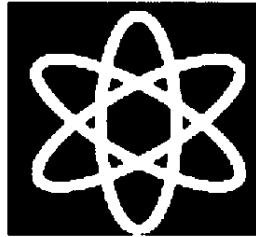


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VOLVERE PLC

Annual report and financial statements

Year ended 31 December 2012

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Volvere plc

Annual report and financial statements for the year ended 31 December 2012

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Country of incorporation

England and Wales

Company secretary

Nick Lander

Company number

04478674

Registered office

York House
74-82 Queen Victoria Street
London
EC4N 4SJ

Tel 020 7634 9707

Web www.volvere.co.uk

Directors and professional advisers

Directors

David Buchler, Non-Executive Chairman, aged 61

David is a Chartered Accountant and has some 35 years of experience in the field of corporate turnaround. He was a partner at Arthur Andersen prior to becoming a founding partner of Buchler Phillips, the UK's leading financial recovery and restructuring specialist, which was acquired by the Kroll Inc Company in 1999, the world's leading risk mitigation firm. Until 2003, he was Chairman of Kroll for Europe and Africa. He is a former President of R3, the association of business recovery and turnaround professionals, as well as a member of the Institute for Turnaround, Treasurer of INSOL International, Trustee of Syracuse University and until 2006, Vice-Chairman of Tottenham Hotspur Football Club. He has been a Director of a number of public companies and is currently a Director of the English National Opera.

Jonathan Lander, Chief Executive Officer, aged 45

Jonathan is Chief Executive Officer of Volvere. He has over 20 years' experience in the financial services industry, including 15 years as CEO of D2L Capital Limited (formerly Dawnay, Day Lander Limited), a London-based venture capital firm. He has been both an adviser and a principal investor in numerous public and private technology sector transactions. He holds an M A in Law from Cambridge University and is a Chartered Financial Analyst.

Nick Lander, Chief Financial & Operating Officer and Company Secretary, aged 46

Nick is Chief Financial & Operating Officer of Volvere. He has worked for a number of private and public companies in both financial and operational roles. He previously held the positions of Corporate Development Director at Clyde Blowers PLC and Deputy Managing Director at Clyde Materials Handling Limited. Prior to joining Clyde Blowers, Nick spent 6 years with APV plc (formerly part of Invensys plc), latterly as Managing Director of a subsidiary business. Nick qualified as a chartered accountant with PricewaterhouseCoopers in 1990.

Directors and professional advisers (*continued*)

Bankers

Bank of Scotland
Level 6
110 St Vincent Street
Glasgow
G2 5ER

Royal Bank of Scotland plc
2nd Floor, The Gemini Building
24/25 St Andrew Square
Edinburgh
EH2 1AF

Solicitors

Squire Sanders (UK) LLP
7 Devonshire Square
Cutlers Gardens
London
EC2M 4YH

Marriott Harrison LLP
11 Staple Inn
London
WC1V 7QH

Broker and nominated adviser

N+1 Singer
One Bartholomew Lane
London
EC2N 2AX

Auditor

Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
1020 Eskdale Road
IQ Winnersh
Wokingham
Berks
RG41 5TS

Chairman's statement and Chief Executive's statement

Chairman's statement

I am pleased to report on the results for the year ended 31 December 2012

The performance of our main businesses is on track and the company balance sheet robust, with net assets per share once again increasing year-on-year from £3 63 to £3 74. I am particularly pleased that, following the year end, we made a further acquisition to our portfolio. I am confident that our management team will continue to deliver the best possible result for shareholders, despite the inevitable challenges ahead.

David Buchler
Chairman

31 May 2013

Chief Executive's statement

Operating review

During the year the Group operated in three segments: online marketing & data services, security solutions and food manufacturing. The financial performance of each segment is summarised below and in the financial review on pages 5 to 7 and further detailed in note 5 to the financial statements.

Online marketing & data services

Our online marketing and data services business, Interactive Prospect Targeting Limited ("IPT"), produced revenue and profit before interest, tax and amortisation of £8.9 million and £0.18 million respectively, which was a small improvement on the previous year (2011: £8.3 million and £0.15 million).

The core business of lead generation performed satisfactorily in the period. However, the market remained subdued and limited to a small number of clients and sectors.

The investment in IPT's quiz site, "Quizfactor", is substantial and I am pleased that, post-year end, the division generated its first sales. The site is now fully operational and the content is available on www.quizfactor.co.uk, as well as on over 100 third party sites on a "white-labelled" basis. Traffic growth and visitor time-spent-on-site are both encouraging.

IPT paid a dividend of £0.22 million in February 2013, of which we received £0.10 million, bringing the total cash received by way of loan repayments and dividends from IPT since acquisition in 2008 to £2.75 million, compared with an original investment cost of £1.4 million.

Security solutions

Sira Defence & Security had a difficult year with revenue falling to £0.25 million (2011: £0.6 million), resulting in a small loss of £0.004 million (2011: profit £0.096 million). Since the beginning of 2012, the impact of public sector funding cuts has meant that new orders have not been forthcoming at previous levels. We have reduced our fixed costs and are currently considering how best to exploit the value in this business going forward.

Chief Executive's statement (*continued*)

Food manufacturing

Shire Foods Limited ("Shire"), in which the Group has an 80% stake, was acquired on 29 July 2011, and, therefore, 2012 was its first full year of trading within the Group. Between the acquisition date and the end of 2012, the Group has invested (through a mixture of loans and equity) a total of £2.1 million in Shire directly, with a further £0.45 million, indirectly through another Group company, in related intellectual property.

Shire's turnover for the year was £6.2 million (5 months to December 2011: £3.3 million) and it incurred a loss before interest and tax of £0.3 million (5 months to December 2011: £0.6 million). This reduction in losses reflects the restructuring undertaken both in terms of reducing Shire's cost base as well as new product launches and customer contract wins. That increased customer activity has continued to benefit the early part of 2013 in terms of revenue growth, with new product launches in the second half of 2013 expected to deliver yet more growth. However, in common with other food manufacturing businesses, the start of 2013 has been challenging, with raw material prices increasing significantly. Whilst the effects of this can, to some extent, be passed on to customers, the nature and significance of certain of Shire's major retail accounts means that no certainty can be assumed about their willingness to accept increases without affecting revenue. Revenues are, however, higher than at the same period last year. We remain determined to continue to offer all our customers the balance between quality and cost that they demand, in a controlled and safe environment.

Cash and investments

At the year end the Group had cash of £13.6 million (2011: £4.3 million) and a total of £0.7 million (at cost) (2011: £12.0 million) invested in available for sale investments, with a valuation of £1.0 million (£12.0 million).

In line with the Group's treasury management policies and pending investment in other acquisitions, the Group continues to invest in equity and/or bond index funds, as well as specific securities with attractive yields.

Acquisitions and future strategy

The UK economy has returned to growth albeit at a very modest level. We remain cautious of making any investment that is predicated on a surge in economic activity. Smaller companies are particularly vulnerable in low or no-growth environments and that is where we invest and are invested. However, where we can acquire good businesses at modest prices, we believe that is worth doing. In furtherance of that strategy, following the year end, we purchased the business and assets of a UK engineering and transport planning consultancy, JMP Consultants Limited for a cash consideration of £0.42 million.

I believe that the coming months will present many challenges as well as many opportunities and look forward to both with confidence.

Jonathan Lander
Chief Executive

31 May 2013

Financial review

This financial review covers the Group's performance for the year ended 31 December 2012. It should be read in conjunction with the Chairman's and Chief Executive's statements.

Accounting policies and basis of preparation

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the European Union. The Group's accounting policies are set out in note 1 to the consolidated financial statements.

Revenue and operating performance

Detailed information about the Group's segments is set out in note 5 to these financial statements and should be read in conjunction with this financial review.

Total revenue from continuing operations was £15.3 million (2011: £12.2 million). Revenue by segment is shown in note 5 to the financial statements. The Group incurred a small loss before tax of £0.1 million, which was in line with the underlying result from the prior year (2011: profit £1.2 million which included a £1.3 million gain on bargain acquisition of Shire Foods Limited).

Online marketing and data services

The Group's online marketing and data services segment consists of Interactive Prospect Targeting Limited and its subsidiary ("IPT"). IPT's revenue for 2012 as a whole rose from £8.3 million in 2011 to £8.9 million in 2012. Profits before tax rose slightly from £0.15 million in 2011 to £0.18 million in 2012. Investment in Quizfactor continued, with total investment in 2012 of £0.76 million (2011: £0.52 million), all of which has been expensed in the year.

Security solutions

Revenue from security solutions fell to £0.25 million (2011: £0.56 million) due to the fall in orders from the UK public sector, particularly in follow-on orders from the security services. Despite implementing significant cost reductions this resulted in a loss of £0.004 million (2011: profit £0.096 million). Costs have been reduced further in 2013 and the business continues to generate new business opportunities, however police budgetary constraints continue to limit penetration of its software. At the end of 2012 the net amount invested in this segment was £0.19 million.

Food manufacturing

The Group's food manufacturing segment consists of Shire Foods Limited ("Shire") in which a majority stake was acquired during 2011. The Group has an 80% stake in Shire. This segment contributed £6.2 million of revenues and incurred losses before interest and tax of £0.3 million. In the period from acquisition to 31 December 2011 (5 months) this segment contributed £3.3 million of revenues but incurred losses of £0.6 million, so the underlying trend in 2012 was one of significant improvement compared with the initial post-acquisition period. Revenue in the second half of 2012 was almost 47% higher (at £3.67 million) than the first half (£2.50 million), partly reflecting seasonality and partly new contract wins. Whilst the growth in revenues represented a good achievement, the margins achieved were lower than those experienced in the first half as the product mix altered and raw material prices increased. Ignoring the effects of a one-off energy credit in the first half amounting to £0.06 million, losses before interest and tax were reduced from £0.22 million to £0.14 million in the second half.

The Group has invested in and supported Shire by way of equity and loans. At 31 December 2012 the total equity invested was £0.53 million (2011: £0.53 million) and loans outstanding were £1.57 million (2011: £0.73 million). The increase in loans during the course of 2012 took place principally in the second half of the year to meet the working capital requirements of the business. In addition to this, the Group acquired an intangible asset relating to a wedge-shaped pie design for £0.45 million during the year.

Financial review (*continued*)

Food manufacturing (continued)

As noted in the Chief Executive's statement last year, actions were taken to improve profitability and as part of a financial restructuring, Shire entered into a creditors' voluntary arrangement ("CVA") in January 2012. Under the terms of the CVA Shire will pay £0.35 million over a maximum 3 year period in satisfaction of unsecured liabilities of approximately £1.2 million. At the end of 2012, the amount owing to CVA creditors was £1.1 million, following payments made under the CVA arrangement in the course of the year.

Investment revenues, other gains and losses and finance income and expense

Whilst continuing to review and assess further investments in trading activities, the Group had significant cash on hand and has continued with active treasury management in response to prevailing low interest rates. This strategy achieved investment revenues, other gains and losses and net finance income totalling £0.8 million (2011 £1.2 million).

Statement of financial position

Cash and cash equivalents

Cash at the year end totalled £13.6 million (2011 £4.3 million). This includes (by virtue of its full consolidation) £0.8 million (2011 £0.8 million) held in its 45% owned subsidiary, IPT. As noted below, the Group made purchases during the year of its own shares for treasury for a total consideration of £0.80 million (2011 £2.16 million).

Available for sale investments

At the year end the Group's available for sale investments had a market value of £1.0 million (2011 £12.0 million), the base cost of these investments was £0.7 million (2011 £12.0 million).

Hedging

It is not the Group's policy to enter into derivative instruments to hedge interest rate risk.

In the prior year certain of the investments were denominated in US dollars (base cost \$4 million, valuation \$4.3 million) and, in order to hedge the foreign exchange risk associated with those investments, the Group had entered into a foreign exchange contract for the sale of \$4.25 million in December 2012 at a rate of \$1.5579/£1. There are no foreign currency investments at 31 December 2012 and, accordingly, no hedging instruments are in place.

Dividends

In accordance with the policy set out in the prospectus on admission to AIM, the Board does not currently intend to recommend payment of a dividend and prefers to retain profits as they arise for investment in future opportunities, or to purchase own shares for treasury where that is considered to be in the best interests of shareholders.

During the previous year, however, IPT paid dividends totalling £0.55 million of which £0.30 million was paid to third party (i.e. non-Group) shareholders.

Purchase of own shares

The Group purchased for treasury a total of 323,170 shares (2011 767,564 shares) for total consideration of £0.80 million (2011 £2.16 million) representing an average price of £2.46 per share (2011 £2.81 per share).

Earnings per share

The basic and diluted loss per ordinary share was 6.56p (2011 earnings per ordinary share 26.92p and 26.87p respectively). During the year the Company continued the operation of a share option scheme in which certain staff are entitled to participate, subject to the scheme's terms and conditions.

Financial review (*continued*)

Post balance sheet event

On 14 May 2013 the Group acquired the business and certain assets of JMP Consultants Limited for a cash consideration of £0.42 million. The estimated fair value of the net assets acquired was £0.6 million. The Group has agreed to make a working capital facility available to the company.

Key performance indicators

The Group uses key performance indicators suitable for the nature and size of the Group's businesses. These are primarily monthly reports of profitability, levels of working capital and workload. In the online marketing and data services segment, the Group monitors traffic statistics both in terms of yield and cost as well as overall profitability. In respect of the food manufacturing sector, order intake, manufacturing output and sales are monitored weekly and reported monthly. Order intake is monitored and reported monthly in respect of the security solutions segment. The segmental analysis in note 5 to these financial statements summarises the financial performance of each segment.

Risk factors

The Company and Group face a number of specific business risks that could affect the Company's or Group's success. The Company and Group invests in distressed businesses and securities, which by their nature, often carry a higher degree of risk than those that are not distressed. The Group's businesses are principally engaged in the provision of services that are dependent on the continued employment of the Group's employees and availability of suitable, profitable workload. In addition, the online marketing and data services segment is particularly dependent on IT systems and infrastructure, the unavailability of which could impact the Group materially. In the food manufacturing segment, there is a dependency on a small number of customers. A reduction in the volume or range of products supplied to those customers or the loss of any one of them could impact the Group materially. More information on the Group's financial risks is disclosed in note 17 to the financial statements.

Nick Lander
Chief Financial & Operating Officer

31 May 2013

Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31 December 2012

Principal activities

The Company is a holding company that identifies and invests principally in undervalued and distressed businesses and securities as well as businesses that are complementary to existing Group companies. The Company provides management services to those businesses.

The trading subsidiaries' principal activities are online marketing & data services, food manufacturing and security solutions.

Business review

The Company is required by the Companies Act 2006 to include a business review in this report. The information that fulfils the requirements of the business review can be found in the Chairman's statement, Chief Executive's statement and the financial review on pages 3 to 7, which are incorporated in this report by reference and should be read in conjunction with it. Those reports also include details of expected future developments in the businesses of the Group.

Dividends

The Directors do not recommend the payment of a final dividend (2011: £Nil) and there was no interim dividend (2011: £Nil). During the previous year, the Group's 45% owned subsidiary, Interactive Prospect Targeting Limited paid dividends totalling £0.55 million, of which £0.30 million was paid to third party (i.e. non-Group) shareholders.

Capital structure

Details of the authorised and issued share capital, together with details of the movements in the Company's issued share capital during the year are shown in note 20. The Company has issued shares in the following classes:

Class	Nominal value per share	% of voting rights	% of total capital
Ordinary shares	£0.0000001	100	-
A shares	£0.49999995	-	0.46
B shares	£0.49999995	-	0.46
Deferred shares	£0.00000001	-	99.08

None of the Company's shares have a right to fixed income. The Ordinary shares carry the right to one vote each at general meetings of the Company and rank *pari passu* with the A and B shares on a return of capital. The A and B shares became capable of being converted into Ordinary shares at the option of the holder on or after 24 December 2003 and 24 December 2004 respectively, on a predetermined conversion formula based upon share price performance and the weighted average issue price of Ordinary share capital, whereby approximately 15% of the growth in market capitalisation of the Group over the weighted average issue price of Ordinary shares issued is attributable to the holders of A and B shares. The A and B shares carry no voting rights. The Deferred shares carry no rights to participate in the profits or assets of the Company and carry no voting rights. No person has any special rights of control over the Company's share capital and all issued shares are fully paid. Only the Ordinary shares are admitted to trading on AIM.

The Company operates an EMI share scheme in which employees of certain Group companies may participate subject to the rules of the scheme and certain other conditions and has granted unapproved options outside of this scheme. In addition, Interactive Prospect Targeting Limited has an EMI share scheme in place. Further details relating to these schemes are set out in note 24.

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

Directors' report (continued)

Capital structure (continued)

At the Company's annual general meeting on 21 June 2012 a number of resolutions were passed in relation to the Company's capital structure. Those remaining in force are summarised below:

- The Directors may allot, grant options over, offer or otherwise deal with or dispose of any equity securities in the capital of the Company up to a maximum aggregate nominal amount of £2.00, such authority to expire fifteen months after the passing of the resolution or if earlier, on the conclusion of the next annual general meeting.
- The Directors may allot equity securities wholly for cash and/or to sell or transfer shares held by the Company in treasury. This authority shall be limited to the allotment (or sale or transfer of shares held in treasury) when in connection with an offer by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange or otherwise. In addition, other than pursuant to an offer by way of rights, the Directors may exercise such authority in respect of Ordinary shares having up to an aggregate nominal amount of £2.00. The authority expires fifteen months after the date the resolution was passed or if earlier, on the conclusion of the next annual general meeting.

Directors

The Directors of the Company during the year were as named below. All served throughout the year and remain Directors at the date of this report, except as indicated.

David Buchler – Non-Executive Chairman
Jonathan Lander – Chief Executive Officer
Nick Lander – Chief Financial & Operating Officer

The current Directors' biographies are set out on page 1 and are incorporated here by reference. Nick Lander retires by rotation at the next annual general meeting and, being eligible, offers himself for re-election.

Directors' interests

The Directors' interests in the share capital of the Company at 31 December are disclosed below:

	Number of Ordinary Shares 2012	Number of A Shares 2012	Number of B Shares 2012	Number of Ordinary Shares 2011	Number of A Shares 2011	Number of B Shares 2011
David Buchler	129,893	-	-	129,893	-	-
Jonathan Lander	1,023,677	-	-	575,037	18,235	18,235
Nick Lander	548,277	-	-	316,287	14,494	14,494

Neither the A shares nor the B shares are admitted to trading on AIM.

David Buchler is the only Director of the Company to hold share options. As at 31 December 2012 he held 31,000 options (2011: 31,000) at an exercise price of £1.875 exercisable until 12 April 2014.

Corporate governance

The Board gives careful consideration to the principles of corporate governance as set out in the UK Corporate Governance Code issued by the Financial Reporting Council in June 2010. However, the Company is relatively small and it is the opinion of the Directors that not all the provisions of the UK Corporate Governance Code are relevant or desirable for a company of Volvere's size.

The Company has established an Audit Committee and a Remuneration Committee with formal terms of reference which comprise and are chaired by the Chairman.

Directors' report (continued)

Supplier payment policy

The Group does not follow any specified code or standard on payment practice. However, it is the Group's policy to negotiate terms with its suppliers and to ensure that they are aware of the terms of payment when business is agreed. It is the Group's policy to make prompt payment to those suppliers meeting their obligations. The number of days' purchases represented by year end creditors for the Company is 72 days (2011: 24 days) and for the Group is 33 days (2011: 55 days).

Charitable and political donations

There were no charitable or political donations made during the year (2011: £Nil).

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training, career development and promotion of disabled persons should, as far as possible, be identical to that of other employees.

Employee involvement

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through informal discussions between Group management, operating company management and employees at a local level.

Substantial shareholdings

On 28 May 2013 the Company had been notified of the following voting rights (other than the directors whose interests are disclosed earlier) as a shareholder of the Company:

Name of shareholder	Number of Ordinary Shares	% of issued Ordinary Share Capital and Voting Rights	Nature of holding
Hargreave Hale Nominees Limited	879,666	18.3%	Direct
State Street Nominees Limited	282,000	5.9%	Direct
FG Nominees Limited	182,114	3.8%	Direct
Michael Marks	180,000	3.7%	Indirect
Stephen Zimmerman	180,000	3.7%	Indirect

Auditor

Grant Thornton UK LLP were reappointed auditor at the annual general meeting on 21 June 2012. They have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming annual general meeting.

By order of the board



Nick Lander
Company Secretary

31 May 2013

Company number: 04478674

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 year. Under that law the Directors have elected to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union and have elected to prepare the Parent Company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws). 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 and profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to

- select suitable accounting policies and then apply them consistently
- make judgements and accounting estimates that are reasonable and prudent
- state whether applicable UK Accounting Standards in the Company financial statements and IFRSs in the Group financial statements have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business

The Directors are responsible for keeping 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 confirm that

- so far as each Director is aware, there is no relevant audit information of which the Company's auditor is unaware, and
- the Directors have taken all steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

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.

Volvere plc - Annual report and financial statements for the year ended 31 December 2012

Independent auditor's report to the members of Volvere plc

We have audited the group financial statements of Volvere plc for the year ended 31 December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity, the consolidated statement of financial position, 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.

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 on page 11, the Directors are responsible for the preparation of the group 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 group 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the group financial statements

- give a true and fair view of the state of the group's affairs as at 31 December 2012 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 matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' report for the financial year for which the group financial statements are prepared is consistent with the group financial statements.

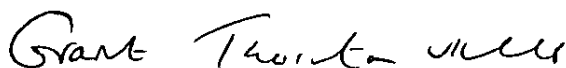
Matters on which we are required to report by exception

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:

- 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.

Other matter

We have reported separately on the Parent Company financial statements of Volvere plc for the year ended 31 December 2012.



James Rogers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

31 May 2013

Volvere plc - Annual report and financial statements for the year ended 31 December 2012

Consolidated income statement

	Note	2012 £'000	2011 £'000
Continuing operations			
Revenue	5	15,341	12,221
Cost of sales		(9,587)	(6,250)
Gross profit		5,754	5,971
Distribution costs		(429)	(819)
Administrative expenses		(6,315)	(6,550)
- Before gain on bargain acquisition		11	1,310
- Gain on bargain acquisition	28	(6,304)	(5,240)
Operating loss	2	(979)	(88)
Investment revenues	7	295	440
Other gains and losses	7	644	846
Finance expense	7	(137)	(67)
Finance income	7	47	23
(Loss)/profit before tax		(130)	1,154
Income tax	8	(219)	(68)
(Loss)/profit for the year from continuing operations		(349)	1,086
Discontinued operations			
Profit for the year from discontinued operations	6	-	91
(Loss)/profit for the year		(349)	1,177
Attributable to			
- Equity holders of the parent	21	(325)	1,431
- Non-controlling interests		(24)	(254)
		(349)	1,177
(Loss)/earnings per share	9		
Continuing operations			
- Basic		(6 56)p	25 21p
- Diluted		(6 56)p	25 16p
Discontinued operations			
- Basic		-	1 71p
- Diluted		-	1 71p
Total			
- Basic		(6 56)p	26 92p
- Diluted		(6 56)p	26 87p

The notes on pages 18 to 41 form part of these financial statements

Volvere plc - Annual report and financial statements for the year ended 31 December 2012

Consolidated statement of comprehensive income

	2012 £'000	2011 £'000
(Loss)/profit for the year	<u>(349)</u>	<u>1,177</u>
Other comprehensive income		
Fair value gains and losses on available for sale financial assets		
- current period gains/(losses)	267	(608)
- deferred tax on prior period gains	152	12
- reclassified to profit or loss	<u>28</u>	<u>(825)</u>
Other comprehensive income	<u>447</u>	<u>(1,421)</u>
Total comprehensive income for the year	<u>98</u>	<u>(244)</u>
Attributable to		
- Equity holders of the parent	122	10
- Non-controlling interests	<u>(24)</u>	<u>(254)</u>
	<u>98</u>	<u>(244)</u>

The notes on pages 18 to 41 form part of these financial statements

Volvere plc – Annual report and financial statements for the year ended 31 December 2012

Consolidated statement of changes in equity

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Retained earnings £'000	Total £'000	Non- controlling interests £'000	Total £'000
2011							
Other comprehensive income	-	-	(1,421)	-	(1,421)	-	(1,421)
Profit/(loss) for the year	-	-	-	1,431	1,431	(254)	1,177
Total comprehensive income for the year	-	-	(1,421)	1,431	10	(254)	(244)
Balance at 1 January	9	3,636	1,258	13,947	18,850	1,228	20,078
Transactions with owners							
Equity shares issued	41	-	-	-	41	-	41
Purchase of own shares	-	-	-	(2,158)	(2,158)	-	(2,158)
Non-controlling interest recognised on business combination	-	-	-	-	-	1,528	1,528
Additional investments in subsidiary undertakings	-	-	-	613	613	(686)	(73)
Conversion of shares classed as liabilities to equity	-	-	-	1,309	1,309	-	1,309
Change in non-controlling interest	-	-	-	-	-	19	19
Dividends paid by subsidiaries to non-controlling interests	-	-	-	-	-	(300)	(300)
Balance at 31 December	50	3,636	(163)	15,142	18,665	1,535	20,200
2012							
Other comprehensive income	-	-	447	-	447	-	447
Loss for the year	-	-	-	(325)	(325)	(24)	(349)
Total comprehensive income for the year	-	-	447	(325)	122	(24)	98
Balance at 1 January	50	3,636	(163)	15,142	18,665	1,535	20,200
Transactions with owners							
Purchase of own shares	-	-	-	(796)	(796)	-	(796)
Change in non-controlling interest	-	-	-	-	-	(34)	(34)
Balance at 31 December	50	3,636	284	14,021	17,991	1,477	19,468

The notes on pages 18 to 41 form part of these financial statements

Volvere plc - Annual report and financial statements for the year ended 31 December 2012

Consolidated statement of financial position

	Note	2012 £'000	2011 £'000
Assets			
Non-current assets			
Goodwill	11	305	305
Other intangible assets	11	429	-
Property, plant and equipment	12	5,753	6,085
Deferred tax asset	19	851	918
Total non-current assets		7,338	7,308
Current assets			
Inventories	13	371	282
Trade and other receivables	15	3,146	2,461
Cash and cash equivalents		13,630	4,338
Available for sale investments	14	982	12,038
Total current assets		18,129	19,119
Total assets		25,467	26,427
Liabilities			
Current liabilities			
Loans and other borrowings		(746)	(799)
Finance leases		(127)	(129)
Trade and other payables	16	(2,922)	(3,914)
Shares classed as financial liabilities	20	(9)	(9)
Total current liabilities		(3,804)	(4,851)
Non-current liabilities			
Loans and other borrowings		(1,035)	(1,065)
Finance leases		(182)	(311)
Trade and other payables	16	(978)	-
Total non-current liabilities		(2,195)	(1,376)
Total liabilities		(5,999)	(6,227)
TOTAL NET ASSETS		19,468	20,200
Equity			
Share capital	20	50	50
Share premium account	21	3,636	3,636
Revaluation reserve	21	284	(163)
Retained earnings	21	14,021	15,142
Capital and reserves attributable to equity holders of the Company		17,991	18,665
Non-controlling interests	27	1,477	1,535
TOTAL EQUITY	22	19,468	20,200

The financial statements on pages 13 to 41 were approved by the Board of Directors and authorised for issue on 31 May 2013 and were signed on its behalf by



Nick Lander
Director



Jonathan Lander
Director

The notes on pages 18 to 41 form part of these financial statements

Volvere plc - Annual report and financial statements for the year ended 31 December 2012

Consolidated statement of cash flows

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
(Loss)/profit for the year			(349)		1,177
Adjustments for					
Investment revenues	7	(295)		(440)	
Other gains and losses	7	(644)		(846)	
Finance expense	7	137		67	
Finance income	7	(47)		(23)	
Gain arising on disposal of discontinued operations	6	-		(91)	
Tax expense	8	219		68	
Tax paid		-		(50)	
Depreciation	12	492		328	
Amortisation	11	12		-	
Gain on bargain acquisition	28	(11)		(1,310)	
Foreign exchange revaluation loss/(gain)	2	2		(44)	
			(135)		(2,341)
Operating cash flows before movements in working capital			(484)		(1,164)
(Increase)/decrease in trade and other receivables			(706)		108
(Decrease)/increase in trade and other payables			(3)		90
Increase in inventories			(89)		-
Cash used by operations			(1,282)		(966)
Interest paid			(137)		(67)
Net cash from operating activities			(1,419)		(1,033)
Investing activities					
Purchase of additional shares in subsidiary		(22)		(5)	
Cost of discontinued operations	6	-		(29)	
Purchase of available for sale investments		(5,813)		(10,110)	
Income from available for sale investments		296		480	
Disposal of available for sale investments		17,814		15,296	
Purchase of property, plant and equipment	12	(160)		(237)	
Purchase of intangible assets		(441)		-	
Interest received	7	47		23	
Net cash generated from investing activities			11,721		5,418
Financing activities					
Purchase of own shares (treasury shares)	20	(796)		(2,158)	
Repayment of borrowings		(214)		(698)	
Dividend paid		-		(300)	
Net cash used in financing activities			(1,010)		(3,156)
Net increase in cash and cash equivalents			9,292		1,229
Cash and cash equivalents at beginning of year			4,338		3,109
Cash and cash equivalents at end of year			13,630		4,338

The notes on pages 18 to 41 form part of these financial statements

1 Accounting policies

Basis of accounting

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS and IFRIC interpretations) as adopted by the European Union ("adopted IFRS") and with those parts of the Companies Act 2006 applicable to companies preparing their accounts under adopted IFRS. The Company has elected to prepare its Parent Company financial statements in accordance with UK Generally Accepted Accounting Practice ("UK GAAP"), these are presented on pages 44 to 49.

Going concern

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Business Review and the financial position of the company, its cash flows and liquidity position are set out on pages 3 to 7. In addition, note 17 to the financial statements includes the Group's objectives, policies and processes for managing its capital, its financial risk management objectives, details of its financial instruments and hedging activities, and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources and operates in a number of different market sectors. As a consequence, the directors believe that the Group is well placed to manage the business risks inherent in the Group's activities despite the current uncertain economic outlook.

The directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The following principal accounting policies have been applied consistently, in all material respects, in the preparation of these financial statements.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 December each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired or disposed of during the year 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.

Business combinations

The consideration transferred by the Group to obtain control of a subsidiary is calculated as the sum of the acquisition-date fair values of assets transferred, liabilities incurred and the equity interests issued by the Group, which includes the fair value of any asset or liability arising from a contingent consideration arrangement. Acquisition costs are expensed as incurred.

The Group recognises identifiable assets acquired and liabilities assumed in a business combination regardless of whether they have been previously recognised in the acquiree's financial statements prior to the acquisition. Assets acquired and liabilities assumed are measured at their acquisition-date fair values.

Goodwill is stated after separate recognition of identifiable intangible assets. It is calculated as the excess of the sum of a) fair value of consideration transferred, b) the recognised amount of any non-controlling interest in the acquiree and c) acquisition-date fair value of any existing equity interest in the acquiree, over the acquisition-date fair values of identifiable net assets. If the fair values of identifiable net assets exceed the sum calculated above, the excess amount (ie gain on a bargain purchase) is recognised in income immediately.

Notes forming part of the consolidated financial statements (continued)

1 Accounting policies (continued)

The purchase of a non-controlling interest is not a business combination within the scope of IFRS 3, since the acquiree is already controlled by its parent. Such transactions are accounted for as equity transactions, as they are transactions with equity holders acting in their capacity as such. No change in goodwill is recognised and no gain or loss is recognised in profit or loss.

Goodwill

Goodwill represents the future economic benefits arising from a business combination that are not individually identified and separately recognised. See above for information on how goodwill is initially determined. Goodwill is carried at cost less accumulated impairment losses.

Other intangible assets

All other intangible assets are accounted for using the cost model whereby capitalised costs are amortised on a straight-line basis over their estimated useful lives, which are considered finite. Residual values and useful lives are reviewed at each reporting date and they are subject to impairment testing where indicators of impairment are present. Registered design rights are amortised over the life of the registration.

When an intangible asset is disposed of, the gain or loss on disposal is determined as the difference between the proceeds and the carrying amount of the asset, and is recognised in profit or loss within other income or other expenses.

Revenue recognition

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

The Group generates revenues from the provision of online marketing and data services. Revenue from the sale of services is recognised with reference to the stage of completion of the project which is assessed by reference to the data delivered.

The Group generates revenues from food manufacturing. Sale of goods is recognised when the Group has transferred to the buyer the significant risks and rewards of ownership, generally when the customer has taken undisputed delivery of the goods. There are no service obligations attached to the sale of goods.

Revenue earned on time and materials contracts within the security solutions segment is recognised as costs are incurred. Income from fixed price contracts is recognised in proportion to the stage of completion, determined on the basis of work done, of the relevant contract.

Discontinued operations

Discontinued operations represent cash generating units or groups of cash generating units that have either been disposed of or classified as held for sale, and represent a separate major line of business or are part of a single co-ordinated plan to dispose of a separate major line of business. Cash generating units forming part of a single co-ordinated plan to dispose of a separate major line of business are classified within continuing operations until they meet the criteria to be held for sale. The post-tax profit or loss of the discontinued operation is classified as a single line on the face of the consolidated income statement, together with any post-tax gain or loss recognised on the re-measurement to fair value less costs to sell or on the disposal of the assets or disposal group constituting the discontinued operation. On changes to the composition of groups of units comprising discontinued operations, the presentation of discontinued operations within prior periods is restated to reflect consistent classification of discontinued operations across all periods presented.

1 Accounting policies (*continued*)

Operating segments

IFRS 8 "Operating Segments" requires the disclosure of segmental information for the Group on the basis of information reported internally to the chief operating decision-maker for decision-making purposes. The Group considers that the role of chief operating decision-maker is performed collectively by the board of Directors.

Volvere plc is a holding company that identifies and invests principally in undervalued and distressed businesses and securities as well as businesses that are complementary to existing Group companies. Its customers are based in the UK, Europe and the USA.

Financial information (including revenue and operating profits) is reported to the board on a segmental basis. Segment revenue comprises sales to external customers and excludes gains arising on the disposal of assets and finance income. Segment profit reported to the board represents the profit earned by each segment before the allocation of goodwill, amortisation, investment revenues, other gains and losses, finance expense and income and tax. For the purposes of assessing segment performance and for determining the allocation of resources between segments, the board reviews the non-current assets attributable to each segment as well as the financial resources available. All assets are allocated to reportable segments. Assets that are used jointly by segments are allocated to the individual segments on a basis of revenues earned.

All liabilities are allocated to individual segments. Information is reported to the board of directors on a segmental basis as management believes that each segment exposes the Group to differing levels of risk and rewards due to their varying business life cycles. The segment profit or loss, segment assets and segment liabilities are measured on the same basis as amounts recognised in the financial statements. Each segment is managed separately.

Leasing

Assets held under finance leases are recognised as assets of the Group at their fair value or, if lower, at the present value of the minimum lease payments, each determined at the inception of the lease. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and the reduction of lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged directly against income.

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

Foreign currencies

Transactions in currencies other than pounds sterling are recorded at the rates of exchange prevailing on the dates of the transactions. At each reporting date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting date. Gains and losses arising on retranslation are included in profit or loss for the period.

Retirement benefit costs

The Group's subsidiary undertakings operate defined contribution retirement benefit schemes. Payments to these schemes are charged as an expense in the period to which they relate. The assets of the schemes are held separately from those of the relevant company and Group in independently administered funds.

1 Accounting policies (continued)

Taxation

The tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit 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.

Deferred tax is the tax expected to be payable or recoverable on temporary 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) of 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 and associates, and interests in joint ventures, 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 amount of deferred tax assets is reviewed at each reporting 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 asset to be recovered.

Deferred tax is measured on an undiscounted basis using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. 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.

Property, plant and equipment

Items of plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, less their residual values, over their estimated useful lives, using the straight line method, on the following bases:

Freehold property	-	1.5% per annum
Improvements to short-term leasehold property	-	Over the life of the lease
Plant and machinery	-	20%-33% per annum

Investment income

Income from investments is included in the income statement at the point the Group becomes legally entitled to it.

1 Accounting policies (continued)

Impairment of tangible and intangible assets

At each reporting date the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and any risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognised as income immediately, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase to the extent that it does not exceed the revaluation surplus for the asset.

Share-based payments

The Group issues equity-settled share-based payments to certain employees. Equity-settled share-based payments are measured at fair value at the date of grant. The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of options that will ultimately vest. The corresponding credit is recognised in equity.

Fair value is measured by use of a Black-Scholes pricing model. The expected life used in the model has been adjusted, based on management's best estimate, for the effects of non-transferability, exercise restrictions and behavioural considerations.

Inventories

Inventories are stated at the lower of cost and net realisable value. Raw materials are valued at purchase price and the costs of ordinarily interchangeable items are assigned using a weighted average cost formula. The cost of finished goods comprises raw materials directly attributable to manufacturing process based on product specification and packaging cost. Net realisable value is the estimated selling price in the ordinary course of business less any applicable selling expenses.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances, overnight deposits and treasury deposits. The Group considers all highly liquid investments with original maturity dates of three months or less to be cash equivalents.

Financial assets

The Group classifies its financial assets into one of the following categories, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

1 Accounting policies (*continued*)

Fair value through profit or loss: This category comprises only in-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement. The Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Loans and receivables. These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest method less any provision for impairment.

Available-for-sale. Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise the Group's investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value recognised in other comprehensive income. Fair value is determined by reference to independent valuation statements provided by the investment manager or broker (as the case may be) through whom such investments are made. Where the underlying investments are exchange-traded, the mid-price of the investment is used.

When the asset is disposed of the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss.

Where a decline in the fair value of an available-for-sale financial asset constitutes objective evidence of impairment, the cumulative loss that had been recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.

Financial liabilities

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired. The Group's accounting policy for each category is as follows.

Fair value through profit or loss: This category comprises only out-of-the-money derivatives. They are carried in the statement of financial position at fair value with changes in fair value recognised in the income statement.

Other financial liabilities: Other financial liabilities include the following items:

- Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.
- Bank and other borrowings are initially recognised at the fair value of the amount advanced net of any transaction costs directly attributable to the issue of the instrument. Such interest-bearing liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense in this context includes initial transaction costs and premia payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

Financial liabilities and equity instruments

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 Group after deducting all of its liabilities.

The Group has in issue A and B shares which are convertible into Ordinary shares at the option of the shareholder based upon a formula contained in the Company's Articles of Association. The A and B shares do not have a cash alternative. However, because the shares convert into a variable number of ordinary shares, dependent inter alia on the share price of the ordinary shares in issue, the terms of IAS 32 "Financial Instruments Presentation" require them to be classified as liabilities. The instrument is classified as an amortised cost liability and carried at its settlement amount, which approximates to fair value. Movements in settlement amount re-estimation are recorded in profit or loss.

1 Accounting policies (*continued*)

Critical accounting judgements and key sources of estimation uncertainty

The preparation of financial statements in conformity with IFRS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and reported amounts of assets and liabilities, income and expenses. The nature of the Group's business is such that there can be unpredictable variation and uncertainty regarding its business. 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 critical judgements and key sources of estimation uncertainty that have a significant impact on the carrying value of assets and liabilities are discussed below.

Deferred tax asset

The Group recognises a deferred tax asset in respect of temporary differences relating to capital allowances, revenue losses and other short term temporary differences when it considers there is sufficient evidence that the asset will be recovered against future taxable profits.

Current asset investments

Declines in the fair value of current asset investments are considered for indicators of impairment. Where the decline in value is significant or prolonged the asset may be considered to be impaired with the resulting impairment losses recognised in the income statement. Short term and insignificant declines in fair value that are considered to be temporary and are reflected in other comprehensive income.

Development expenditure

All development expenditure incurred by the Group is assessed against the criteria set out in IAS 38 "Intangible Assets" to determine the appropriate treatment. The Group has invested in the development of a new website in the online marketing & data service segment. The directors are of the view that the development expenditure incurred in respect of it does not meet the recognition criteria for an intangible asset within IAS 38 and therefore the cost has been expensed in the income statement.

Provision for receivables

Due to the nature of some services provided by certain of the Group's businesses the recoverability of receivables can be subject to some uncertainty. Whilst the Group has a thorough process for reviewing the requirement for receivables and credit note provisions, this area is inherently subjective.

Fair value of financial instruments

Shire entered into a creditors' voluntary arrangement ("CVA") in January 2012. Under the terms of the CVA Shire will pay £0.35 million over a maximum 3 year period in satisfaction of unsecured liabilities of approximately £1.2 million. At the end of 2012, the amount owing to CVA creditors was £1.1 million, following payments made under the CVA arrangement in the course of the year. The Group understands that IAS39 applies to the CVA and requires the Group to use valuation techniques to determine the fair value of the financial liability arising from the potentially substantial modification to the liabilities to creditors as a result of the CVA.

The outcome of the CVA is uncertain because it is dependent on Shire's financial performance and ability to meet the repayments required. If the CVA is completed Shire will have paid £0.35 million and if the CVA is not completed the full value of the CVA creditors less amounts already paid would be due. The Group has estimated the fair value of the future cash flows arising under the CVA and consider the fair value is not materially different to the amount owing to the CVA creditors and which has been recognised within liabilities at the year end.

New standards and interpretations

During the year, a number of new standards and interpretations have been adopted by the Group. The adoption of these standards/interpretations has had no material effect on the Group's financial statements. The IASB have issued the following standards which are in issue but not yet effective:

- IFRS 9 Financial Instruments
- IFRS 10 Consolidated Financial Statements
- IFRS 11 Joint Arrangements
- IFRS 12 Disclosure of Interests in Other Entities
- IFRS 13 Fair Value Measurement

IFRS 9 is effective 1 January 2015, IFRS 10 to IFRS 12 are effective from 1 January 2014 and IFRS 13 is effective 1 January 2013. The Group does not anticipate that the adoption of these standards will have a material effect on its financial statements on initial adoption.

2 Operating profit

Operating profit is stated after charging/(crediting)

	2012 £'000	2011 £'000
Staff costs	5,134	4,863
Depreciation of property, plant and equipment		
- owned assets	447	298
- leased assets	45	30
Amortisation of intangible assets	12	-
Gain on bargain acquisition	(11)	(1,310)
Exchange loss/(gain)	2	(44)
Operating lease expense	175	182
Audit fees	47	44
The analysis of audit fees is as follows:		
- for the audit of the Company's annual accounts	12	12
- for the audit of the Company's subsidiaries' accounts	35	32
	<u>47</u>	<u>44</u>

3 Staff costs

Staff costs comprise

	2012 £'000	2011 £'000
Wages and salaries	4,625	4,371
Employer's national insurance contributions and similar taxes	496	477
Defined contribution pension cost	13	15
	<u>5,134</u>	<u>4,863</u>

Notes forming part of the consolidated financial statements (continued)

3 Staff costs (continued)

The average number of employees (including Directors) in the Group was as follows

	2012 Number	2011 Number
Engineering and production	70	95
Sales and marketing	20	18
Administration and management	33	56
	<u>123</u>	<u>169</u>

4 Directors' remuneration

The remuneration of the directors was as follows

	Salaries & fees 2012 £'000	Bonus 2012 £'000	Other benefits 2012 £'000	Total 2012 £'000
David Buchler	30	-	-	30
Jonathan Lander	11	-	-	11
Nick Lander	11	-	1	12
	<u>52</u>	<u>-</u>	<u>1</u>	<u>53</u>

	Salaries & fees 2011 £'000	Bonus 2011 £'000	Other benefits 2011 £'000	Total 2011 £'000
Lord Kalms	40	50	-	90
Neil Ashley	20	30	-	50
David Buchler	30	-	-	30
Jonathan Lander	12	-	-	12
Nick Lander	12	-	1	13
	<u>114</u>	<u>80</u>	<u>1</u>	<u>195</u>

The services of Jonathan Lander and Nick Lander are provided under the terms of a Service Agreement with D2L Partners LLP (the agreement was formerly with Dawnay, Day Lander Limited). The amount due under these agreements, which is in addition to the amounts disclosed above, for the year amounted to £422,000 (2011 £427,000). In addition, the amount paid to David Buchler in the year was to a third party on an invoice basis. None of the directors were members of the Group's defined contribution pension plan in the year (2011 none).

Notes forming part of the consolidated financial statements (*continued*)

5 Operating segments

All revenue arose through services rendered in the principal activities of online marketing & data services, food manufacturing, security solutions and investing and management services

Analysis by operating segment:

	Online marketing & data services 2012 £'000	Security solutions 2012 £'000	Investing and management services 2012 £'000	Food manufacturing 2012 £'000	Eliminations 2012 £'000	Total 2012 £'000
Revenue						
External	8,882	246	47	6,166	-	15,341
Inter-segment	-	-	516	-	(516)	-
Total	8,882	246	563	6,166	(516)	15,341
Segment profit/(loss)	181	(4)	(863)	(304)	-	(990)
Loss from operations before gain on bargain acquisition						(990)
Investment revenues (note 7)						295
Other gains and losses (note 7)						644
Gain on bargain acquisition						11
Net finance expense (note 7)						(90)
Loss for the year before tax						(130)

	Online marketing & data services 2011 £'000	Security solutions 2011 £'000	Investing and management services 2011 £'000	Food manufacturing 2011 £'000	Eliminations 2011 £'000	Total 2011 £'000
Revenue						
External	8,290	562	47	3,322	-	12,221
Inter-segment	-	-	163	-	(163)	-
Total	8,290	562	210	3,322	(163)	12,221
Segment profit/(loss)	149	96	(1,043)	(600)	-	(1,398)
Loss from operations before gain on bargain acquisition						(1,398)
Investment revenues (note 7)						440
Other gains and losses (note 7)						846
Gain on bargain acquisition (note 28)						1,310
Net finance expense (note 7)						(44)
Profit on disposal of discontinued operations (note 6)						91
Profit for the year before tax						1,245

Notes forming part of the consolidated financial statements (*continued*)

5 Operating segments (*continued*)

Analysis by operating segment (*continued*):

Statement of financial position (excluding inter segment balances)

	Online marketing & data services 2012 £'000	Security solutions 2012 £'000	Investing and management services 2012 £'000	Food manu- facturing 2012 £'000	Eliminations 2012 £'000	Total 2012 £'000
Assets	3,687	79	14,307	7,393	-	25,466
Liabilities	(1,938)	(105)	(369)	(3,586)	-	(5,998)
Net assets/(liabilities)	1,749	(26)	13,938	3,807	-	19,468

	Online marketing & data services 2011 £'000	Security solutions 2011 £'000	Investing and management services 2011 £'000	Food manu- facturing 2011 £'000	Eliminations 2011 £'000	Total 2011 £'000
Assets	3,469	85	15,577	7,296	-	26,427
Liabilities	(1,793)	(158)	(390)	(3,886)	-	(6,227)
Net assets/(liabilities)	1,676	(73)	15,187	3,410	-	20,200

Other disclosures

	Online marketing & data services 2012 £'000	Security solutions 2012 £'000	Investing and management services 2012 £'000	Food manu- facturing 2012 £'000	Eliminations 2012 £'000	Total 2012 £'000
Capital expenditure	47	1	443	110	-	601
Depreciation	146	2	6	338	-	492
Amortisation	-	-	12	-	-	12
Gain on bargain acquisition	-	-	11	-	-	11

	Online marketing & data services 2011 £'000	Security solutions 2011 £'000	Investing and management services 2011 £'000	Food manu- facturing 2011 £'000	Eliminations 2011 £'000	Total 2011 £'000
Capital expenditure	164	3	-	80	-	247
Depreciation	167	4	10	147	-	328
Gain on bargain acquisition	-	-	-	1,310	-	1,310

Geographical analysis:

	External revenue by location of customers		Non-current assets (excluding deferred tax) by location of assets	
	2012 £'000	2011 £'000	2012 £'000	2011 £'000
UK	14,867	11,718	6,486	6,390
Rest of Europe	351	436	-	-
USA	-	67	-	-
Other	123	-	-	-
	15,341	12,221	6,486	6,390

5 Operating segments (continued)

Other disclosures

In the Group's online marketing & data services segment, the revenue from the top five customers exceeded 62% of the total revenue, with the top 20 customers representing approximately 80% of the total

In the Group's food manufacturing segment, the revenue from the top five customers exceeded 78% of the total revenue, with the top 20 customers representing approximately 97% of the total

6 Discontinued operations

On 3 July 2009 the Group sold Sira Test and Certification Limited, Sira Environmental Limited and Sira Certification Service, which together represented the Group's certification services segment

During 2011 the Group recognised a further profit of £91,000 in respect of this disposal. This profit represents the release of a provision for amounts payable in respect of the disposal, in excess of costs actually incurred

7 Investment revenues, other gains and losses and finance income and expense

	2012 £'000	2011 £'000
Investment revenues	295	440
Other gains and losses	644	846
Finance income		
Bank interest receivable	47	23
Finance expense		
Bank interest	(63)	(29)
Finance lease interest	(26)	(13)
Other interest and finance charges	(48)	(25)
	(137)	(67)

Investment revenues and other gains and losses represent respectively interest and dividends receivable from, and the gains arising upon disposal of, investments made pursuant to the Group's investing and treasury management policies

8 Income tax

	2012 £'000	2011 £'000
Current tax expense	-	8
Deferred tax expense recognised in income statement	219	60
Total tax expense recognised in income statement	219	68
Tax recognised directly in other comprehensive income	(152)	(12)
Total tax recognised	67	56

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Notes forming part of the consolidated financial statements (continued)

8 Income tax (continued)

The reasons for the difference between the actual tax expense for the year and the standard rate of corporation tax in the UK applied to profits for the year are as follows

	2012 £'000	2011 £'000
(Loss)/profit before tax	(130)	1,177
Expected tax (credit)/charge based on the prevailing rate of corporation tax in the UK of 24.5% (2011 26.5%)	(32)	312
<u>Effects of</u>		
Expenses not deductible for tax purposes	12	23
Loss on disposal of discontinued activities	-	(8)
Income/gains not subject to tax	(207)	(489)
Depreciation for period in excess of capital allowances	101	51
Losses not utilised	186	181
Utilisation of previously unrecognised losses	(57)	(116)
Change in rates of tax	75	85
Other differences	(11)	17
Total tax recognised	67	56

9 Earnings per share

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

Earnings for the purposes of earnings per share	2012 £'000	2011 £'000
From continuing operations	(325)	1,340
From discontinued operations	-	91
Total	(325)	1,431

Weighted average number of shares for the purposes of earnings per share	2012 No	2011 No
Weighted average number of ordinary shares in issue	4,953,801	5,314,731
Dilutive effect of potential ordinary shares	-	11,940
Weighted average number of ordinary shares for diluted EPS	4,953,801	5,326,671

Options in issue are anti-dilutive in view of the loss for the year

10 Subsidiaries

The principal subsidiaries of Volvere plc, all of which have been included in these consolidated financial statements, are as follows

Name	Country of Incorporation	Proportion of ownership interest
Volvere Central Services Limited	England and Wales	100%
NMT Group Limited	Scotland	98.6%
Interactive Prospect Targeting Limited	England and Wales	45.4%
Postal Preference Service Limited	England and Wales	45.4%
Sira Defence & Security Limited	England and Wales	100%
Shire Foods Limited	England and Wales	80%

Postal Preference Service Limited is 100% owned by Interactive Prospect Targeting Limited. The Company has the power to control Interactive Prospect Targeting Limited (and hence Postal Preference Service Limited) by virtue of the terms of a shareholder agreement.

Notes forming part of the consolidated financial statements (continued)

11 Goodwill and other intangible assets

	Goodwill £'000	Registered design rights £'000	Total £'000
Cost and carrying amount at 1 January 2011 and 1 January 2012	305	-	305
Acquired in the year	-	441	441
Amortisation in the year	-	(12)	(12)
Carrying amount at 31 December 2012	305	429	734

Goodwill represents that arising from the acquisition of Interactive Prospect Targeting Limited's business and assets on 29 September 2008, being the difference between the fair value of the consideration paid and the fair value of the net assets acquired

This goodwill has been reviewed for impairment at 31 December 2012 and the directors are satisfied that no impairment has taken place. The impairment review was performed by reference to value in use, taking the net present value of expected future cash flows, treating the acquired business as a single cash generating unit. In performing the review, the directors took a conservative view in assuming zero growth in cash generation and using a discount rate of 20% per annum.

12 Property, plant and equipment

	Short Leasehold Property £'000	Freehold Property £'000	Plant & Machinery £'000	Total £'000
Cost				
At 1 January 2011	9	-	842	851
Acquired through business combinations	-	2,430	3,480	5,910
Additions	-	-	237	237
At 31 December 2011 and 1 January 2012	9	2,430	4,559	6,998
Additions	-	-	160	160
At 31 December 2012	9	2,430	4,719	7,158
Accumulated depreciation				
At 1 January 2011	2	-	583	585
Charge for the year	1	9	318	328
At 31 December 2011 and 1 January 2012	3	9	901	913
Charge for the year	1	22	469	492
At 31 December 2012	4	31	1,370	1,405
Net book value				
At 31 December 2012	5	2,399	3,349	5,753
At 31 December 2011	6	2,421	3,658	6,085

The net book value of property, plant and equipment held on finance leases was £986,000 (2011 £1,009,000)

Notes forming part of the consolidated financial statements (continued)

13 Inventories

	2012 £'000	2011 £'000
Raw materials	231	157
Finished products	140	125
	<u>371</u>	<u>282</u>

14 Financial assets (current)

	2012 £'000	2011 £'000
Available-for-sale investments	<u>982</u>	<u>12,038</u>

During the year the Group had investments in a mixture of equity funds, sub-investment grade securities of UK banks and investment grade asset-backed securities funds of mainly US issuers. At the year end the cost of these investments was £692,000 (2011 £12,049,000)

15 Trade and other receivables

	2012 £'000	2011 £'000
Trade receivables	2,771	2,136
Less provision for impairment of trade receivables	(359)	(358)
Net trade receivables	<u>2,412</u>	<u>1,778</u>
Other receivables	495	484
Prepayments and accrued income	239	199
	<u>3,146</u>	<u>2,461</u>

The fair value of trade receivables approximates to book value at 31 December 2012 and 2011

The Group is exposed to credit risk with respect to trade receivables due from its customers, primarily in the online marketing & data services and food manufacturing segments. Both segments have a relatively large number of customers, however there is a significant dependency on a small number of large customers who can and do place significant contracts. Provisions for bad and doubtful debts are made based on management's assessment of the risk taking into account the ageing profile, experience and circumstances. There were no significant amounts due from individual customers where the credit risk was considered by the Directors to be significantly higher than the total population.

There is no currency risk associated with trade receivables as all are denominated in Sterling.

The ageing analysis of trade receivables is disclosed below

	2012 £'000	2011 £'000
Up to 3 months	2,752	2,128
3 to 6 months	18	2
6 to 12 months	-	-
Over 12 months	1	6
	<u>2,771</u>	<u>2,136</u>

Notes forming part of the consolidated financial statements (continued)

16 Trade and other payables

	2012 £'000	2011 £'000
Current		
Trade payables	1,018	1,981
Other tax and social security	564	541
Other payables	143	179
Accruals	1,174	1,119
Deferred income	23	94
	<u>2,922</u>	<u>3,914</u>
Non- current		
Trade payables	<u>978</u>	<u>-</u>

The fair value of trade and other payables approximates to book value at 31 December 2012 and 2011

17 Financial instruments – risk management

The Group's principal financial instruments are

- Trade receivables
- Cash at bank
- Current asset investments
- Loans and finance leases
- Trade and other payables

The Group is exposed through its operations to one or more of the following financial risks

- Cash flow interest rate risk
- Foreign currency risk
- Liquidity risk
- Credit risk
- Other market price risk

Policy for managing these risks is set by the Board following recommendations from the Chief Financial & Operating Officer. Certain risks are managed centrally, while others are managed locally following guidelines communicated from the centre. The policy for each of the above risks is described in more detail below.

Interest rate risk

Due to the relatively low level of borrowings, the Directors do not have an explicit policy for managing cash flow interest rate risk. All current and recent borrowing has been on variable terms, with interest rates of between 3% and 4% above base rate, and the Group has cash reserves sufficient to repay all borrowings promptly in the event of a significant increase in market interest rates. All cash is managed centrally and subsidiary operations are not permitted to arrange borrowing independently.

The Group's investments may attract interest at fixed or variable rates, or none at all. The market price of such investments may be impacted positively or negatively by changes in underlying interest rates. It is not considered relevant to provide a sensitivity analysis on the effect of changing interest rates since at the year end, the Group's investments had the following interest profiles which contained no variable rates.

	2012 £'000	2011 £'000
No interest	-	9,593
Fixed interest	<u>982</u>	<u>2,445</u>
	<u>982</u>	<u>12,038</u>

17 Financial instruments – risk management (*continued*)

Foreign currency risk

Foreign exchange risk arises when individual Group operations enter into transactions denominated in a currency other than their functional currency (sterling). The Directors monitor and review their foreign currency exposure on a regular basis, they are of the opinion that as the Group's trading exposure is limited to transactions with a small number of customers and suppliers it is not appropriate to actively hedge that element of its foreign currency exposure.

Liquidity risk

The Group maintains significant cash reserves and therefore does not require facilities with financial institutions to provide working capital. Surplus cash is managed centrally to maximise the returns on deposits.

Credit risk

The Group is mainly exposed to credit risk from credit sales. The Group's policy for managing and exposure to credit risk is disclosed in note 15.

Other market price risk

The Group has generated a significant amount of cash and this has been held partly as cash deposits and partly invested pursuant to the Group's investing strategy. Investments have been in a mixture of equity funds, term deposits, government bonds, sub-investment grade securities of UK banks and investment grade corporate bond and asset-backed securities funds of mainly UK and US issuers, all of which have been made having regard to the Group's need to access capital. Market price movements of these investments could materially affect the value of the Group's assets. The directors believe that the exposure to market price risk from this activity is acceptable in the Group's circumstances.

The Group's convertible A and B shares (which have been classified as financial liabilities) are convertible into ordinary shares based upon a predetermined conversion formula. The conversion formula includes as one variable the Group's share price.

Capital management

The Group's main objective when managing capital is to protect returns to shareholders by ensuring the Group will continue to trade profitably in the foreseeable future. The Group also aims to maximise its capital structure of debt and equity so as to minimise its cost of capital.

The Group manages its capital with regard to the risks inherent in the business and the sector within which it operates by monitoring its gearing ratio on a regular basis and adjusting the level of dividends paid to ordinary shareholders.

The Group considers its capital to include share capital, share premium, revaluation reserve and retained earnings.

Net debt includes short and long-term borrowings (including lease obligations) and shares classed as financial liabilities, net of cash and cash equivalents.

The Group has not made any changes to its capital management during the year. The Group is not subject to any externally imposed capital requirements.

17 Financial instruments – risk management (continued)

An analysis of the Group's gearing is shown in the table below

	2012 £'000	2011 £'000
Total debt	2,090	2,304
Less cash and cash equivalents	(13,630)	(4,338)
Net debt	(11,540)	(2,034)
Total equity (capital)	19,468	20,200
Debt to capital ratio	(59.3)%	(10.1)%

18 Financial assets and liabilities – numerical disclosures

Maturity of financial assets

The maturities and denominations of financial assets at the year end, other than cash and cash equivalents, and loans and receivables (note 15 above) are as follows

	2012 £'000	2011 £'000
Sterling		
No fixed maturity	982	9,266
US dollar		
No fixed maturity	-	2,772
	982	12,038

Maturity of financial liabilities

The maturity of borrowings (including finance leases) carried at amortised cost is as follows

	2012 £'000	2011 £'000
Less than six months	743	828
Six months to one year	131	106
One to two years	255	220
Two to five years	382	433
More than five years	579	717
	2,090	2,304

The maturity of other financial liabilities, excluding loans and borrowings, carried at amortised cost is as follows

	2012 £'000	2011 £'000
Less than six months	2,334	3,279
Six months to one year	-	-
One to two years	978	-
More than five years	-	-
	3,312	3,279

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Notes forming part of the consolidated financial statements (*continued*)

19 Deferred tax

Deferred tax assets recognised are analysed as follows

	Accelerated tax depreciation £'000	Other timing differences £'000	Losses £'000	Revaluation gains £'000	Total £'000
At 1 January 2011	52	-	1,078	(164)	966
Recognised in income statement for the year	20	-	(80)	-	(60)
Recognised in equity during the year	-	-	-	12	12
At 31 December 2011 and 1 January 2012	72	-	998	(152)	918
Recognised in income statement for the year	(14)	20	(225)	-	(219)
Recognised in other comprehensive income during the year	-	-	-	152	152
At 31 December 2012	58	20	773	-	851

In addition, there are unrecognised deferred tax balances as follows

	2012 £'000	2011 £'000
Tax losses carried forward	1,189	952
Excess of depreciation over capital allowances	(419)	(411)
Short term temporary differences	55	76
Goodwill	-	(30)
	825	587

Deferred tax assets and liabilities have been calculated using the rate of corporation tax expected to apply when the relevant temporary differences reverse. Deferred tax assets and liabilities are only offset where there is a legally enforceable right of offset and there is an intention to settle the balances net.

The unrecognised element of the deferred tax assets have not been recognised because there is insufficient evidence that they will be recovered.

Notes forming part of the consolidated financial statements (continued)

20 Share capital

	2012 Number	Authorised 2012 £'000	2011 Number	2011 £'000
Ordinary shares of £0 0000001 each	100,100,000	-	100,100,000	-
A shares of £0 49999995 each	50,000	25	50,000	25
B shares of £0 49999995 each	50,000	25	50,000	25
Deferred shares of £0 00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		<u>100</u>		<u>100</u>
	2012 Number	Issued and fully paid 2012 £'000	2011 Number	2011 £'000
Ordinary shares of £0 0000001 each	6,200,366	-	6,200,366	-
A shares of £0 49999995 each	455	-	455	-
B shares of £0 49999995 each	455	-	455	-
Deferred shares of £0 00000001 each	4,954,494,576,308	50	4,954,494,576,308	50
		<u>50</u>		<u>50</u>
A and B shares classed as financial liabilities		-		-
		<u>50</u>		<u>50</u>

Movements in share capital

During the previous year 406,372 Ordinary shares and 4,071,195,525,582 deferred shares were issued on the conversion of 40,712 A and 40,712 B shares. The carrying value of the A and B shares (classed as financial liabilities) on conversion was £1 35 million, of which £0 04 million was credited to share capital on issue of the corresponding deferred shares, with the balance of £1 31 million being credited to retained earnings.

Treasury shares

During the year the Company acquired 323,170 (2011 767,564) of its own Ordinary shares for total consideration of £796,333 (2011 £2,158,000). This brings the total number of Ordinary shares held in treasury to 1,388,088 (2011 1,064,918).

Rights attaching to different classes of share

The A and B shares rank *pari passu* with the Ordinary shares on a return of capital but do not have voting rights. The A and B shares became capable of being converted into Ordinary shares at the option of the holder on or after 24 December 2003 and 24 December 2004 respectively, on a predetermined conversion formula based upon share price performance and the weighted average issue price of Ordinary share capital, whereby approximately 15% of the growth in market capitalisation of the Group over the weighted average issue price of Ordinary shares issued is attributable to the holders of A and B shares.

Based on the closing share price of 272 5p at 31 December 2012 (2011 244 5p), the A and B shares would have been capable of converting into 3,760 Ordinary shares (2011 3,668). The fair value of the A and B shares of £9,000 (2011 £9,000) is classified as a financial liability, there is no cash alternative upon conversion of these shares.

The Deferred shares carry no rights to participate in the profits or assets of the Company and carry no voting rights.

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Notes forming part of the consolidated financial statements (continued)

21 Reserves

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Retained earnings £'000
At 1 January 2011	9	3,636	1,258	13,947
Revaluation of available for sale investments	-	-	(1,421)	-
Issue of equity shares	41	-	-	-
Purchase of own shares	-	-	-	(2,158)
Profit for the year attributable to equity holders of the parent	-	-	-	1,431
Gains on additional investments in subsidiary undertakings recognised directly in equity	-	-	-	613
Conversion of shares classed as liabilities to equity	-	-	-	1,309
At 31 December 2011	50	3,636	(163)	15,142
At 1 January 2012	50	3,636	(163)	15,142
Revaluation of available for sale investments	-	-	447	-
Purchase of own shares	-	-	-	(796)
Loss for the year attributable to equity holders of the parent	-	-	-	(325)
At 31 December 2012	50	3,636	284	14,021

The following describes the nature and purpose of each reserve within owners' equity

Reserve	Nature and purpose
Share premium	Amount subscribed for share capital in excess of nominal value
Revaluation reserve	Cumulative net unrealised gains and losses arising on the revaluation of the Group's available for sale investments
Share option reserve	Aggregate charge in respect of employee share option charges net of lapsed option cost releases
Retained earnings	Cumulative net gains and losses recognised in the consolidated income statement

22 Changes in shareholders' equity

	2012 £'000	2011 £'000
(Loss)/profit for the year	(325)	1,431
Issue of shares	-	41
Conversion of shares classed as liabilities to equity shares	-	1,309
Revaluation of available for sale investments (net of related deferred tax)	447	(1,421)
Gains on additional investments in subsidiary undertakings recognised directly in equity	-	613
Purchase of own shares	(796)	(2,158)
	(674)	(185)
Capital and reserves attributable to equity holders of the parent at the beginning of the period	18,665	18,850
Capital and reserves attributable to equity holders of the parent at the end of the period	17,991	18,665
Non-controlling interests	1,477	1,535
Total equity	19,468	20,200

Notes forming part of the consolidated financial statements (continued)

23 Leases

Operating leases - lessee

The Group leases most of its properties. The terms of property leases vary, although they all tend to be tenant repairing with rent reviews every 2 to 5 years, some have break clauses. The total future values of minimum lease payments are due as follows:

	Land and Buildings 2012 £'000	Other 2012 £'000	Land and buildings 2011 £'000	Other 2011 £'000
Not later than one year	138	4	-	-
Later than one year and not later than five years	31	2	177	3
Later than five years	-	-	-	2
	<u>169</u>	<u>6</u>	<u>177</u>	<u>5</u>

24 Share-based payments

The Company operates two share-based payment schemes, an approved EMI equity-settled share-based remuneration scheme for certain employees and an unapproved equity-settled share scheme for certain management. Under the EMI scheme, the options vest on achievement of employee-specific targets subject to a compulsory 2.5 or 3 year vesting period and can be exercised for a further 7.5 or 7 years after vesting.

Options in issue are summarised below:

	Weighted average exercise price 2012	Number 2012	Weighted average exercise price 2011	Number 2011
Outstanding at beginning of the year	183.1p	34,000	183.1p	34,000
Granted during the year	-	-	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	-	-	-
	<u>183.1p</u>	<u>34,000</u>	<u>183.1p</u>	<u>34,000</u>

All options in issue were fully vested prior to 1 January 2011, hence there is no share based payment charge in 2012 or 2011.

The exercise price of options outstanding at the end of the year ranged between 137.5p and 187.5p (2011: 137.5p and 187.5p) and their weighted average remaining contractual life was 1.6 years (2011: 2.6 years).

The Company's share price during the year ranged from a low of 235p to a high of 277.5p, with an average of 251.5p. At the year-end it was 272.5p.

25 Related party transactions

Details of amounts payable to Directors are disclosed in note 4. Other than their remuneration and participation in the Group's share option schemes (note 24), there are no transactions with key members of management.

There were no other material transactions with related parties.

Notes forming part of the consolidated financial statements (continued)

26 Contingent liabilities

The Group had no material contingent liabilities as at the date of these financial statements (2011 none), except that it has been agreed with the Group's subsidiary, Interactive Prospect Targeting Limited, that upon a sale of that company, an initial amount of the consideration payable shall be paid to certain management shareholders on a pre-determined basis, following which it will be payable to all shareholders pro-rata to their holdings. This initial amount, as at 31 December 2012, was £549,000 (2011 £549,000)

27 Non-controlling interests

The non-controlling interests of £1,477,000 (2011 £1,535,000) relate to the net assets attributable to the shares not held by the Group at 31 December 2012 in the following subsidiary undertakings

Name of subsidiary undertaking	2012 £'000	2011 £'000
NMT Group Limited	77	112
Interactive Prospect Targeting Limited	953	888
Shire Foods Limited	447	535
	<u>1,477</u>	<u>1,535</u>

28 Business combination

On 29 July 2011 the Company acquired 54% of Shire Foods Limited ("Shire") for cash consideration of £496,000. This business combination gave rise to a gain on bargain acquisition totalling £1,310,000 which has been recognised as a credit to the income statement in accordance with IFRS 3 Business Combinations. The investment in Shire was undertaken at a valuation below Shire's net asset value in view of the loss-making nature of the business. The non-controlling interest's share of the identifiable net assets recognised directly in equity, was £1,528,000.

The share of net assets acquired, non-controlling interests recognised, and resulting gain on bargain acquisition are analysed below

	Book value £'000	Fair value adjust- ments £'000	Fair value £'000	Share acquired £'000	Consideration £'000	Gain on bargain acquisition £'000
Property, plant and equipment	6,160	(260)	5,900	3,195		
Current assets	1,579	(49)	1,530	828		
Current liabilities	(2,396)	-	(2,396)	(1,297)		
Non-current liabilities	(1,953)	253	(1,700)	(920)		
	<u>3,390</u>	<u>(56)</u>	<u>3,334</u>	<u>1,806</u>	<u>496</u>	<u>1,310</u>

Revenue and profit/(loss) of the acquired entity were as follows

	Unaudited Year ended 31 December 2011 £'000	From acquisition date to 31 December 2011 £'000
Revenue	7,418	3,332
Loss before interest and tax	<u>(1,272)</u>	<u>(600)</u>

Subsequently, on 31 December 2011, the Company acquired a further 26% share in Shire for additional cash consideration of £38,000. The share of net assets acquired in this additional investment exceeded the cost of investment by £658,000. This surplus was recognised directly in equity in accordance with IAS 27 Consolidated and Separate Financial Statements.

29 Post balance sheet events

On 14 May 2013 the Group acquired the business and certain assets of JMP Consultants Limited for a cash consideration of £0.42 million. The estimated fair value of the net assets acquired was £0.6 million. The Group has agreed to make a working capital facility available to the company. The initial acquisition accounting has not yet been completed and therefore further disclosures in respect of the business combination cannot be provided at this stage.

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Independent auditor's report to the members of Volvere plc

We have audited the parent company financial statements of Volvere plc for the year ended 31 December 2012 which comprise the parent company balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

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 on page 11, the Directors are responsible for the preparation of the parent company 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 parent company 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 (APB's) Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the parent company financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2012,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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 Parent Company financial statements.

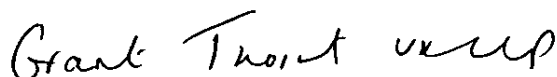
Matters on which we are required to report by exception

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.

Other matter

We have reported separately on the group financial statements of Volvere plc for the year ended 31 December 2012.



James Rogers
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Reading

31 May 2013

Volvere plc - Annual report and financial statements for the year ended 31 December 2012

Company balance sheet

	Note	2012 £'000	2012 £'000	2011 £'000	2011 £'000
Fixed assets					
Tangible fixed assets	3	10		12	
Investments	4	6,057		6,036	
			6,067		6,048
Current assets					
Debtors	5	2,526		1,200	
Cash at bank and in hand		11,995		2,616	
Investments	6	982		12,038	
		15,503		15,854	
Creditors amounts falling due within one year	7	(5,144)		(5,151)	
Net current assets			10,359		10,703
Total assets less current liabilities			16,426		16,751
Net assets			16,426		16,751
Capital and reserves					
Called up share capital	8		50		50
Share premium account	9		3,636		3,636
Revaluation reserve	9		284		(163)
Profit and loss account	9		12,456		13,228
Shareholders' funds			16,426		16,751

The financial statements were approved by the Board of Directors and authorised for issue on 31 May 2013 and were signed on their behalf by



Nick Lander
Director



Jonathan Lander
Director

The notes on pages 45 to 49 form part of these financial statements

1 Accounting policies

The financial statements of the Company have been prepared under the historical cost convention as modified by the revaluation of certain investments and in accordance with applicable United Kingdom Generally Accepted Accounting Practice (UK GAAP). The Company has taken advantage of the exemption in section 408 of the Companies Act 2006 from presenting its own profit and loss account.

The principal accounting policies are summarised below. They have been applied consistently throughout the year and the preceding year.

Cash flow statement

The Company has not provided a cash flow statement on the grounds that a consolidated cash flow statement has been prepared for the Group.

Tangible fixed assets

Items of plant and equipment are stated at cost less accumulated depreciation and any recognised impairment loss. Depreciation is charged so as to write off the cost or valuation of assets, over their estimated useful lives, using the straight line method, on the following bases:

Improvements to short-term leasehold property	Over the life of the lease
Plant and machinery	20%-33%

Fixed asset investments

Fixed asset investments are recognised at cost less provision for diminution in value. The directors perform regular impairment reviews assessing the carrying value of the asset against the higher of value in use and net realisable value.

Current asset investments

Current asset investments have comprised holdings of sub-investment grade securities of UK banks, equity funds and investment grade asset-backed securities funds of mainly US issuers (although at the year-end only the former were held). These are revalued to market value at the reporting date with unrealised gains recognised in a revaluation reserve. Any provision for impairment is dealt with in the profit and loss account.

Taxation

The charge for taxation is based on the profit for the year and taking into account deferred taxation. Current tax is measured at amounts expected to be paid using the tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the reporting date except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the Company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief, and
- the recognition of deferred tax assets is limited to the extent that the Company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

1 Accounting policies (*continued*)

Financial liabilities and equity

Financial liabilities and equity are classified according to the substance of the financial instrument's contractual obligations, rather than the financial instrument's legal form. The Company has in issue A and B shares which are convertible into Ordinary shares at the option of the shareholder based upon a formula contained in the Company's Articles of Association. The A and B shares do not have a cash alternative. However, because the shares convert into a variable number of Ordinary shares, dependent inter alia on the share price of the Ordinary shares in issue, the terms of FRS 25 ("Financial Instruments Presentation") require them to be classified as debt. The A and B shares are carried at amortised cost, which equates to their settlement value. Movements in settlement value are recorded in profit or loss.

Share-based payments

Refer to the policy statement in note 1 to the consolidated financial statements.

2 Profit for the financial year

The Company has taken advantage of the exemption allowed under section 408 of the Companies Act 2006 and has not presented its own profit and loss account in these financial statements. The Group profit for the year includes a profit after tax of £52,000 (2011: loss of £64,000) which is dealt with in the financial statements of the Parent Company.

3 Tangible fixed assets

	Short Leasehold Property £'000	Plant & Machinery £'000	Total £'000
Cost			
At 1 January 2012	9	16	25
Additions	-	2	2
At 31 December 2012	9	18	27
Accumulated depreciation			
At 1 January 2012	3	10	13
Charge for the year	1	3	4
At 31 December 2012	4	13	17
Net book value			
At 31 December 2012	5	5	10
At 31 December 2011	6	6	12

4 Fixed asset investments

	Shares in group undertakings 2012 £'000	Shares in group undertakings 2011 £'000
Cost		
At 1 January	6,036	5,451
Additions	21	585
At 31 December	6,057	6,036

4 Fixed asset investments (continued)

Additions in the current year relate to a small addition investment in NMT Group Limited. Prior year additions relate to the acquisition of Shire Foods Limited and small further investments in NMT Group Limited and Interactive Prospect Targeting Limited.

The principal subsidiaries of Volvere plc, all of which have been included in these financial statements, are as follows:

Name	Country of incorporation	Proportion of ownership interest
Volvere Central Services Limited	England and Wales	100%
NMT Group Limited	Scotland	98.6%
Interactive Prospect Targeting Limited	England and Wales	45.4%
Postal Preference Service Limited	England and Wales	45.4%
Sira Defence & Security Limited	England and Wales	100%
Shire Foods Limited	England and Wales	80%

Postal Preference Service Limited is 100% owned by Interactive Prospect Targeting Limited. The Company has the power to control Interactive Prospect Targeting Limited (and hence Postal Preference Service Limited) by virtue of the terms of a shareholder agreement.

5 Debtors

	2012 £'000	2011 £'000
Trade debtors	-	5
Amounts owed by group undertakings	2,462	960
Other debtors	44	214
Prepayments and accrued income	20	21
	<u>2,526</u>	<u>1,200</u>

All amounts shown under debtors fall due for payment within one year.

6 Current asset investments

	2012 £'000	2011 £'000
Current asset investments	<u>982</u>	<u>12,038</u>

During the year the Company invested in a mixture of sub-investment grade securities of UK banks, equity funds and investment grade asset-backed securities funds of mainly US issuers, although at the year-end only the former were held.

At the year end the cost of these investments was £692,000 (2011: £12,049,000).

7 Creditors: amounts falling due within one year

	2012 £'000	2011 £'000
Trade creditors	55	65
Amounts due to group companies	4,900	4,900
Other creditors	25	146
Accruals and deferred income	155	31
Share capital classified as financial liabilities	9	9
	<u>5,144</u>	<u>5,151</u>

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Notes forming part of the Parent Company financial statements (*continued*)

8 Share capital

	2012 Number	Authorised 2012 £'000	2011 Number	2011 £'000
Ordinary shares of £0 0000001 each	100,100,000	-	100,100,000	-
A shares of £0 49999995 each	50,000	25	50,000	25
B shares of £0 49999995 each	50,000	25	50,000	25
Deferred shares of £0 00000001 each	4,999,999,500,000	50	4,999,999,500,000	50
		<u>100</u>		<u>100</u>
	2012 Number	Issued and fully paid 2012 £'000	2011 Number	2011 £'000
Ordinary shares of £0 0000001 each	6,200,366	-	6,200,366	-
A shares of £0 49999995 each	455	-	455	-
B shares of £0 49999995 each	455	-	455	-
Deferred shares of £0 00000001 each	4,954,494,576,308	50	4,954,494,576,308	50
		<u>50</u>		<u>50</u>
A and B shares classed as financial liabilities		-		-
		<u>50</u>		<u>50</u>

Details of movements during the year, purchases of own shares and rights attaching to different classes of share capital are disclosed in note 20 to the consolidated financial statements

9 Reserves

	Share capital £'000	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2011	9	3,636	1,252	13,334
Revaluation of current asset investments (net of related deferred tax)	-	-	(608)	-
Transfer to profit and loss account on disposal	-	-	(807)	807
Purchase of own shares	-	-	-	(2,158)
Transfer of shares classed as financial liabilities to equity	41	-	-	1,309
Loss for the year	-	-	-	(64)
At 31 December 2011	<u>50</u>	<u>3,636</u>	<u>(163)</u>	<u>13,228</u>
At 1 January 2012	50	3,636	(163)	13,228
Revaluation of current asset investments (net of related deferred tax)	-	-	419	-
Transfer to profit and loss account on disposal	-	-	28	(28)
Purchase of own shares	-	-	-	(796)
Profit for the year	-	-	-	52
At 31 December 2012	<u>50</u>	<u>3,636</u>	<u>284</u>	<u>12,456</u>

10 Share-based payments

Equity settled share option schemes

The Company's employees are able to participate in the Group's share option schemes. Details of this scheme are given in note 24 to the consolidated financial statements.

11 Related party transactions

The Company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" relating to transactions and balances with subsidiaries that are 100% owned.

During the year amounts receivable by the Company from NMT Group Limited ("NMT") for management services amounted to £161,900 (2011 £163,000).

At 31 December 2012, amounts due from NMT were £257,000 (2011 £95,000) and amounts due to NMT were £4,900,000 (2011 £4,900,000), interest charged to the Company by NMT amounted to £73,500 (2011 £55,000). Also, at 31 December 2012 an amount of £1,571,000 (2011 £727,000) was owed by Shire Foods Limited.