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CREATIVITY ENTHUSIASM ENERGY VISION

Company Registration No. 4006413 (England and Wales)

THE NICHE GROUP PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2013

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COMPANIES HOUSE

company information

Directors	Donal Boylan (Non - Executive Chairman) Christopher Theis (Chief Executive Officer) Rakesh Patel (Chief Financial Officer) Richard Nolan (Non –Executive Director)
Secretary	Kitwell Consultants Limited
Company Number	4006413
Registered office	Aston House Cornwall Avenue London N3 1LF
Statutory Auditor	H W Fisher & Company Acre House 11-15 William Road London NW1 3ER
Bankers	Royal Bank of Scotland Plc 28 Cavendish Square London W1M 0DB
Registrar	Capita Registrars The Registry 34 Beckenham Road Beckenham Kent BR3 4TU

CONTENTS

CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2013

Highlights

- Developed and implemented a new strategy to build value from existing assets and participate in cash or near-to-cash generating investment opportunities
- Appointed Christopher Theis as Chief Executive Officer
- Raised £1 million in equity placing backed by institutional investors and Board members
- Proactively seeking and in discussions to expand the Company's energy portfolio

Review

2013 marked a year of fundamental transformation for your Company, with the development of a new production or near-to-production focused strategy, and positive steps taken by your Board in its execution.

Despite the prevailing unfavourable investment environment towards smaller and medium-sized hydrocarbon exploration and production companies that continues to this day, the Company made significant progress in stabilising the business as well as laying solid foundations for the future.

Recognising the challenging capital markets conditions that impacted fund-raising and transaction activity across the sector, your Board continued to minimise financial outgoings, including continuing to work without payment of remuneration over the year.

At the same time, a new strategic plan was developed to generate value from the Company's existing interests in Turkey and position it for a possible re-admission to AIM with an expanded portfolio of energy assets that offer near-term upside potential. These plans permitted either participation alongside the proposed San Leon Energy Plc ("San Leon") transaction as announced originally in late 2012 or on a standalone basis with Server Faith Alpay, our valuable partner in Turkey together with new investment outside Turkey.

A key part of the new plan was to appoint Christopher Theis as The Niche Group Plc's ("Niche" or the "Company") Chief Executive in March 2013. Christopher is a long term Niche shareholder having participated in several rounds of financing. He initially joined the Company as a non-executive Board member and is well-regarded and trusted by the Company's major shareholders. He is an investment banker and entrepreneur and brings a wide network of relationships and an extensive knowledge of Niche's activities and trading history.

Our new strategy focuses on building a portfolio of income producing, low risk, proven energy assets, or to participate in projects which are about to move into commercial production and to generate near term cash flows. We will not entertain investment in exploration activities, but seek to create "annuity streams" available for reinvestment or distribution to shareholders as opportunities permit.

During the first quarter of this year discussions were held with numerous institutional investors with a view to increasing our investment in Alpay Enerji AS ("Alpay Enerji") in Turkey which received considerable support. In turn, the Board held a number of exploratory meetings and discussions with Alpay Enerji. Whilst positive, the Company felt moving beyond the initial stage was not compatible with the new investment strategy. We continue to have a positive relationship with our Turkish partner and maintain an ongoing dialogue with them to develop new opportunities.

Your Board's focus therefore shifted towards securing an industry partner. Niche had been in direct bi-lateral and active discussion with San Leon for much of 2013 (since opening dialogue in November 2012) with a view to partnering in a proposed acquisition by Niche of a majority shareholding in Alpay Enerji.

We welcomed San Leon's announcement in September 2013, and the fact that they wished to proceed and invest in the same assets that Niche has invested in, and broadly using the arrangement developed by Niche. However, the San Leon announcement was the result of their direct negotiations with Server Fatih Alpay in respect of his 95% shareholding in Alpay Enerji, and Niche was excluded from those discussions.

San Leon had entered into a conditional agreement with Server Fatih Alpay for the purchase by San Leon of 75% of the issued share capital of Alpay Enerji. Under the tag along rights held by Niche, pursuant to its share purchase agreement with Server Fatih Alpay, Niche received an offer from San Leon to purchase 3.95% of the shares in Alpay Enerji. If Niche were to have accepted the offer from San Leon, it would have received $210,667 on completion for 3.95% of Alpay Enerji, leaving it with an interest of 1.05%. San Leon had committed to spending at least $18.5 million in connection with the work programmes within the first 18 months. If Niche chose not to accept the offer from San Leon, it would have retained its 5% holding in Alpay Enerji and have been required to contribute 5% of the $18.5 million capital expenditure programme committed to by San Leon, being $925,000, together with its share of the operational and administrative costs of Alpay Enerji. It would also be required to contribute towards the costs of any future work programmes.

After due consultation with our largest shareholders, it was deemed in the Company's best interests to avoid the dilutive effects of the proposed transaction and accordingly those shareholders and your Board supported a £1 million equity issue to retain our 5% interest in Alpay Enerji. Post period-end, on 14th April 2014, San Leon announced that they were not continuing with their planned investment. Our 5% investment in Alpay Enerji is unaffected by their decision.

The Board recognises that the period post delisting in September 2012 from the AIM market of the London Stock Exchange has not been ideal for shareholders wishing to buy or sell shares in the Company. To obtain some liquidity prior to a possible re-admission, the Company arranged a matched bargain facility with JP Jenkins in December 2013. Shareholder's brokers can access the facility and further details can be found at http://lmmx.co.uk/about-lmmx/

2014 – Post balance sheet events

The Company has continued to build on the strategy put in place during the year in review.

We announced in April 2014 a potential investment in the Carita Permit, situated onshore in the Po Valley, Italy, which contains three gas discoveries/prospects, including the Nervesa discovery. At the time of writing, this transaction is at the documentation stage and we are hopeful of its completion. Assuming successful closure, we expect first revenues from the project in 2015, and for the project to pave the way for your Company to seek re-admission to AIM later this year.

We welcomed Richard Nolan to the Board as a Non-Executive Director in April 2014. Richard's contacts and experience within the oil and gas investment sector are valuable to the Company, and he has been of considerable support as we execute on the new strategy. Chris Weafer resigned from his non-executive position in January 2014 and the Board wishes to thank him for his time in office.

We are encouraged both by our business opportunities and the start we have made to the current year as we move to execute further on our new strategy. We look forward to updating shareholders on further developments in due course.

Donal Boylan
Non -Executive Chairman
28 July 2014

STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The directors present their strategic report on the company for the year ended 31 December 2013.

Business Review
The requirements of the enhanced business review are contained in the Chairman's Statement on pages 3 to 4.

The Company has recently entered into non binding heads of terms with Sound Oil Plc to acquire 27.5% interest in a gas-prone permit area in north eastern Italy for up to €6 million.

The investment concerns the onshore Carita permit in the Veneto region comprising three gas discoveries/prospects, including the Nervesa find announced by Sound Oil Plc in July 2013.

Subject to satisfactory due diligence and Niche's ability to raise the necessary investment monies, Niche will acquire 27.5% interest in exchange for funding 100% of the cost of drilling a second well to address the southern part of the structure. The well is estimated to cost €6 million including testing, completion and applicable taxes.

The proposed investment forms part of the Niche Group's investment strategy to build a portfolio of income producing, low risk, proven energy assets, or participate in projects that are close to commercial production and near term cash flow generation.

It is anticipated that the successful completion of this transaction will pave the way for Niche to apply for admission to AIM later this year.

Niche Group continues to hold a 5%. interest in both Alpay Enerji and ARAR Petrol Ve Gaz ("ARAR").

The principal risks and uncertainties relate to the ability of the Operator, ARAR to successfully develop the licences in Turkey principally in Hatay and Konya, and the ability of the Company to realise the value of its investments. The ability to develop principally depends on ARAR achieving funding to do so and satisfying any new investor as to potential returns.

The Company's agreement with Server Fatih Alpay in Alpay Enerji provides tag along rights as a consequence of which Niche would be entitled to a proportionate consideration for its investment in Alpay Enerji should an offer be made for Server Fatih Alpay's shares.

Key performance indicators
The Company is an investment company holding two minority stakes and as such has no key performance indicators.

Principal risks and uncertainties
The Company is subject to a variety of risks including those which derive from the nature of the oil and gas development and production business and relate to the country in which it conducts its activities. Outlined below is a description of the principal risk factors that may affect performance. Such risk factors are not intended to be presented in any order of priority. Any of the risks, as well as the other risks and uncertainties referred to in this report, could have a material adverse effect on business performance. In addition, the risks set out below may not be exhaustive and additional risks and uncertainties, not presently known to the Company, or which the Company currently deems immaterial, may arise or become material in the future. It is the Board's objective to be aware of the risks and evaluate and mitigate them where possible.

The Board believes that the principal risks for the Company are currently in respect of its investments in Alpay Enerji and ARAR, are:-

- that Alpay Enerji and ARAR are unsuccessful in developing and producing oil and gas reserves;
- the Company will be unable to realise the carrying value of its investments in Alpay Enerji and ARAR

- the majority shareholder in Alphay Enerji and ARAR is unable to meet the on going financial obligations of the licences or the costs of drilling to exploit the full potential of the licences.

Diversification of investments
Currently, the Company's material assets are in (i) Alpay Enerji which holds 100% participating interest in gas exploration licences, Blocks 4394, 4395 and 4396 in Hatay and Block 4077 in Konya, Turkey and (ii) ARAR which, at 31 December 2013, had a 100% participating interest in circa 17 under-developed oil & gas exploration licences in Turkey and whose other principal business is providing oil & gas services to develop these related licences and to third party license owners in Turkey and Kurdistan. Turkey is a stable, peaceful, democratic and secular country in a region full of conflicts. Further, Turkey offers what is considered very attractive fiscal terms for oil & gas producers with private sector foreign ownership unrestricted, corporate taxation of only 20% and a resource offtake royalty of only 12.5%. Participation in Blocks 4394, 4395 and 4396 reflect a broader geographical focus, helping mitigate the risks presented by a lack of diversification in previous financial years.

In order to further diversify its investments and mitigate the risk of non diversification, the Company has been considering other investments and has recently announced that it has entered into non binding heads of terms to acquire a 27.5% interest in a gas prone permit in north eastern Italy for up to €6 million, such investment being subject to due diligence and the Company's ability to raise the necessary funds.

The Company's lack of funds prevents further mitigation of this risk which can only be achieved by raising additional funds to develop a diversified portfolio of investments in the oil and gas industry.

Investment in Alpay Enerji and ARAR
Through its investment in Alpay Enerji, the Company has a direct interest in the Hatay and Konya licences. In addition, through its investment in ARAR, the Company has a direct interest in 17 other licences held by ARAR. The CPR issued by Senergy in June 2012 provides a potential net present value of $US1,031.8M net to Alpay Enerji, which consists of $141.4M net attributable reserves (proved and probable), $264.3M net un-risked contingent resources and $626.1M un-risked prospective resources. This net present value assumes significant capital expenditure and is based on a number of other assumptions. The value of the remaining licences has not yet been determined and could be expected to improve further the value of the Company's interest in ARAR. The risks and uncertainties associated with this investment are as described above in Principal risks and uncertainties.

Cash flow and funding
The Company currently uses equity financing to fund its investments and fund administrative expenses.

To date, the Company has historically funded the initial phase of exploration and development of the Hatay and Konya Blocks in Turkey and expects that investment to contribute cash to the Company only once commercial production of gas commences following a successful discovery, and once sufficient funds have been raised in order to continue development.

In May 2013 the Company successfully entered into a CVA with its creditors whereby existing creditors accepted a settlement of £73,000 (net of costs) against liabilities of £223,000.

During the year the Company raised £1,090,000 by way of a subscription for shares in the Company to provide working capital for the Company. See note 15 to the accounts for further details.

At the year end the company has a cash balance of £914,082, which the Directors consider is sufficient for the foreseeable future.

Oil and gas prices
The Company's asset value and the economic viability of its investments in Alpay Enerji and ARAR depend on the price of oil and gas.

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Environmental risks
Niche Group's investments are subject to the environmental risks inherent in the oil and gas industry.

Country risk
The Company's investments in Alpay Enerji and ARAR are exposed to political, economic, legal, regulatory and social risks of the countries in which they operate or in which they have interests.

Financial risk
The Company is exposed to financial risk through its financial assets and liabilities. The key financial risk is that the proceeds from financial assets may not be sufficient to fund the obligations arising from liabilities as they fall due. The most important component of financial risk is liquidity risk. The Company is currently unable to mitigate this risk.

Credit risk
In the normal course of its business, the Company enters into contractual arrangements with third parties that subject the Company to the risk that such parties may default on their obligations. Hence, the Company may be exposed to third party credit risk through its contractual arrangements with its current or future joint venture partners, suppliers and other parties. In the event such entities fail to meet their contractual obligations to the Company, such failures could have a material adverse effect on the Company and its future cash flow from operations. The Company's cash balances are deposited with banks with high credit ratings.

Market risk
The Company's revenues, profitability and future growth are substantially dependent on prevailing prices of oil and natural gas and its ability to either realise or seek a return from its investments. Prices for oil and natural gas are subject to large fluctuations in response to relatively minor changes in the supply of and demand for oil and natural gas, market uncertainty and a variety of additional factors beyond the control of the Company.

C Theis
Chief Executive Officer

28th July 2014

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2013

The Directors present their report and financial statements for the year ended 31 December 2013.

Principal Activities
The Niche Group Plc is a public company incorporated under the Companies Act 1985 and domiciled in the United Kingdom. The principal activity of the Company is the investment in oil and gas development and production companies, initially in Turkey.

Results
The loss for the period to 31 December 2013 amounted to £586,781 (2012: £21,359,294). This loss includes £215,842 (2012: £324,016) in respect of share based payments.

Taxation Status
The Company was not a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial period.

Future developments
Information about the future plans of the Company are covered in the Strategic Report

Dividends
The directors do not recommend the payment of a dividend.

Post balance sheet events
Post balance sheet events are discussed in the Chairman's Statement.

CORPORATE GOVERNANCE STATEMENT

Without complying with The Combined Code in full, the Directors recognise the importance of sound corporate governance and observe the principles of the Combined Code, to the extent that they consider them to be appropriate for the Company's size.

The Board of directors
The Board currently comprise a Non-Executive Chairman (Donal Boylan), Chief Executive Director (Christopher Theis), an Executive Director (Rakesh Patel) and a Non-Executive Director (Richard Nolan).

An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the Company's expense concerning any aspect of the Company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Newly appointed Directors are made aware of their responsibilities through the Chairman. The Company does not make any provision for the formal training of new Directors.

Board meetings
The Board meet frequently either in person or by telephone conference and the business of formal meetings are minuted.

Generally, the powers and obligations of the Board are governed by the UK Companies Act 2006, and the other laws of the jurisdictions in which it operates. The Board is responsible, inter alia, for setting and monitoring Company strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders.

Audit and remuneration committees
Due to the size of the Company and level of activity, there are no formal audit and remuneration committees. The Executive Directors collectively address matters usually addressed by these committees such as reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports and monitoring the controls which ensure the integrity of the financial information reported to the shareholders.

Relations with shareholders
Investors are encouraged to participate in the Annual General Meeting and are regularly advised of any significant developments in the Company via its website in the main. The Company is pleased to meet with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

Internal financial control
The Board is responsible for establishing and maintaining the Company's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Company and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial controls, particularly in view of the cash resources of the Company. Due to the relatively small size of the Company's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Company.

Managing business risk

The Board constantly monitors the operational and financial aspects of the Company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to;

- Initiate action to prevent or reduce the adverse effects of risk
- Control further treatment of risks until the level of risk becomes acceptable
- Identify and record any problems relating to the management of risk
- Initiate, recommend or provide solutions through designated channels
- Verify the implementation of solutions
- Communicate and consult internally and externally as appropriate

Going concern

At 31st December 2013, the Company had a cash balance of £914,082 which the Directors consider is sufficient for the Company to continue for the foreseeable future.

Directors and Directors' interests

The Directors at the date of these financial statements who served during the period and their interest in the ordinary shares of the Company are as follows:

	Number of Ordinary Shares
D. Boylan	5,750,000
C Theis	9,420,000
R. Patel	2,500,000
C. Weafer (resigned 7 January 2014)	-
R. Nolan (appointed 11 April 2014)	-

Details of remuneration and interests in share options and warrants of the Directors of the Company who served in the year ended 31 December 2013 are as follows:

Share Options

	Number of Options	Exercise price	Date of grant	First date of exercise	Final date of exercise
Donal Boylan	6,000,000	7p	03.05.2011	15.02.2012	02.05.2021
	10,000,000	1p	23.05.2013	24.05.2013	23.05.2020
Christopher Theis	35,000,000	1p	23.05.2013	24.05.2013	23.05.2020
Rakesh Patel	6,000,000	7p	03.05.2011	15.02.2012	02.05.2021
	1,000,000	5p	20.05.2010	18.06.2010	n/a
	10,000,000	1p	23.05.2013	24.05.2013	23.05.2020

Warrants

	Number of Warrants	Exercise price	Date of grant	First date of exercise	Final date of exercise
Donal Boylan	2,500,000	1p	21.11.2013	21.11.2013	20.11.2016
Christopher Theis	5,400,000	1p	21.11.2013	21.11.2013	20.11.2016

Remuneration

	Fees & other remuneration £	Loss of office £	Taxable benefits £	Pension contribution £	2013 Total £	2012 Total £
Donal Boylan	48,000	-	-	-	48,000	72,000
Christopher Theis	174,410	-	7,000	-	181,410	3,333
Rakesh Patel	60,000	-	-	-	60,000	145,000
Nigel Little	-	-	-	-	-	41,666
Stuart Thomas	-	-	-	-	-	237,500
Christopher Weafer	(18,000)	-	-	-	(18,000)	48,000
	264,410	-	7,000	-	271,410	547,499

Included in the remuneration above are accrued salaries of £339,743 of which £264,410 relates to 2013 (2012:£75,333), being unpaid salaries from July 2012 to December 2013, comprising £72,000 to D Boylan, £90,000 To R Patel and £177,743 to Christopher Theis.

Major interests in ordinary shares
The following shareholders had an interest of more than 3% in the Company as at 4 June 2014:

Shareholder	Number of Shares	% of issued share capital
Vidacos Nominees Limited	68,571,430	8.33
JIM Nominees Limited	58,957,104	7.16
Dartington Portfolio Nominees	45,929,650	5.58
Platform Securities Nominees	44,068,827	5.35
Lynchwood Nominees Limited	43,995,000	5.34
HSBC Global Custody Nominee (UK)	34,571,430	4.20
WB Nominees Limited	31,729,447	3.85

Share capital
Details of Ordinary Share capital during the period are set out in note 15.

Financial Instruments
Details of the use of financial instruments by the Company are contained in note 18.

Donations
There were no charitable or political donations during the current period or prior year.

Disclosure of information to auditors
Each of the Directors has confirmed that there is no information of which they are aware which is relevant to the audit, but of which the auditors are unaware. They have further confirmed that they have taken appropriate steps to identify such relevant information and to establish that the auditors are aware of such information.

Auditors
A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members.

On behalf of the board

C Theis
Chief Executive Officer

28th July 2014

THE NICHE GROUP PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES
FOR THE YEAR ENDED 31 DECEMBER 2013

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

Company law requires the directors to prepare financial statements for each financial year. Under the law the directors have prepared financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the income statement of the company for that year.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements and;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors confirm that they have complied with the above requirements in preparing the financial statements.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company 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 NICHE GROUP PLC
INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF THE NICHE GROUP PLC
FOR THE YEAR ENDED 31 DECEMBER 2013

We have been engaged to audit the financial statements of The Niche Group Plc for the year ended 31 December 2013 which comprise the Statement of Financial Position, Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRS) as adopted by the European Union.

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 Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities, 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 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. Because of the matter described in the "Basis for disclaimer of opinion on financial statements" paragraph, however, we were not able to obtain sufficient audit evidence to provide a basis for an audit opinion.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implication for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2013 and of its loss for the year 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.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements.

Emphasis of matter – uncertainty on valuation of unlisted investments

Although our opinion on the financial statements is not modified, we draw attention to note 10 to the financial statements which describes the Directors' reasons for not considering the unlisted investments included at a cost £8,019,529 to be impaired.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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 required for our audit.

Gary Miller (Senior Statutory Auditor)

For and on behalf of
H W Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

28 July 2014

THE NICHE GROUP PLC

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2013

	Note	Year ended 31 December 2013	18 month Period ended 31 December 2012
		£	£
Share based payments	19	(215,842)	(324,016)
Other administrative expenses		(370,939)	(2,151,216)
Total administrative expenses		(586,781)	(2,475,232)
Operating loss	4	(586,781)	(2,475,232)
Transfer to income statement of fair value reserve relating to impaired assets		-	(2,101)
Provision against loan		-	(19,761,777)
Finance income	6	-	879,816
Loss on ordinary activities before taxation		(586,781)	(21,359,294)
Tax on loss on ordinary activities	8	-	-
Loss for the year / period		(586,781)	(21,359,294)
Fair value adjustment on available for sale investments		-	(48,000)
Total comprehensive loss for the period/year		(586,781)	(21,407,294)
Loss per share (pence)			
- Basic & diluted	9	(0.08)	(3.09)

All operating income and operating gains and losses relate to continuing activities.

The notes on pages 20 to 32 form an integral part of the financial statements.

THE NICHE GROUP PLC

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2013

	Share Capital	Share Premium	Share based payments reserve	Fair value reserves	Retained earnings	Total
	£	£	£	£	£	£
As at 1 July 2011	6,915,505	24,129,333	249,286	48,000	(2,662,066)	28,680,058
Comprehensive income						
Loss for the period	-	-	-	-	(21,359,294)	(21,359,294)
Transfer to income statement of fair value reserve relating to impaired assets				(48,000)	-	(48,000)
Share based payment	-	-	324,016	-	-	324,016
Transfer on forfeiture/expiry of options	-	-	(32,870)	-	32,870	-
As at 31 December 2012	6,915,505	24,129,333	540,432	-	(23,988,490)	7,596,780
Comprehensive income						
Loss for the period	-	-	-	-	(586,781)	(586,781)
Share based payment	-	-	215,842	-	-	215,842
Issue of share capital	1,313,000	-	-	-	-	1,313,000
As at 31 December 2013	8,228,505	24,129,333	756,274	-	(24,579,271)	8,538,841

The Share Capital represents the nominal value of the equity shares.

The Share Premium represents the amount subscribed for share capital, in excess of the nominal amount, less costs directly relating to the issue of shares.

The Fair Value Reserve represents the fair value movement of available for sale financial assets.

The Share Based Payments reserve represents the fair value of the equity settled share option scheme.

The Retained Earnings reserve represents the cumulative net gains and losses less distributions made.

The notes on pages 20 to 32 form an integral part of the financial statements.

Reg No: 4006413

THE NICHE GROUP PLC

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	As at 31 December 2013 £	As at 31 December 2012 £
ASSETS			
Non-current assets			
Investments – available for sale	10	8,019,529	8,014,690
		8,019,529	8,014,690
Current assets			
Financial assets – loans and receivables	11	-	-
Trade and other receivables	12	9,679	97,669
Cash and cash equivalents	17	914,082	41,328
		923,761	138,997
LIABILITIES			
Current liabilities			
Trade and other payables	13	(404,449)	(336,907)
Borrowings	14	-	(220,000)
		(404,449)	(556,907)
Net Current Assets/ (Liabilities)		519,312	(417,910)
NET ASSETS		8,538,841	7,596,780
SHAREHOLDERS' EQUITY			
Called up share capital	15	8,228,505	6,915,505
Share premium account		24,129,333	24,129,333
Share based payments reserve		756,274	540,432
Retained earnings		(24,579,271)	(23,988,490)
TOTAL EQUITY		8,538,841	7,596,780

The financial statements were approved by the board of directors and authorised for issue on 28/July/2014 and signed on its behalf by:

R Patel
Director

The notes on pages 20 to 32 form an integral part of the financial statements.

THE NICHE GROUP PLC

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2013

	Notes	Year ended 31 December 2013	Period ended 31 December 2012
		£	£
Cash flows from operating activities			
Cash expended from operations	16	(208,919)	(2,062,032)
Net cash outflow from operating activities		(208,919)	(2,062,032)
Cash flows from investing activities			
Available for sale financial assets acquired		(17,739)	(1,790)
Proceeds from the sale of available for sale assets		9,412	-
Interest received		-	7,437
Net cash (used in)/from investing activities		(8,327)	5,647
Cash flows from financing activities			
Net Proceeds from the issue of ordinary shares		1,090,000	-
Proceeds from loans		-	220,000
Net cash inflow from financing activities		1,090,000	220,000
Net increase/(decrease) in cash and cash equivalents		872,754	(1,836,385)
Cash and cash equivalents at beginning of period		41,328	1,877,713
Cash and cash equivalents at end of period	17	914,082	41,328

Major non cash transactions
During the year the Company concluded a Corporate Voluntary Arrangement whereby existing creditors accepted a settlement of £73,000 (net of costs) against liabilities of £223,000.

On 20 December 2013, £220,000 of Convertible Loan Notes were converted into 22,000,000 Ordinary Shares of the Company at 1p per share.

The notes on pages 20 to 32 form an integral part of the financial statements.

1. ACCOUNTING POLICIES

1.1 Basis of preparation

The Niche Group Plc is a public limited company incorporated in the United Kingdom. The address of the registered office is Aston House, Cornwall Avenue, London, N3 1LF. The principal activity of the Company is the investment in oil and gas development and production companies, initially in Turkey.

The financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union ('IFRS') and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS.

The financial statements have been prepared under the historical cost convention or fair value where appropriate. The significant accounting policies adopted are described below.

1.2 Comparative information

In view of a proposed transaction with Alpay Enerji during the period ended 31 December 2012, the Board resolved to align the Company's financial year end with that of Alpay Enerji. As a result the comparative figures are for the 18 month period to 31 December 2012 whilst the current period figures are for the 12 months to 31 December 2013.

1.3 Going concern

As at the year end the company had cash balances of £914,082. The Directors therefore consider that the Company has sufficient cash for the foreseeable future. As a result the financial statements have been prepared on a going concern basis.

1.4 Sources of estimation uncertainty

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reporting amount of income and expenses during the 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.

Financial assets

The main area of estimation uncertainty is in respect of the "Investments – available for sale" which relates to the Company's investment in Alpay Enerji and ARAR and its ability to either realise or seek a return from these investments.

Share based payments

The share-based payment charge is calculated using the Black-Scholes model which requires the estimation of share price volatility, expected life and the bid price discount.

1.5 Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Company becomes a party to the contractual provisions of the instrument.

1.6 Investments

Investments are recognised and derecognised on a trade date where a purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned and are initially measured at cost, including transaction costs.

The fair value of listed investments is based on their current bid prices in an active market. For available-for-sale investments, gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired, at which time the cumulative gain or loss previously recognised in equity is included in the income statement.

Unlisted investments are recorded at cost less impairment. Unlisted investments are instruments that do not have a quoted market price in an active market and their fair value cannot be measured reliably. The range of reasonable fair value estimates is significantly wide and the probabilities of the various estimates cannot be reasonably assessed as they relate to the underlying gas reserves in blocks which are currently being explored by a third party company

1.7 Financial assets - Loans and receivables

Loans and 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 maturities greater than 12 months after the end of the reporting period. These are classified as non-current assets. Loans receivable are carried at amortised cost. The Directors assess at the end of each reporting period whether there is objective evidence that a financial asset is impaired. Any impairment shall be recognised in the Statement of Comprehensive Income.

1.8 Financial liabilities

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

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as interest bearing loans and borrowings in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the Income Statement. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited directly to equity.

1.9 Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and other short-term deposits. They are stated at carrying value which is deemed to be fair value.

1.10 New Standards and Interpretations

The IASB and IFRIC have issued the following standards and interpretations which are in issue but not in force at 31 December 2013:

		Effective date (period beginning on or after)
IFRS 2,3,8, IAS 16,24	Amendments resulting from Annual Improvements 2010-2012 Cycle	1 July 2014
IFRS 3,13, IAS 40	Amendments resulting from Annual Improvements 2011-2013 Cycle	1 July 2014
IFRS 7	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 9	Deferral of mandatory effective date of IFRS 9 and amendments to transition disclosures	1 January 2015
IFRS 10	Amendments for investment entities	1 January 2014
IFRS 12	Amendments for investment entities	1 January 2014
IAS 19	Employee Benefits – Amended to clarify the requirements that relate to how contributions from employees or third parties that re linked to service should be attributed to periods of service	1 July 2014
IAS 27	Amendments for investment entities	1 January 2014
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IAS 36	Amendments arisisng from recoverable amouns disclosure	1 January 2014
IAS 39	Financial Instruments: Recognition and Measurement-Amendments for novation of derivatives	1 January 2014
IFRIC 21	Levies	1 January 2014

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the financial statements other than in terms of presentation.

1.11 Share-based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees or suppliers as consideration for equity instruments (options) of the Company. The fair value of the employee or supplier services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement of employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

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

1.12 Taxation

Current tax, including UK corporation tax and foreign tax, is provided at amounts expected to be paid (or recovered) using the tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Company's assets and liabilities and their tax base.

Deferred tax liabilities are offset against deferred tax assets. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised.

Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date.

Current and deferred tax are recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

2. SEGMENTAL REPORTING

a. **Primary segment – business**

The Company has only one business segment, which is investing in companies, either by way of equity or convertible loans primarily in the natural resources sector.

b. **Secondary segment – geographical**

The Company's loss for the period was derived wholly from activities undertaken in the United Kingdom

The Company's assets are allocated based on where the assets are located, as follows:

	2013	**2012**
	£	**£**
United Kingdom	923,761	151,897
Turkey	8,019,529	8,001,790
Gross assets	8,943,290	8,153,687

3. EXPENSES BY NATURE

	2013	**2012**
	£	**£**
Staff costs	481,300	792,994
Other expenses	105,481	1,682,238
	586,781	2,475,232

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

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	2013 £	2012 £
Staff costs	481,300	792,994
Other expenses	105,481	1,682,238
	586,781	2,475,232

4. OPERATING LOSS

The operating loss is stated after charging

	2013 £	2012 £
Auditors remuneration – audit services	9,000	15,000

5. EMPLOYEES

Number of employees

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

	2013 Number	2012 Number
Administration	4	4

	2013 £	2012 £
Employment costs		
Wages and salaries (including benefits in kind)	239,671	618,333
Social security costs	25,787	45,054
Share based payment expense	215,842	129,607
	481,300	792,994

Included in Wages and Salaries above are accrued salaries of £339,743, of which £264,410 relates to 2013 (2012: £75,333), comprises of unpaid salaries from July 2012 to December 2013. The Directors continue to work without payment of their remuneration at the date of these accounts.

6. FINANCE INCOME

	2013 £	2012 £
Interest on convertible loan	-	872,379
Bank interest	-	7,437
	-	879,816

7. DIRECTORS' REMUNERATION

	2013 £	2012 £
Aggregate emoluments	271,410	547,499
Share based payments	215,842	129,607
	487,252	677,106

The highest paid Director received remuneration of £181,410. During the period no retirement benefits accrued to the Directors (2012: £237,000).

8. TAXATION

No corporation tax charge arises in respect of the period due to the trading losses incurred. The Company has Corporation Tax losses available to carry forward and used against trading profits arising in future periods of £3,117,474 (2012: £3,082,193).

	2013 £	2012 £
Current tax charge	-	-
Loss on ordinary activities before taxation	(586,781)	(21,359,294)
Loss on ordinary activities before taxation multiplied by average standard rate of corporation tax of 23.25% (2012 – standard rate of 25%)	(136,426)	(5,339,824)
Effects of:		
Non deductible expenses	67,321	217,124
Difference between book and actual loss on disposal of available for sale assets	(489)	-
Short term timing differences	77,606	-
Other adjustments	(17,515)	
Movement in tax losses	9,503	5,122,700
Current tax charge	-	-

A deferred tax asset of £4,384,820 (2012: £5,051,755) has not been recognised due to the uncertainty regarding the availability of future profits against which the losses of the Company could be offset.

It has been announced that the UK tax rate will drop a further 1% per annum over the next three years reaching 21% effective from 1 April 2014. The impact of these subsequent corporation tax rate reductions will only be reflected as the relevant legislation is substantively enacted.

9. LOSS PER SHARE

The calculation of the basic and diluted loss per share is based on the loss on ordinary activities after taxation of £586,781 (2012: £21,359,294) and on the weighted average number of ordinary shares of 707,478,749 (2012: 691,550,530) in issue during the period. The basic and diluted loss per share is 0.08p (2012: 3.09p). As the company is loss making, there was no dilutive effect from the share options outstanding during the year.

In order to calculate the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares according to IAS33. Dilutive potential ordinary shares include share options granted to Directors and consultants where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's ordinary shares during the period.

10. INVESTMENTS – AVAILABLE FOR SALE

	Listed Investments £	Unlisted Investments £	Total £
1 July 2011	63,001	8,000,000	8,063,001
Additions	-	1,790	1,790
Net losses transferred to equity	(50,101)	-	(50,101)
At 31 December 2012	12,900	8,001,790	8,014,690
Additions	-	17,739	17,739
Net losses transferred to equity	(12,900)	-	(12,900)
At 31 December 2013	-	8,019,529	8,019,529

The fair value of listed investments is based on their current bid prices in an active market. Unlisted investments are recorded at cost less impairment. Unlisted investments are instruments that do not have a quoted market price in an active market and their fair value cannot be measured reliably. The range of reasonable fair value estimates is significantly wide and the probabilities of the various estimates cannot be reasonably assessed as they relate to the underlying gas reserves in blocks which are currently being explored by a third party company.

At the balance sheet date, £Nil (2012: £48,000) of losses related to listed investments had been transferred from equity into the income statement. As at 31 December 2013, the company had disposed of its listed investments.

The unlisted investments as at 31 December 2013, comprise of a 5% interest each in ARAR and Alpay Enerji at a cost of £8 million which had previously been allocated equally across the investment in these two entities. However, on the basis that all of the licences are currently being amalgamated into one entity, the Directors are of the opinion that the unlisted investments should be looked at in their entirety and treated as if they were one asset.

In 2012, the Company obtained a Senergy CPR which supported a valuation of the Hatay and Konya licences of c $1.031bn (proven and probable $141m, contingent $264m and prospective $626m). In the opinion of the Directors the Senergy CPR is still valid.

The Company has a 5% interest in Alpay Enerji the owner of the underlying licences referred to above. The Directors are of the opinion that a 5% shareholding in the company effectively means that the Company has a 5% interest in the Hatay and Konya licences.

In the opinion of the Directors the 5% interest in Alpay Enerji equates to a value in the underlying licences which exceeds the carrying value in the financial statements of £8 million. On this basis the Directors are of the opinion that there is no requirement to impair the unlisted investments.

In addition The Company has a 5% interest in ARAR which currently owns an interest in 17 other licences which are generally less developed but do have a minority in commercial production with CPR valuations, but also holds the full ARAR oil and gas service business- personnel and equipment - which produces third party contracted profits.

The Directors do not consider the unlisted investments to be impaired.

11. FINANCIAL ASSETS – LOANS AND RECEIVABLES

	2013 £	2012 £
Current assets at 1 January 2013 / 1 July 2011	-	18,610,000
Provision against current assets	-	(18,610,000)
Current assets at 31 December 2013 / 2012	-	-

The Company had entered into a succession of convertible loan agreements (the "Loans") and provided a total of £18,610,000 of financing to Oman Resources Limited.

The Loans were repayable on 1 October 2012 (extended from 30 December 2011) unless converted into ordinary shares in Oman Resources equivalent to 35.7% of its current issued share capital, such conversion occurring where either (a) Oman Resources completes a fundraising of US$10m or more by way of issue of shares or (b) Oman Resources' shares are listed on AIM or on a recognised investment exchange or (c) Oman Resources is acquired and such acquisition constitutes a reverse takeover for the purposes of the AIM Rules, otherwise, the conversion is at the sole option and discretion of the Company and can be made at any time up to the repayment date. The loans bear interest at three per cent per annum compounded each month until the repayment date.

The conversion option was designed to mitigate the risk of Oman Resources being unable to repay the loan. If the loan was not repaid or converted by 1 October 2012, then Niche Group could exercise its security and take control of Oman Resources and continue to participate in the arrangements with ARAR, except that Niche Group which had conversion rights to an interest in 35.7% in Oman Resources would end up with 100% of Oman Resources which had a 50% interest in the Konya and Hatay block licences.

Under the terms of a Novation Agreement, executed in August 2012, Oman Resources agreed to transfer its 50 per cent. participating interest in the Blocks to Alpay Enerji in consideration for the waiver by Alpay Enerji and ARAR of outstanding and future commitments under the terms of the FIA and JOA's with effect from the transfer of ARAR's interest in the Blocks pursuant to the Exploration Investment Deed and following the transfer of Oman Resources' interests in the Blocks to Alpay Enerji. At that time, the FIA's and the JOA's entered into between ARAR and Oman Resources (which had been novated by ARAR to Alpay Enerji as noted above) were terminated and all obligations and rights set out in those agreements ceased.

As a result of Oman Resources entering into a Novation Agreement and transferring its interest in the Blocks to Alpay Enerji, Niche Group has provided in full against the £18.6m owed by Oman Resources to Niche Group. The interest in the Blocks was Oman Resources' only material asset and as a result the Directors of Niche Group believes that recovery of the amounts loaned by the Company under the convertible loan agreements is therefore unlikely.

12. TRADE AND OTHER RECEIVABLES

	2013 £	2012 £
Other debtors	-	85,011
Prepayments and accrued income	9,679	12,658
	9,679	97,669

13. TRADE AND OTHER PAYABLES

	2013 £	2012 £
Trade payables	7,152	162,841
Taxation and social security	-	60,160
Accruals and deferred income	397,297	113,906
	404,449	336,907

14. BORROWINGS

	2013 £	2012 £
Convertible loan notes	-	220,000
	-	220,000

The Company issued unsecured convertible loan notes at par value of £220,000 on 27 December 2012. These loans were automatically converted into ordinary shares of the Company on 20 December 2013 at 1p per share.

15. SHARE CAPITAL

	2013 £	2012 £
Authorised		
1,800,000,000 Ordinary shares of 1p each	18,000,000	18,000,000
Allotted, called up and fully paid		
822,850,530 (2012: 691,550,530) Ordinary shares of 1p each	8,228,505	6,915,505

On 19 July 2013, the Company issued 7,500,000 ordinary shares of 1p each at par together with 7,500,000 warrants exercisable at 1p each.

On 30 July 2013, the Company issued 1,500,000 ordinary shares of 1p each at par together with 1,500,000 warrants exercisable at 1p each.

On 20 November 2013 the Company issued 100,000,000 ordinary shares of 1p each at par together with 100,000,000 warrants exercisable at 1p each.

On 20 December 2013 £220,000 of Convertible Loan Notes were converted into 22,000,000 ordinary shares of the company at 1p per share.

On the same date the Company issued 300,000 ordinary shares at 1p each to J P Jenkins Limited in settlement of their invoice.

16. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2013 £	2012 £
Operating loss	(586,781)	(2,475,232)
Share based payments	215,842	324,016
Decrease/(Increase) in debtors	87,991	(82,091)
Increase in creditors within one year	70,542	171,275
Loss on sale of available for sale asset	3,487	-
Net cash outflow from operating activities	(208,919)	(2,062,032)

17. CASH & CASH EQUIVALENTS

	2012 £	2012 £
Cash at bank and in hand	914,082	41,328

The fair value of cash and cash equivalents at 31 December 2013 was £914,082 (2012: £41,328)

18. FINANCIAL INSTRUMENTS

The Company's financial instruments comprise cash and cash equivalents and various other items, such as available for sale investments and financial assets, trade receivables and payables, which arise directly from its operations. It is, and has been throughout the period under review, the Company's policy to ensure that there is no trading in financial instruments. The main purpose of these financial instruments is to finance the Company's operations.

Categories of Financial Instruments

	2013 £	2012 £
Financial Assets		
Investments available for sale	8,019,529	8,014,690
Cash and cash equivalents	914,082	41,328
Trade and other receivables	9,679	97,669
	8,943,290	8,153,687
Financial Liabilities		
Trade and other payables	404,449	336,907
Borrowings	-	220,000
Net Assets	8,538,841	7,596,780

Financial Assets and Liabilities
Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes party to the contractual provisions of the instrument.

Financial Risk Factors
The Company's activities expose it to mainly liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance.

Liquidity Risk
Liquidity risk is the risk that the Company will not be able to sell nor earn dividend from its financial assets, in particular the shareholdings in Alpay Enerji and ARAR. The Company monitors the activities of both companies and reviews key management information when it is provided.

The Company has to date financed its operations from cash reserves funded from share issues. Management's objectives are now to receive sufficient liquid funds from its investments to enable them to meet their day-to-day overhead obligations as they fall due.

The Company has no borrowing facilities that require repayment and therefore have no interest rate risk exposure.

Fair Values of Financial Assets and Liabilities
The Directors consider that the fair value of the Company's financial assets and liabilities are not considered to be materially different from their book values.

19. SHARE OPTIONS

On 23 May 2013, the following number of share options exercisable at 1p were granted to the Directors:

C Theis	35,000,000
D Boylan	10,000,000
R Patel	10,000,000

The following share options have been granted by the Company at 31 December 2013:

Date of grant	Number of ordinary shares under option	Exercise price	Exercise period
24/05/2013	55,000,000	1p	24/05/2013 – 23/05/2020

The following warrants have been granted by the Company at 31 December 2013:

Date of grant	Number of ordinary shares under option	Exercise price	Exercise period
21/11/2013	109,000,000	1p	21/11/2013 – 20/11/2016

The fair value of equity settled share options granted is estimated at the date of grant using a Black-Scholes option pricing model, taking into account the terms and conditions upon which the options were granted. The following table lists the inputs to the model:

Date of grant	18 June 2010	04 May 2011	24 May 2013
Expected volatility	42%	54%	54%
Expected life	3.5 years	3.5 years	3.5 years
Risk-free interest rate	4.15%	1.72%	0.55%
Expected dividend yield	-	-	-
Possibility of ceasing employment before vesting	-	-	-
Fair value per option	0.0083p	0.014p	0.004p

The expense recognised by the Company for share based payments during the period ended 31 December 2013 was £215,482 (2012: £324,016).

The average volatility is used in determining the share based payment expense to be recognised in the period. This was calculated by reference to the standard deviation of the share price over the preceding 12 month period.

Movement in the number of options and warrants outstanding and their related weighted average exercise price are as follows:

	At 31 December 2013		At 31 December 2012	
	Number of Options & Warrants	**Weighted average exercise price per share (pence)**	**Number of Options & Warrants**	**Weighted average exercise price per share (pence)**
At 1 January 2013 / 1 July 2011	40,883,947	7p	54,006,808	7p
Granted	164,000,000	1p	—	—
Forfeited	—	—	(12,000,000)	(7p)
Expired	—	—	(1,122,861)	—
At 31 December 2013 / 2012	204,883,947	2p	40,883,947	7p

20. RELATED PARTY TRANSACTIONS

Adler Shine LLP, a firm in which R Patel is a partner, invoiced the Company £60,000 for the year (2012: £145,000) in respect of his Director's fees. At the period end an amount of £90,000 (2012: £30,000) was included in accruals. Adler Shine LLP invoiced the Company £600 plus VAT for the provision of bookkeeping and accountancy fees during the year (2012: £36,529). At the period end an amount of £3,600 (2012: £3,000) was included in accruals in respect of bookkeeping and accountancy fees. The above transactions were on a commercial arm's length basis.

The unsecured convertible loan notes discussed in note 14 includes: N Little £115,000, D Boylan £32,500 and R Patel (through Adler Shine LLP, of which Rakesh Patel is a partner) £15,000. These were converted into shares in the Company on 20 December 2013 (see note 15).

21. ULTIMATE CONTROLLING PARTY

The Company considers that there is no ultimate controlling party.

22. POST BALANCE SHEET EVENTS

Niche Group announced on 28 April 2014 that it had signed non-binding heads of terms with Sound Oil plc ("Sound Oil") for a farm down of Sound Oil's onshore Carita licence in the Po Valley, Northern Italy (the "Heads of Terms"). The Carita licence area includes the Nervesa discovery.

Under the Heads of Terms, Niche will acquire, subject to completion of due diligence, a 27.5% interest in the Carita licence in exchange for paying 100% of the costs of a second well to address the southern part of the structure, planned for Q3/Q4 2014. Following the farm out, Sound Oil will continue to hold a 72.5% interest in the Carita licence. The second well, to be funded by Niche, is estimated to cost €6 million, including testing, completion and applicable taxes. The Heads of Terms include a binding and mutual break fee should either of the parties withdraw from the transaction during an exclusivity period of 120 days from 25 April 2014.