and LTIPs issued in prior periods but for which the cost is amortised over the expected vesting period of three years.

As all options expired in the period (after their vesting period), no expense or release is required to be recognised

Notes to the financial statements continued

25 SHARE OPTIONS AND OTHER LONG TERM INCENTIVE PLANS

Directors' share options

Aggregate emoluments disclosed in Note 6 do not include any amounts for the value of options to acquire ordinary shares in the Company granted to or held by the directors

Details of options for directors who served during the period are as follows

Name of director	Scheme	1 April 2011 Number	Granted Number	Expired Number	30 June 2012 Number	Exercise price Pence	Date from which exercisable	Expiry date
S D Beart	Warrants	4,000,000	–	4,000,000	–	7 5	2009	2016
S D Beart	LTIP I	1,500,000	–	1,500,000	–	n/a	31 3 11	2016
S D Beart	LTIP I	1,500,000	–	1,500,000	–	25 0	2009	2016
S D Beart	LTIP I	1,500,000	–	1,500,000	–	30 0	2009	2016
S D Beart	LTIP II	1,237,500	–	1,237,500	–	12 0	2009	2016
S D Beart	LTIP II	1,237,500	–	1,237,500	–	16.0	2009	2016
S D Beart	LTIP II	1,237,500	–	1,237,500	–	20.0	2009	2016
P L S Wilson	Warrants	2,800,000	–	2,800,000	–	10 0	2009	2016
P L S Wilson	LTIP I	1,250,000	–	1,250,000	–	n/a	31 3 11	2016
P L S Wilson	LTIP I	1,250,000	–	1,250,000	–	25 0	2009	2016
P L S Wilson	LTIP I	1,250,000	–	1,250,000	–	30 0	2009	2016
P L S Wilson	LTIP II	956,250	–	956,250	–	12.0	2009	2016
P L S Wilson	LTIP II	956,250	–	956,250	–	16 0	2009	2016
P L S Wilson	LTIP II	956,250	–	956,250	–	20 0	2009	2016
		21,631,250	–	21,631,250	–			

There have been no variations to the terms and conditions or performance criteria for the LTIP schemes during the financial period. All outstanding options expired during the period

26 PENSION SCHEMES

Defined contribution pension scheme

The Group operated a defined contribution pension scheme The pension cost charge for the period represents contributions payable by the Group to the scheme and amounted to £180,000 (2011 £159,000).

Outstanding contributions at the end of the financial period were £Nil (2011 £Nil)

Notes to the financial statements continued

27 ANALYSIS OF CASH FLOWS USED FOR ACQUISITIONS

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Purchase of businesses		
Group		
Discontinued operations		
Deferred consideration paid	(277)	(1,266)
Investment in MSS Building Services Limited	(9)	–
Net cash paid for acquisitions	–	(6,295)
	(286)	(7,561)

The deferred consideration settled during the period related to the Group's acquisition of Environmental Control Services Limited in September 2010 The Group settled £151,650 in October 2011 and £125,000 in December 2011.

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Company		
Discontinued operations		
Deferred consideration paid	–	(466)
Investment in MSS Building Services Limited	(9)	–
	(9)	(466)

28 ANALYSIS OF CASH FLOWS USED IN DISPOSALS

	Period ended 30 June 2012 £'000	Year ended 31 March 2011 £'000
Disposal of businesses		
Group		
Discontinued operations		
Proceeds on disposal of subsidiaries	7,100	–
Costs associated with disposal of subsidiaries	(303)	–
	6,797	–

Notes to the financial statements continued

29 NOTES TO THE CASH FLOW STATEMENT

	Group		Company	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
Operating loss from discontinued activities	(9,616)	(1,290)	(13,239)	(2,164)
Adjustments for				
Depreciation of property, plant and equipment	260	323	–	–
Amortisation of intangible assets	660	693	–	–
Impairment of Goodwill	12,073	–	–	–
Share based payments	–	236	–	236
Impairment of investments	–	–	484	–
Impairment of interCompany balance	–	–	11,051	–
Profit on disposal of investment in subsidiaries	(7,494)	–	–	–
Profit on disposal of property, plant and equipment	(13)	(15)	–	–
Other non-cash items	–	(64)	–	–
Operating cash flows before movement in working capital	(4,130)	(117)	(1,704)	(1,928)
Decrease/(increase) in work in progress	78	(244)	–	–
Decrease/(Increase) in receivables	1,382	(297)	2,224	(4,697)
(Decrease)/increase in payables	(217)	(1,433)	(414)	187
Decrease in provisions	(46)	(220)	(5)	(135)
Cash (utilised)/generated by discontinued operating activities	(2,933)	(2,311)	101	(6,573)
Income taxes paid	(178)	(114)	–	–
Interest paid	(68)	(71)	–	–
Net cash flow (used in)/from discontinued operating activities	(3,179)	(2,496)	101	(6,573)

Cash and cash equivalents (which are presented as a single class of asset on the face of the balance sheet) comprise cash at bank and other short term, highly liquid investments with a maturity of three months or less.

Notes to the financial statements continued

30 RELATED PARTY TRANSACTIONS

The remuneration of the Directors, who are the key management personnel of the group, is set out in the Remuneration Report accompanying these financial statements. There have been no other material transactions with the board

The Company funded the operating companies through equity investment and loans. In addition, the Company provided its subsidiaries with the services of senior management, for which a recharge was made to those subsidiary companies in the prior period

	2012 £'000	2011 £'000
The Company had the following balances outstanding at the period end with its subsidiaries		
Amounts due from subsidiaries	–	13,249
Amounts payable to subsidiaries	2	275

31 ULTIMATE CONTROLLING PARTY

As at year end Kennedy Ventures plc was the ultimate parent Company of the Group and the smallest and largest group for which consolidated financial statements are prepared

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting (the "**AGM**") of Kennedy Ventures plc (the "**Company**") will be held at the offices of Morrison & Foerster, CityPoint, One Ropemaker Street, London EC2Y 9AW on Thursday 8 November 2012 at 11 00 a m for the following purposes

Ordinary Business

To consider and, if thought fit, pass the following resolutions which will be proposed as ordinary resolutions

1. Report and accounts

To receive the audited financial statements of the Company for the period ended 30 June 2012, together with the directors' report and the auditor's report on those financial statements.

2. Election of Directors

2 1 To elect P Redmond as a director of the Company, who retires in accordance with the Company's articles of association having been appointed since the last Annual General Meeting of the Company

2 2 To elect C J Yates as a director of the Company, who retires in accordance with the Company's articles of association having been appointed since the last Annual General Meeting of the Company.

3. Appointment of auditors

To re-appoint Deloitte LLP as auditors of the Company to hold office from the conclusion of this Annual General Meeting until the conclusion of the next Annual General Meeting

4. Auditors' remuneration

To authorise the directors to determine the remuneration of the auditors

Special Business

To consider and, if thought fit, pass the following resolutions of which resolutions 5 and 8 will be proposed as ordinary resolutions and resolutions 6, 7 and 9 will be proposed as special resolutions

5. Directors' authority to allot shares

That, in substitution for any equivalent authorities and powers granted to the directors prior to the passing of this resolution, which are hereby revoked, the directors be and they are hereby generally and unconditionally authorised pursuant to section 551, Companies Act 2006 (the "**Act**") to exercise all powers of the Company to allot shares in the Company, and grant rights to subscribe for or to convert any security into shares of the Company (such shares, and rights to subscribe for or to convert any security into shares of the Company being "**relevant securities**") up to an aggregate nominal amount of £1,500,000 provided that, unless previously revoked, varied or extended, this authority shall expire at the conclusion of the next Annual General Meeting of the Company, except that the Company may at any time before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such an offer or agreement as if this authority had not expired

6. Disapplication of pre-emption rights

That the directors be and they are hereby empowered pursuant to section 570(1) of the Act to allot, conditionally on the passing of resolution 5, equity securities (as defined in section 560(1) of the Act) of the Company wholly for cash pursuant to the authority of the directors under section 551 of the Act conferred by resolution 5 above, and/or by way of a sale of treasury shares for cash (by virtue of section 573 of the Act), in each case as if section 561(1) of the Act did not apply to such allotment provided that

6 1 the power conferred by this resolution shall be limited to the allotment of equity securities or sale of treasury shares up to an aggregate nominal value equal to £1,500,000, and

Notice of Annual General Meeting continued

6 2 unless previously revoked, varied or extended, and subject to the continuation of the authority conferred by Resolution 5,this power shall expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company except that the Company may before the expiry of this power make an offer or agreement which would or might require equity securities to be allotted (and treasury shares to be sold) after such expiry and the directors may allot equity securities (and sell treasury shares) in pursuance of such an offer or agreement as if this power had not expired

7. Authority to purchase shares (market purchases)

That the Company be and is hereby unconditionally and generally authorised for the purposes of section 701 of the Act to make market purchases (within the meaning of section 693(4) of the Act) of its ordinary shares of £0 0001p each ("**Ordinary Shares**") provided that

7 1 the maximum number of Ordinary Shares authorised to be purchased is 270,000,000 representing approximately 10 per cent. of the Company's issued ordinary share capital as shown in the audited accounts of the Company for the period ended 30 June 2012,

7 2 the minimum price which may be paid for any such Ordinary Share is £0 0001,

7 3 the maximum price which may be paid for an Ordinary Share shall be an amount equal to 105 per cent of the average middle market quotations for an Ordinary Share as derived from the London Stock Exchange Daily Official List for the 5 business days immediately preceding the day on which the Ordinary Share is contracted to be purchased,

7 4 this authority shall, unless previously renewed, revoked or varied, expire on the earlier of the date falling 18 months after the date of the passing of this resolution and the conclusion of the next Annual General Meeting of the Company, but the Company may enter into a contract for the purchase of Ordinary Shares before the expiry of this authority which would or might be completed (wholly or partly) after its expiry, and

7 5 this authority shall be subject to an appropriate adjustment in the event resolution 9 below is approved

8. Re-adoption of the investing policy

That the investing policy of the Company as set out below be and is hereby re-adopted as the investing policy of the Company

"The Company's Investing Policy is to invest principally, but not exclusively in the resources and energy sectors The Company will initially focus on projects located in Asia but will also consider investments in other geographical regions The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings Once a target has been identified, additional funds may need to be raised by the Company to complete a transaction

The proposed investments to be made by the Company may be in either quoted or unquoted securities, made by direct acquisition, may be in companies, partnerships, joint ventures, or direct interests in projects and can be at any stage of development The Company's equity interest in a proposed investment may range from a minority position to 100 per cent ownership

The Company will identify and assess potential investment targets and where it believes further investigation is required, intends to appoint appropriately qualified advisers to assist

The Company proposes to carry out a comprehensive and thorough project review process in which all material aspects of any potential investment will be subject to rigorous due diligence, as appropriate It is likely that the Company's financial resources will be invested in a small number of projects or investments or potentially in just one investment which may be deemed to be a reverse takeover under the AIM Rules

Where this is the case, it is intended to mitigate risk by undertaking an appropriate due diligence process Any transaction constituting a reverse takeover under the AIM Rules will require shareholder approval. The possibility of building a broader portfolio of investment assets has not, however, been excluded

Notice of Annual General Meeting continued

The Company intends to deliver shareholder returns principally through capital growth rather than capital distribution via dividends Given the nature of the Company's Investing Policy, the Company does not intend to make regular periodic disclosures or calculations of net asset value

The Directors believe that their broad collective experience together with their extensive network of contacts will assist them in the identification, evaluation and funding of suitable investment opportunities When necessary, other external professionals will be engaged to assist in the due diligence of prospective opportunities The Directors will also consider appointing additional directors with relevant experience if the need arises

The objective of the Directors is to generate capital appreciation and any income generated by the Company will be applied to cover costs or will be added to the funds available to further implement the Investment Policy In view of this, it is unlikely that the Directors will recommend a dividend in the early years However, they may recommend or declare dividends at some future date depending on the financial position of the Company."

9. Consolidation and sub-division of ordinary shares

THAT -

9 1 in respect of each holding of shares as shown in the Register of Members of the Company at the close of business on 8 November 2012, every 50,000 ordinary shares of £0.0001 each shall be and are hereby consolidated into 1 new ordinary share of £5 each in the capital of the Company ("Consolidated Ordinary Shares"), provided that no member of the Company shall be entitled to a fraction of a Consolidated Ordinary Share and all fractional entitlements arising out of such consolidation shall be aggregated into Consolidated Ordinary Shares and dealt with as detailed under paragraph 9.3 below,

9 2 immediately on conclusion of the consolidation in 9 1 above, each Consolidated Ordinary Share of £5 in the capital of the Company shall be subdivided into 500 shares of 1 pence each ("New Ordinary Shares")

9 3 the whole number of New Ordinary Shares arising from the sub-division of the Consolidated Ordinary Shares arising from fractions under 9 1 above shall be sold and the net proceeds of sale distributed *pro rata* among those members who would otherwise be entitled to such fractional entitlements save that any entitlement to a sum of less than £3 00 shall not be so distributed, but shall be retained for the benefit of the Company

9 4 the New Ordinary Shares arising under this resolution shall have the rights set out under the Articles of Association,

9 5 the existing articles of association of the Company be amended by replacing the words of the existing Article 6 with the words "The share capital of the Company at the date of amendment of these Articles is divided into ordinary shares of 1 pence each and is not subject to any maximum number of shares "

Dated 28 September 2012

Registered Office
c/o Morrison & Foerster
CityPoint
One Ropemaker Street
London
EC2Y 9AW

By order of the Board

C J Yates
Secretary

Notice of Annual General Meeting continued

Notes·

1 Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001 (as amended), only those members registered in the register of members of the Company at 6 00 p m on 6 November 2012 (or if the AGM is adjourned, two working days before the time fixed for the adjourned AGM) shall be entitled to attend and vote at the AGM in respect of the number of shares registered in their name at that time Any changes to the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the AGM

2 A member who is entitled to attend, speak and vote at the AGM may appoint a proxy to attend, speak and vote instead of him A member may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares (so a member must have more than one share to be able to appoint more than one proxy) A proxy need not be a member of the Company but must attend the AGM in order to represent you A proxy must vote in accordance with any instructions given by the member by whom the proxy is appointed Appointing a proxy will not prevent a member from attending in person and voting at the AGM (although voting in person at the AGM will terminate the proxy appointment) A proxy form is enclosed The notes to the proxy form include instructions on how to appoint the Chairman of the AGM or another person as a proxy. You can only appoint a proxy using the procedures set out in these Notes and in the notes to the proxy form

3. To be valid, a proxy form, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Company's registrar, Capita Registrars, PXS, The Registry, 34 Beckenham Road, Beckenham, Kent, BR3 4BR by no later than 48 hours before the time of the AGM

4. In the case of joint holders of shares, the vote of the first named in the register of members who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders

5 A member that is a company or other organisation not having a physical presence cannot attend in person but can appoint someone to represent it This can be done in one of two ways by the appointment either of a proxy (described in Notes 2 and 3 above) or of a corporate representative Members considering the appointment of a corporate representative should check their own legal position, the Company's articles of association and the relevant provisions of the Companies Act 2006

6. Copies of the letters of appointment of the non-executive directors are available for inspection at the registered office of the Company during the usual business hours on any weekday (Saturday, Sunday or public holidays excluded) from the date of this Notice until the conclusion of the AGM and will also be available for inspection at the place of the AGM from 10 45 am on the day of the AGM until its conclusion

Notice of Annual General Meeting continued

Explanatory notes to certain business of the AGM

Resolution 5: Directors' authority to allot shares

This resolution grants the directors authority to allot shares in the capital of the Company and other relevant securities up to an aggregate nominal value of £1,500,000, representing approximately 5 5 times the nominal value of the issued ordinary share capital of the Company as at 24 September 2012, being the latest practicable date before publication of this notice The directors do not have any present intention of exercising this authority but they consider it desirable that this specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities to increase the capital base of the Company or to acquire investments Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company

Resolution 6: Disapplication of pre-emption rights

This resolution authorises the directors to allot equity securities for cash other than in accordance with the statutory pre-emption rights (which require a company to offer all allotments for cash first to existing shareholders in proportion to their holdings) The allotment under this power is limited to a maximum nominal amount of £1,500,000, which represents approximately 5 5 times the nominal value of the issued ordinary share capital of the Company As with the previous resolution, the directors have no present intention of exercising this authority but they consider it desirable that this specified amount of authorised but unissued share capital is available for issue so that they can more readily take advantage of possible opportunities to increase the capital base of the Company or to acquire investments Unless revoked, varied or extended, this authority will expire at the conclusion of the next AGM of the Company

Resolution 7: Authority to purchase shares (market purchases)

This resolution authorises the board to make market purchases of up to approximately 10 per cent of the Company's issued ordinary shares Shares so purchased may be cancelled or held as treasury shares

The directors intend to exercise this right only when, in light of the market conditions prevailing at the time and taking into account all relevant factors (for example, the effect on assets per share), they believe that such purchases are in the best interests of the Company and shareholders generally The overall position of the Company will be taken into account before deciding upon this course of action The decision as to whether any such shares bought back will be cancelled or held in treasury will be made by the directors on the same basis at the time of the purchase

Resolution No 8 – re-adoption of the Company's investing policy

At the General Meeting of the Company held on 25 May 2012, an investing policy was adopted In accordance with the AIM Rules, the Company is required to seek consent for its investing policy at each Annual General Meeting until its policy is substantially implemented The Board considers that the policy continues to be appropriate and suitable for the Company and accordingly proposes that the policy (which is restated in the resolution) be approved by members

Resolution No 9 – consolidation and sub-division of ordinary shares

The Company's ordinary share capital is currently divided into ordinary shares of £0 0001 each and there are over 2 7 billion such shares in issue with a market price of less than a tenth of a pence each The resolution proposes that these shares are consolidated and then subdivided such that a holding of 1 million ordinary shares of £0 0001 would become a holding of 10,000 ordinary shares of £0 01 representing the same proportionate interest in the Company and the same aggregate value (subject to market movements) This resolution is being proposed as there are a substantial number of shareholders on the register of the Company with holdings which are too small to realise economically (taking account of transaction costs) and which are costing the Company a significant sum every year to service and this will eliminate such smaller holdings This will have the additional potential benefit for shareholders of crystallising the tax loss which they are likely to have on such holding New certificates will be issued to Shareholders following completion of the consolidation and sub-division and existing certificates will cease to be valid or have any value thereafter