

# **Shellproof Limited**

Consolidated financial statements  
Year ended 31 March 2012

# Shellproof Limited

## Consolidated Statement of Comprehensive Income

Year ended 31 March 2012

In thousands of UK£	Notes	2012	2011
Administrative expenses	3	(143)	(65)
<b>Operating loss</b>		<b>(143)</b>	<b>(65)</b>
Financial income	4	152	169
<b>Profit before taxation</b>	5	<b>9</b>	<b>104</b>
Taxation	6	-	-
<b>Net profit for the year</b>		<b>9</b>	<b>104</b>
<b>Total comprehensive income for the year</b>		<b>9</b>	<b>104</b>
Net profit attributable to the Company's shareholders		9	104
Total comprehensive income attributable to the Company's shareholders		9	104
<b>Earnings per ordinary share</b>			
Basic and diluted (pence)	7	0.11	1.30

The accompanying notes form an integral part of these consolidated financial statements.

# Shellproof Limited

## Consolidated Balance Sheet

31 March 2012

In thousands of UK£	Notes	2012	2011
<b>Assets</b>			
<b>Non-current assets</b>			
Property, plant and equipment	8	68	-
<b>Current assets</b>			
Cash and cash equivalents	9	4,123	4,257
Stocks	10	84	-
Other receivables	11	20	19
		4,227	4,276
<b>Liabilities</b>			
<b>Current liabilities</b>			
Other payables	12	(24)	(14)
<b>Net current assets</b>		4,203	4,262
<b>Net assets</b>		4,271	4,262
<b>Shareholders' equity</b>			
Called up share capital	13	4,000	4,000
Retained earnings		271	262
<b>Total shareholders' equity</b>		4,271	4,262

The accompanying notes form an integral part of these consolidated financial statements.

The consolidated financial statements on pages 1 to 10 were approved by the Board of Directors on 28 September 2012 and were signed on its behalf by:

PMR Gaze  
Director

# Shellproof Limited

## Consolidated Statement of Changes in Shareholders' Equity

Year ended 31 March 2012

In thousands of UK£	Called up share capital	Retained earnings	Total shareholders' equity
Balance at 1 April 2010	4,000	158	4,158
Net profit for the year	-	104	104
Total comprehensive income	-	104	104
Balance at 31 March 2011	4,000	262	4,262
Net profit for the year	-	9	9
Total comprehensive income	-	9	9
<b>Balance at 31 March 2012</b>	<b>4,000</b>	<b>271</b>	<b>4,271</b>

The accompanying notes form an integral part of these consolidated financial statements.

# Shellproof Limited

## Consolidated Statement of Cash Flows

Year ended 31 March 2012

In thousands of UK£	Notes	2012	2011
<b>Cash flows from operating activities</b>			
Cash used in operations	14	(210)	(68)
Financial income		152	169
<b>Net cash (used in) generated from operating activities</b>		<b>(58)</b>	101
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment		(76)	-
<b>Net cash used in investing activities</b>		<b>(76)</b>	-
<b>Net (decrease) increase in cash and cash equivalents</b>		<b>(134)</b>	101
Cash and cash equivalents at beginning of year		4,257	4,156
<b>Cash and cash equivalents at end of year</b>	9	<b>4,123</b>	4,257

The accompanying notes form an integral part of these consolidated financial statements.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 1 Principal accounting policies

#### General information

Shellproof Limited (the “Company”) is a strategic investment company incorporated in Belize (number 70854) in March 2008. Its primary objective is to invest in either one or more quoted or unquoted businesses. The Company’s issued share capital is traded on AIM, a market operated by the London Stock Exchange plc in the United Kingdom (ticker symbol SHLP). The Company is domiciled in Belize and its registered office is: P.O. Box 364, 60 Market Square, Belize City, Belize, Central America.

During the year ended 31 March 2012, the Company established a wholly-owned UK subsidiary company, Shellproof Wines Limited (“Shellproof UK”), to carry out a trial production of sparkling wine in order to explore the potential of this business sector for an investment. Shellproof UK is registered in England & Wales (number 7665948).

These consolidated financial statements comprise the results, cash flows and financial position of the Company and Shellproof UK (together the “Group”).

#### Directors’ responsibilities

The following, which should be read in conjunction with the Independent Auditors’ Report regarding the respective responsibilities of directors and auditors, is made with a view to distinguishing for shareholders their respective responsibilities in relation to the consolidated financial statements. The directors are responsible for preparing the consolidated financial statements in accordance with applicable law and regulations. The directors have prepared the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union. Under regulations the directors must not approve the consolidated financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and of the profit or loss of the Group for that period. In preparing these consolidated financial statements, the directors are required to: (a) select suitable accounting policies and then apply them consistently; (b) make judgements and accounting estimates that are reasonable and prudent; (c) state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the consolidated financial statements; and (d) prepare the consolidated financial statements on the going concern basis unless it is inappropriate to presume that the Company and Group will continue in business. The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group’s transactions and disclose with reasonable accuracy at any time the financial position of the Group. They are also responsible for safeguarding the assets of the Group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The directors are responsible for the maintenance and integrity of the Company’s website ([www.shellprooflimited.com](http://www.shellprooflimited.com)). Legislation governing the preparation and dissemination of consolidated financial statements may differ between jurisdictions. In the case of each director in office at the date the consolidated financial statements are approved, they confirm that: (a) so far as the director is aware, there is no relevant audit information of which the Company’s auditors are unaware; and (b) he 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 auditors are aware of that information.

#### Basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union, taking into account interpretations from the International Financial Reporting Interpretations Committee (IFRIC). The consolidated financial statements have been prepared under the historical cost convention as modified in connection with certain financial instruments. The principal accounting policies adopted in the preparation of the consolidated financial statements, which have been consistently applied to all the years presented, are set out below.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

The consolidated financial statements incorporate those of the Company and its wholly owned subsidiary. A subsidiary is an entity controlled by the Company. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to benefit from its activities. Intra-group balances and transactions are eliminated in preparing the consolidated financial statements.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those estimates.

There has been no impact on the Group on the implementation during the year of new accounting standards and interpretations and the directors do not anticipate that the adoption of new standards and interpretations effective for the year ending 31 March 2013 will have a material impact on the Group.

### Functional and presentational currency

All amounts in these consolidated financial statements are presented in thousands of UK pounds sterling, the Company's presentation currency, unless otherwise stated. The Company's functional currency is UK pounds sterling.

### Financial income

Financial income comprises interest income on short-term deposits. Interest income is recognised on a time-proportion accruals basis using the effective interest rate method.

### Taxation

The Company's net profit is not subject to tax by virtue of its status under the International Business Companies Act 1990, of Belize.

For Shellproof UK, taxation comprises current and deferred tax. Current tax is based on the results for the period as adjusted for tax purposes using tax rates that are applicable to the net taxable income. Deferred tax is provided in full on temporary timing differences, where it is probable that taxable profit will be available against which the temporary timing differences and/or unused tax losses can be utilised.

### Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets over their expected useful economic lives, which are reviewed annually. It is calculated at the following rates: Plant, machinery and equipment - 3 to 5 years The carrying value is reviewed for impairment if events or changes in circumstances indicate that the carrying value may not be recoverable.

### Stocks

Stocks comprise work in progress, representing the cost of grapes, pressing and fermentation in the production of sparkling wine. Stocks are valued at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and other short-term deposits with original maturities of three months or less. As a result of the short-term maturity of these financial instruments their carrying value is approximately equal to their fair value.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### Other receivables

Other receivables comprise accrued income receivable and prepayments. The interest receivable is recognised initially at fair value, and subsequently measured at amortised cost, less provision for impairment. Prepayments are carried at cost less provision for impairment. Prepayments are charged to profit or loss when the services relating to the prepayments are received.

### Other payables

Other payables are accrued when the counterparty performs its obligations under the contract and are carried at amortised cost using the effective interest rate method.

### Share capital

Ordinary shares are classified as equity. Transaction costs directly attributable to the issue of new shares are reported, net of tax, in shareholders' equity.

## 2 Financial risk management

The overall objective of the financial risk management of the Group is to minimise risks that may have an adverse impact on the Group's results, cash flows and financial position. The Group is subject to market (interest rate) and credit risks on its cash and cash equivalents.

The Group's short-term deposits bear a fixed interest rate, and thus expose the Group to fair value interest rate risk. The Group does not have formal arrangements to analyse and mitigate its interest rate exposure.

The credit risk is mitigated by placing the deposits in highly liquid securities with short-term maturities, albeit with one financial institution (notes 9 and 15).

### Measurement of fair values

The fair values of assets and liabilities are principally measured and calculated by reference to expected future cash flows associated with the relevant group of assets and/or liabilities discounted at current interest rates for new instruments with similar credit risks and remaining maturity. The carrying values of other receivables and other payables approximate their fair values due to their short maturities.

## 3 Administrative expenses

In thousands of UK£	2012	2011
Professional and other services	133	64
Depreciation	8	-
Other expenses	2	1
<b>Total administrative expenses</b>	<b>143</b>	<b>65</b>

## 4 Financial income

In thousands of UK£	2012	2011
Interest income on short-term deposits (notes 9 and 15)	152	169
<b>Total financial income</b>	<b>152</b>	<b>169</b>

**Shellproof Limited**  
**Notes to the Consolidated Financial Statements**  
Year ended 31 March 2012

**5 Profit before taxation**

The directors who served during the period did not receive any remuneration in respect of their services to the Company. The auditors' remuneration was £20,000 (2011: £11,000).

**6 Taxation**

The Group's profit before taxation was £9,000. Of this amount, £92,000 is attributable to the Company which is not subject to tax by virtue of its status in Belize. The UK subsidiary loss for the year was £83,000. Applying a standard rate of UK corporation tax of 26% gives taxable losses of £22,000. These losses have been carried forward and are not recognised.

**7 Earnings per ordinary share**

Basic earnings per ordinary share are based on equity earnings of £9,000 (2011: £104,000) and 8,000,000 ordinary shares of 50 pence each, being the weighted average number of shares in issue during the year. There is no adjustment to be made for diluted earnings per ordinary share.

	Earnings UK£000	Weighted average number of shares	Earnings per ordinary share – pence
Year ended 31 March 2012	9	8,000,000	0.11
Year ended 31 March 2011	104	8,000,000	1.30

**8 Property, plant and equipment**

In thousands of UK£	Plant, machinery and equipment
<i>Cost</i>	
At 1 April 2011	-
Additions	76
At 31 March 2012	76
<i>Depreciation</i>	
At 1 April 2011	-
Charge for the year	8
At 31 March 2012	8
<b>Net book value at 31 March 2012</b>	<b>68</b>

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 9 Cash and cash equivalents

In thousands of UK£	2012	2011
Short-term deposits	4,089	4,253
Cash at bank	34	4
<b>Total cash and cash equivalents</b>	<b>4,123</b>	<b>4,257</b>

Cash and cash equivalents are denominated in UK pounds sterling. Short-term deposits are currently held at British Caribbean Bank Limited (note 15). The effective interest rate for the year on the deposits was approximately 3.65% per annum (2011: 4.05% per annum). At 31 March 2012, the deposits had an average maturity of 25 days (as at 31 March 2011: 24 days).

### 10 Stocks

In thousands of UK£	2012	2011
Work in progress	84	-
<b>Total stocks</b>	<b>84</b>	<b>-</b>

### 11 Other receivables

In thousands of UK£	2012	2011
Prepayments	19	19
Interest receivable	1	-
<b>Total other receivables</b>	<b>20</b>	<b>19</b>

The carrying amounts of other receivables are denominated in UK pounds sterling. The fair values of other receivables approximate their book values.

### 12 Other payables

In thousands of UK£	2012	2011
Accrued liabilities	24	14
<b>Total other payables</b>	<b>24</b>	<b>14</b>

The carrying amounts of other payables are denominated in UK pounds sterling. The fair values of other payables approximate their book values.

# Shellproof Limited

## Notes to the Consolidated Financial Statements

Year ended 31 March 2012

### 13 Called up share capital

The authorised and issued share capital of the Company at 31 March 2012 and 2011 was as follows:

	UK£000
Ordinary shares of 50 pence each: Authorised (100,000,000)	
Issued and fully paid (8,000,000)	<b>4,000</b>

At 31 March 2012, Lord Ashcroft, KCMG PC, owned and controlled approximately 76.2% of the issued ordinary shares of the Company.

### 14 Cash used in operations

In thousands of UK£	2012	2011
Profit before taxation	9	104
Depreciation	8	-
Financial income	(152)	(169)
	<b>(135)</b>	<b>(65)</b>
(Increase) in stocks	<b>(84)</b>	-
(Increase) in receivables	<b>(1)</b>	-
Increase (decrease) in payables	<b>10</b>	<b>(3)</b>
<b>Cash used in operations</b>	<b>(210)</b>	<b>(68)</b>

### 15 Related party transactions

At 31 March 2012, cash and cash equivalents - short-term deposits are held on deposit at British Caribbean Bank Limited ('BCBL'), a related party. BCBL is a wholly owned subsidiary of Waterloo Investment Holdings Limited ('WIHL'). Lord Ashcroft, KCMG PC, is a controlling shareholder in both the Company and WIHL. In addition, Messrs. P.M.R. Gaze and P.T. Osborne, directors of the Company, are also directors of WIHL.

Interest income generated on short-term deposits held in BCBL is disclosed in Note 4. During the year, the Group incurred bank service charges of £2,000 (2011: £1,000) with BCBL.

# Independent Auditors' Report to the Shareholders of Shellproof Limited

We have audited the consolidated financial statements of Shellproof Limited for the year ended 31 March 2012, which comprise the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in shareholders' equity, the consolidated statement of cash flows, and the related notes. 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.

## Respective responsibilities of directors and auditors

As explained more fully in the directors' responsibilities statement set out in note 1, the directors are responsible for the preparation of the consolidated 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 consolidated 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.

This report, including the opinion, has been prepared for and only for the company's shareholders as a body and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

## Scope of the audit of the consolidated financial statements

An audit involves obtaining evidence about the amounts and disclosures in the consolidated financial statements sufficient to give reasonable assurance that the consolidated 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 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 consolidated financial statements.

## Opinion on consolidated financial statements

In our opinion the consolidated financial statements:

- give a true and fair view of the state of the group's affairs as at 31 March 2012 and of the group's profit and cash flows for the year then ended; and
- have been properly prepared in accordance with IFRSs as adopted by the European Union.

PricewaterhouseCoopers LLP  
Chartered Accountants  
London, United Kingdom  
28 September 2012

# Corporate information

Directors	Peter Michael Reeder Gaze Philip Charles Johnson Philip Thomas Osborne Andrew Stephen Wilson each of: 60 Market Square Belize City Belize Central America
Company Secretary and Registered Office	Philip Thomas Osborne 60 Market Square P.O. Box 364 Belize City Belize Central America
Nominated Adviser (for AIM in the UK)	Cenkos Securities plc 6. 7. 8. Tokenhouse Yard London EC2R 7AS United Kingdom
Broker (for AIM in the UK)	Fyshe Horton Finney Limited Charles House 148-149 Great Charles Street Birmingham B3 3HT United Kingdom
Registrars	Capita Registrars (Jersey) Limited Victoria Chambers Liberation Square 1/3 The Esplanade St Helier Jersey JE2 3QA Channel Islands