Flying Brands Limited

Annual report and financial statements for the 52 weeks ended 28 December 2012

Registered number: 2044

Definitions

The Company	Flying Brands Limited
The Group	Flying Brands Limited and its subsidiaries and associates
GD	Gardening Direct
GBS	Garden Bird Supplies
GCO	Garden Centre Online
FF	Flying Flowers
FD	Flowers Direct
DA	Drake Algar
L2	Listen 2
The Bank	Barclays Bank PLC and its subsidiaries
GLD	Growing and live-despatch business based in Jersey
WCC	West Coast Capital Trading Limited
Retreat Farm	Freehold property based in Jersey and remaining at the year end
Palatine	Palatine Private Equity Fund LP
Acorn	Acorn Finance Limited

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Summary information

About us

The Group was a multi-brand multi-channel home shopping specialist, comprising of three divisions; Garden, Gifts and Entertainment. During 2011 the Group re-focused its activities and dramatically altered its operating strategy with the proposed disposal of all of its trading businesses.

2012 saw the completion of the disposal of the trade and assets of the Gifts business (comprising of the FF, FD and DA brands), the trade and assets of GBS, GCO and L2 brands and finally the disposal of the trade and assets of GD. The disposal of GD in July 2012 resulted in the closure of the GLD business based in Jersey.

The primary focus of the Group going forward is the maximisation of the long-term value of Retreat Farm.

Financial Highlights

- **Disposal of Gardening Direct for £2.8m**
- **Disposal of Gifts business for £2.4m**
- **Disposal of GBS, GCO & L2 for £0.8m**
- **Loss from continuing operations £2.1m (2011: £2.5m)**
- **Profit from discontinued operations £2.2m (2011: £6.5m loss)**
- **Profit attributable to Group of £0.1m (2011: £9.0m loss)**

Main products and services

The Group's activities are now focused on maximising the long term value of its Retreat Farm site in Jersey. The Group currently leases out various sites within Retreat Farm.

Brands

The Group had previously maintained a selection of retail brands targeted towards the home shopping retail market. However in recent years the Group has seen its customer base diminish and as a result the Group sold all of these brands during 2012.

Chairman’s statement

2012 was a period of significant change for the Group. We sold our Gifts business and also disposed of our Garden Bird Supplies, Listen2 and Garden Centre Online businesses. Shortly after the end of the half-year we also sold the trade and assets of our Gardening Direct business and announced the closure of our Growing and Live Despatch business.

The only significant asset remaining in the Group is the freehold property at Retreat Farm in Jersey. In October the Group agreed to lease the greenhouses and despatch centre to Jersey Choice Marketing Limited until June 2014. Currently the Group’s only income comes from the rental of the sites within Retreat Farm.

In January 2013 the Group announced that the £0.75m owed to Palatine had been refinanced with a £1.0m loan from Acorn Finance Limited which is due to be repaid in January 2015.

The Group has been notified of a potential warranty claim from Jersey Choice Marketing Limited following the sale of the Gardening Direct business. Having taken legal advice, the Group denies this claim. Discussions are continuing in an attempt to avoid litigation. Both parties have reserved their rights and meanwhile have rescheduled the payment of the £625k deferred consideration which was due to be paid in full on 30 April 2013.

The Board is still reviewing options for the future use of Retreat Farm in order to maximise the value for shareholders. We have had discussions with a number of interested parties and have had preliminary discussions with the local planning authorities and hope to have a preferred option in the near future. Meanwhile, overheads have been substantially reduced to a level that will enable the Group to operate whilst the options for maximising value from Retreat Farm are explored.

In January 2013 Tim Trotter stepped down as Chairman of the Group. I would like to thank Tim for his contribution over the last 12 years.

Paul Davidson
Chairman
25 April 2013

Business review

To the members of Flying Brands Limited

Cautionary statement

This business review has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

The business review contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

This business review has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Flying Brands Limited and its subsidiary undertakings when viewed as a whole.

The Group's restructuring

During the course of the this financial year the Group completed the disposal of the trade and assets of its Gifts division to Interflora British Unit, the disposal of the trade and assets of GBS, GCO and L2 to a subsidiary of MBL Group PLC and finally in July 2012 the trade and assets of its GD brand to Jersey Choice Marketing Limited.

The Group had originally intended to continue to operate its Growing and Live Dispatch Business (GLD) from its property at Retreat Farm, however following the sale of the GD business, the GLD business was discontinued. The majority of Retreat Farm is now leased to Jersey Choice Limited until June 2014. The timeline of events is summarised below:

April 2012	- Sale of Gifts business
	- Sale of GBS, GCO and L2 businesses
July 2012	- Sale of GD business
	- Closure of GDL business in Jersey
October 2012	- Lease of Retreat Farm agreed

The Group's future business model

Following the completion of all of the disposals outlined in the section above, the Group's main income comes from the rental of sites within Retreat Farm.

Overheads have been substantially reduced to a level that will enable the Group to operate whilst the options for maximising value from Retreat Farm are explored.

Review of the Group's progress

In 2012 the Group completed the disposal of all the Groups trading businesses. The Group had originally intended to concentrate on the GLD business in Jersey which would continue to fulfil growing and despatch operations for the disposed GD business. Following the sale of GD it became clear that the GDL business would not be fulfilling these functions for the GD business. As a result the Directors concluded that the GDL business was no longer a viable option and it was best for the Group to enter into a lease for Retreat Farm whilst exploring options for the future use of the site.

During the year the Group continued to reduce the overheads of UK and Jersey business to the extent that the Group now has only the minimal number of employees needed to run the business.

The aim of the Directors is to continue to pursue the options available as to the use of Retreat Farm. There is no guarantee that any of these options may come to fruition and it may be that the best way of achieving value for shareholders is the disposal of Retreat Farm and the return of cash to shareholders.

Results for the 2012 financial year

A summary of the key financial results is set out in the table below:

	Continuing	Discontinued	**Total**
	£'000	£'000	**£'000**
Revenue	105	9,049	**9,154**
Expenses	(2,018)	(8,469)	**(10,487)**
Reportable segment profit/(loss) before interest and tax	(1,913)	580	**(1,333)**
Redundancy and reorganisation	-	(604)	**(604)**
Impairment of intangible assets	-	(874)	**(874)**
Impairment of tangible assets	-	(181)	**(181)**
Profit on sale of trade and assets	-	3,743	**3,743**
Disposal costs	-	(426)	**(426)**
Interest payable	(71)	-	**(71)**
	(1,984)	2,238	**254**
Taxation	(152)	-	**(152)**
Profit/(loss) for the period	(2,136)	2,238	**102**

Interest

The net interest cost for the Group for the year was £0.1m (2011: £0.1m).

Loss before tax

Group loss before tax (excluding profits arising from discontinued activities) for the year was £2.0m (2011: £2.4m).

Taxation

Taxation was £0.2m for the year (2011: £0.1m). This higher charge reflects the write off of the deferred tax asset.

Earnings per share

Basic and diluted earnings per share for the year were 0.4p (2011: 32.6p loss).

Dividend and dividend policy

The Directors will not be proposing a final dividend with respect to the financial year ended 28 December 2012 (2011: nil). During the course of this financial year no interim dividend was paid (2011: nil).

Financial position

The Group's balance sheet as at 28 December 2012 can be summarised as set out in the table below:

	Assets	Liabilities	Net assets
	£'000	£'000	£'000
Property, plant and equipment	14	-	14
Investment property	3,149	-	3,149
Current assets and liabilities	931	(1,084)	(153)
Total as at 28 December 2012	4,094	(1,084)	3,010
Total as at 30 December 2011	8,155	(5,247)	2,908

The main movements in net assets during the year were as follows:

(i) The disposal of assets of the various businesses (reduction in net assets of £2.3m);

(ii) Impairment of intangible software asset (reduction in assets of £0.9m);

(iii) Depreciation and impairment of investment property and property, plant and equipment (reduction in investment property and property, plant and equipment of £0.4m);

(iv) Payment of creditors (reduction in liabilities of £4.1m); and

(v) Reduction in current assets, excluding assets held for resale in 2011 (reduction in net assets of £0.4m).

Capital structure

The Group has no bank debt (2011: nil). During the year the Group had an overdraft facility of £0.25m. This facility was not used during the course of the year and was removed following the refinancing of the Palatine debt (note 33). At the present time the Group retains clearing facilities with the bank.

Research and development and capital expenditure

During the year, the Group invested £0.05m in capital expenditure (2011: £0.2m). All items of capital expenditure were incidental to the operations of the Group and none of the expenditure was of a strategic nature. The Group made no investment in research and development during the year (2011: £nil).

Cash flow

Net cash outflow for 2012 was £0.4m (2011: £1.7m outflow).

This outflow reflects the trading losses incurred by the Group's divisions along with restructuring costs incurred in the downsizing of the business. Creditors were reduced by £3.9m (2011: £0.8m) along with the Palatine debt which was reduced due to repayments made of £0.25m.

Interest paid resulted in a net outflow of £0.1m which was unchanged from 2011. Proceeds from disposals of the various trade and assets were £5.4m (2011: £3.3m). The Group has £0.625m deferred consideration from the disposal of the trade and assets of GD due on 30 April 2013, although as discussed in the Chairman's statement, this has now been rescheduled.

Liquidity and investments

The Group's net debt position reduced slightly following the repayment of £0.25m of the Palatine debt.

The Group had an overdraft facility of £0.25m at its disposal which was not used during the year. This facility was withdrawn in Jan 2013 following the refinancing of the Palatine debt (note 33)

Going forward, as detailed in Note 33 and below, after the year end the Group refinanced the £0.75m Palatine debt with a £1.0m loan which has provided working capital for the Group. The Group will also use the deferred consideration, receivable on 30 April 2013, arising from the disposal of the trade and assets of GD of £0.625m to fund its on-going operations.

Post balance sheet events

After the year end, on 18 January 2013 the Group refinanced its £0.75m debt with Palatine with a £1.0m loan from Acorn Finance which is repayable on 18 January 2015.

Principal risks and uncertainties

The principal risks are those risks that the Board believes the Group faces at the date of this report. They include certain risks relating to the Retreat Farm property in Jersey.

Risks/uncertainties to the continuing Group		
Issue	**Risk/Uncertainty**	**Mitigation**
Deferred Consideration	The Group is due to receive £625,000 from Jersey Choice Marketing Limited on 30 April 2013. As with any unsecured debt there is the risk that the debtor could default on all or part of this balance.	The Group would use all available means to recover the debt. It would also make alternative financing arrangements in the event these funds were not received.
Economic Conditions	The Group's remaining asset is the Retreat Farm property in Jersey. The economic conditions could reduce demand for this type of property and impact any future sale.	The Group would look to dispose of this property in an orderly manner. Whilst the Group cannot influence the economic conditions in Jersey, the Directors are confident in the demand for the Retreat Farm site. The Directors are looking at alternative uses for the site which would take into account economic demand.
Adverse weather conditions & damage to property	The Group is dependent on its facility at Retreat Farm in Jersey for both rental income and future value in the event of its disposal. If the facility were destroyed or severely damaged as a result of adverse weather, accidental or malicious actions, then this could impact on the running of the rental business and also the value of the property.	The Group maintains insurance to cover damage to production facilities. The property is secured at all times.
Raising emergency funding	In the event of a significant issue arising for which the Group is required to access substantial liquid funds in excess of its available cash balances, it may not be easy to obtain additional funds as and when required.	The Group monitors its cash requirements carefully and in the need of significant additional funds would look to increase its financing or expedite the sale of all or part of Retreat Farm.
Litigation	The Group is currently involved in two separate litigation cases. At this time the financial impact on the Group cannot be determined and the Group is vigorously challenging these cases.	The Group engages the services of experienced legal advisors in order to fight the claims against the Group.
Loss of key personnel	Due to the restructuring and downsizing, the Group comprises of a few key individuals. Any unforeseen loss of these key personnel would be damaging to the Group	The Group has a continuity program in place to ensure that Directors would be able to minimise the disruption of the loss of key personnel.

Business review…(continued)

Key performance indicators

The previous KPI's are no longer relevant to the Group following the disposals discussed in the business review. The main KPI for the Group is achieving its cash flow forecasts whilst efforts continue to maximise the value of Retreat Farm.

The Board monitors its cash flow carefully to ensure that it has the funds necessary to meet its on-going requirements. Detailed forecasts are produced and reported against on a regular basis.

Future development

As outlined earlier in this report, the Directors are working to explore the future uses for the Retreat Farm site. The external economic environment continues to be challenging and as such the Board will take into account current market trends in assessing the future use of Retreat Farm.

Significant relationships

The Group has a share option scheme in place to reward and to incentivise the most senior employees. During the year the share options lapsed and it is unlikely that any new share options will be issued.

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this review. The financial position of the Group, its cash flows and liquidity position are described in this business review. In addition, notes 2 and 26 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk. As highlighted in note 26 to the financial statements, the Group meets its day to day working capital requirements through its on-going cash flows.

The Directors have prepared detailed working capital projections for the Group, taking into account reasonable possible changes in trading performance, to support the decision to prepare the financial statements on the going concern basis. The working capital projections include the receipt of the deferred consideration of the GD disposal from Jersey Choice Marketing Limited and estimates of the on-going costs of the business.

The Directors have been notified by Jersey Choice Marketing Limited of a potential warranty claim in relation to the sale of Gardening Direct. The Directors dispute this claim and discussions are continuing in an attempt to avoid litigation. Both parties have reserved their rights and meanwhile have rescheduled the payment of the deferred consideration of £625k which was due to be paid in full on 30 April.

The Group is also involved in a separate contractual dispute with Flying Flowers Pty Ltd, an Australian company.

At this stage the financial impact of these cases should they be successful cannot be quantified. On the assumption that the rescheduled deferred consideration is received, the Group will have enough working capital for the next 12 months, in order to meet its liabilities as they fall due. The Group may also be able to realise assets to ensure that it had sufficient working capital to meet its liabilities as they fall due, however there is no certainty that disposals could be achieved in the necessary timeframes. Therefore for the reasons outlined above there is a material uncertainty in relation to going concern.

The Group's forecasts and projections, taking into account the uncertainties above, show that the Group has a reasonable expectation of maintaining sufficient working capital to enable the Group to meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of this report.

Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

Directors' and corporate governance report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the 52 weeks ended 28 December 2012.

Principal activities

The principal activities in the 52 weeks ended 28 December 2012 comprise of property investment and the lease of its Retreat Farm property.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 18 to the financial statements.

Business review

The information that fulfils the requirements of the business review can be found on pages 4 to 8, and these pages are incorporated into this report by reference.

Information about the use of financial instruments by the Company and its subsidiaries is given in note 26 to the financial statements.

Details of significant events since the balance sheet date are contained in note 33 to the financial statements.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Future prospects

A commentary on the Group's future prospects and a description of principal risks and uncertainties are set out in the Chairman's statement and business review.

Flying Brands Holdings (UK) PLC

During 1996 the Group created a twinned share structure to enable UK based shareholders to receive a UK dividend and thereby avoid being double taxed on the Jersey dividend.

Consequently all shareholders hold in addition to their shares in Flying Brands Limited an equivalent number of shares in Flying Brands Holdings (UK) PLC.

Although the results for the 52 weeks ended 28 December 2012 of Flying Brands Holdings (UK) PLC are included in the consolidated financial statements of Flying Brands Limited, in accordance with UK Company Law a separate set of financial statements for Flying Brands Holdings (UK) PLC will be sent to shareholders.

Results and dividends

The Group's continuing loss before taxation was £2.0m (2011: loss £2.4m). No interim dividend was paid in 2012 (2011: nil). The Directors do not propose a final dividend for the financial year ended 28 December 2012 (2011: nil).

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group financial statements for each financial year. Under UK listing rules the directors are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU. The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the state of affairs of the Group and the profit or loss for that period.

In preparing these financial statements, International Accounting Standard 1 requires the directors to:

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

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations.

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

The Directors of the Company during the period were as listed below:

Mr T H S Trotter	— Non-Executive Chairman (resigned 23 January 2013)
Mr P R Davidson	— Non-Executive Director (appointed Chairman 23 January 2013)
Mr J P Henwood	— Non-Executive Director (resigned 30 September 2012)
Mr F G Voisin	— Non-Executive Director (resigned 30 September 2012)
Mr S S Cook	— Chief Executive Officer
Mr S J Dootson	— Group Finance Director (resigned 31 August 2012)
Mr C T Knott	— Group Finance Director (appointed 31 August 2012)

The service contracts of all Directors are noted in the Remuneration Committee report on pages 21 to 24. Mr C T Knott who was appointed to the Board on 31 August 2012 retires at the AGM and, being eligible, offers himself for re-election.

Biographical details of the Directors are given on page 20.

Although an overseas Company, the Directors have sought to ensure that the financial statements of the Company and the Group comply with the disclosure requirements of Jersey Company Law and the listing requirements of the UK Listing Authority.

Directors' interests

The interests of the Directors in the shares of the Company at 28 December 2012, together with their interests at 30 December 2011 are shown in the Remuneration Committee report.

Share capital

Details of the share capital of the Company and the movements during the period are set out in note 20 to the financial statements.

The Ordinary shares carry equal rights to dividends, voting and return of capital on the winding up of the Company. There are no restrictions on the transfer of securities in the Company other than following service of a notice under provisions in the articles equivalent to section 793 of the UK Companies Act 2006 and there are no restrictions on any voting rights or deadlines, other than those prescribed by law, nor is the Company aware of any arrangements between holders of its shares which may result in restrictions on the transfer of securities or on voting rights. Participants in employee share schemes have no voting or other rights in respect of the shares subject to those awards until the allocations are exercised, at which time the shares rank pari passu in all respects with shares already in issue. No such schemes have any rights with regard to control of the Company.

The Directors' interests in share options and awards are set out within the Remuneration Committee report on pages 21 to 24. Apart from service contracts none of the Directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the financial period.

The Company has set up an Employee share option trust for the settlement of awards that may vest in future periods. The trustees of this trust exercise the voting rights and these shares do not attract dividends.

Share repurchasing and issuing

At the AGM of the Company held on 13 June 2012, the shareholders gave the Company permission, until the earlier of the AGM to be held on 12 June 2013 or 31 July 2013 to re-purchase up to 4,181,060 Ordinary shares of the Company. Also at the AGM on 13 June 2012 the shareholders gave the Company permission until the earlier of the AGM to be held on 12 June 2013 or 31 July 2013 to allot up to 4,181,060 Ordinary shares of 1p each in the Company.

The Directors intend only to exercise those authorities where, after considering market conditions prevailing at the time, they believe the effect of such exercise would be to increase earnings per share and be in the interest of shareholders generally.

During the 52 weeks to 28 December 2012, the Company did not purchase any ordinary shares, nor did it issue any ordinary shares.

The Board will be seeking the approval of the shareholders to have the authority to purchase and allot Ordinary shares at the forthcoming AGM. The Company held 452,323 Ordinary shares of 1p each (2010: 452,323) in an ESOP trust. For further information see note 21 to the financial statements.

Charitable and political donations

The Company did not make any political or charitable donation during the financial period (2011: £nil).

Directors' and corporate governance report…(continued)

Policy on payment of suppliers

It is Group policy, in respect of all of its suppliers, to settle the terms of payment when agreeing each transaction, to ensure that suppliers are made aware of the terms of payment and to abide by those terms. In general, the Group pays creditors at the end of the month following date of invoice. The average number of creditor days in relation to trade creditors outstanding at the period end was 5 days (30 December 2011: 55 days).

Substantial shareholdings

As at 08 April 2013, other than the Directors' holdings, the Company has been advised of the following interests in 3% or more of its issued share capital:

	08.04.13	28.12.12
West Coast Capital Trading Limited	26.9%	26.9%
River and Mercantile Asset Management	9.5%	9.5%
Artemis Investment Management	4.0%	4.0%
Mr P I Fraser	3.9%	3.9%
Mr T P Hunt	3.6%	3.6%
Henderson Global Investors	0.7%	6.9%

Significant agreements/takeovers directive

There are a number of agreements that take effect, alter or terminate upon a change of control of the Group such as commercial contracts and employee share option/award schemes. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.

Memorandum and Articles of Association

The Company's Articles of Association (the Articles) give the Board the power to appoint Directors, but require Directors to retire and submit themselves for election at the first AGM following their appointment.

The Board of Directors may exercise all the powers of the Company subject to the provisions of relevant statutes, the Company's Memorandum of Association and the Articles. The Articles, for instance, contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the issuing and buying back of shares are also included in the Articles and such authorities are renewed by shareholders each year at the AGM.

Memorandum

The Company's capacity

There is no doctrine of ultra vires in Jersey law and accordingly the memorandum confirms that the capacity of the Company is not limited by anything in its memorandum and articles or by any act of its members.

Par value company

The memorandum states that the Company is a par value company under Jersey law.

Liability of members limited

The memorandum confirms that the liability of each member in respect of their holding of a share is limited to the amount (if any) unpaid on it.

Articles

Issue of shares

Subject to the provisions of Jersey law and the pre-emption rights described below, the Directors are generally authorised to allot or otherwise dispose of shares in the Company as they think fit (including the grant of options over and warrants in respect of, shares). The Company may issue redeemable shares and may pay commissions either in cash or by the allotment of shares or the grant of options or warrants.

The Company shall not allot any shares unless they are first offered to members (on the same or more favourable terms as the proposed allotment) in proportion to their existing shareholdings. Such an offer must state a period of not less than 21 days during which it may be accepted. These pre-emption rights shall not apply where shares are paid otherwise than in cash or if they are allotted or issued pursuant to an employee share scheme. Notwithstanding these pre-emption rights, the Directors may be given by special resolution (passed by a majority of not less than two-thirds of the members who vote at a general meeting) the power to allot shares either generally or specifically so that the pre-emption provisions do not apply, or apply with such modifications as the Directors may determine.

Un-certificated shares

The articles allow full advantage to be taken of Jersey legislation permitting shares to be held in un-certificated form.

Disclosure of interests in shares

Provisions in the articles that mirror section 212 of the UK Companies Act 1985 have been replaced by the incorporation by reference into the articles of section 793 of the UK Companies Act 2006. The latter section has equivalent provisions to the former allowing a company to issue a notice requiring a person it knows, or has reasonable cause to believe, has an interest in its shares (or to have had an interest in the previous three years) to confirm or deny the fact. If the interest is confirmed, the notice may require disclosure of certain information about the interest, including information about any other person with an interest in the shares.

If any person is in default for a period of 14 days in supplying information required by such a notice, the Company may serve a restriction notice on the member concerned to the effect that the member shall not be entitled to be present or to vote at any general meeting of the Company. Where the shares subject to these restrictions represent at least 0.25% in nominal value of the issued shares of the same class, the payment of dividends may also be withheld in respect of those shares and a transfer of the shares may not be recognised or registered (save for certain permitted transfers or in certain permitted circumstances).

The articles also require that the Company and its members comply with the UK Listing Authority's Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules) as if the Company were a UK company.

Electronic communications

Notices may be served by the Company on a member by means of electronic communication to an address notified by the member to the Company for that purpose, in accordance with Jersey law. Proxies may be appointed by electronic communication as permitted by Jersey law.

Directors' fees

The limit on the aggregate fees payable to Directors each year is set at £300,000, to allow for the appointment and remuneration of a sufficient number of non-executive directors. The limit does not apply to the remuneration payable to executive directors.

Directors' service contracts

The maximum length a service contract may be granted to a director without the approval of members in general meeting is two years.

Age limit for Directors

There no requirements for a director to retire based upon age.

Employees

The Company's policy is to provide equal opportunities to all present and potential employees, including, where practical, those who are disabled.

The Group believes in respecting individuals and their rights in the workplace. With this in mind, specific policies are in place covering harassment and bullying, whistle blowing, equal opportunities and data protection.

Secretary

The Secretary of the Company is Mr C T Knott ACCA who was Secretary at 28 December 2012. Mr S J Dootson ACA was Secretary until his resignation on 31 August 2012. Mr Knott was appointed as Secretary on 31 August 2012.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

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

The Company appointed Deloitte LLP as auditor on 8 March 2012.

A resolution to reappoint Deloitte LLP as auditor of the Company will be proposed at the AGM.

Corporate governance

The Board is committed to ensuring the highest standards of corporate governance, and complies with, subject to a small number of exceptions listed below, the supporting principles and provisions set out in the Combined Code on Corporate Governance of the Financial and Reporting Council ("the Code") which was updated in June 2008 and which came into effect for financial years beginning after June 2009.

The Company has regularly updated its corporate governance policies and procedures to reflect the changes made to corporate governance guidelines in the last few years. The following describes the ways in which the Company complies with the detailed provisions of the Code. It includes full disclosure of the limited number of areas in which the Company is non-compliant and explanations why this is so.

The two areas of non-compliance with the Code are;

- the Chairman of the Audit Committee does not have any relevant accounting experience; and
- the Audit Committee is not made up of at least two independent non-executive Directors.

Annual general meeting

The Directors consider that all the resolutions to be put to the AGM to be held on 12 June 2013 are in the best interests of the Company and its shareholders as a whole. The Board will be voting in favour of them and unanimously recommends that shareholders do also.

Board of Directors

The Board met seven times in 2012 and currently comprises two Executive Directors and one Chairman.

Non-Executive Directors

Name	Position	Years of service as Non-Executive Director	Meetings attended: Board	Audit Committee	Remuneration Committee
Mr T H S Trotter (resigned 23 January 2013)	Non-Independent Non-Executive Chairman Member of Audit Committee Chairman of Nominations Committee Member of Remuneration Committee	12	7	1	1
Mr P R Davidson	Non-Independent Non-Executive Director Member of Remuneration Committee Member of Nominations Committee Chairman of Audit Committee	6	6	1	1

The terms of appointment of the Non-Executive Directors are described in the Remuneration Committee report, and are made available for inspection at the AGM, along with the service contracts for the Executive Directors. None of the Non-Executive Directors has a fixed term of office in his letter of appointment. The Company has agreed a policy that Non-Executive Directors will not exceed six years in their role from the date of the Board restructuring in March 2002 other than in exceptional circumstances. It was agreed by the Board that Mr T H S Trotter's maximum period as a Non-Executive Director can be extended to ten years since he was appointed as Chairman in 2007. Mr Trotter has now served his ten year term but the Board has agreed to extend his term as Chairman for an unrestricted period.

The letter of appointment of the Chairman provides that he spends up to 30 and no less than 25 days per year in the performance of his duties.

Re-election

The articles of association require each director to retire and submit himself for re-election every three years, but also that at least one third of the Directors must be submitted for re-election every year.

On an annual basis, the Chairman considers the performance of the Board and discusses with the Company Secretary the re-election process. Given the performance of the Company the Chairman has confirmed that the Directors being submitted for election in 2013 (as set out on page 61) continue to be highly effective, qualified and committed to their respective roles.

Insurance cover

The Company maintains insurance with a limit of £5m to cover its Directors and officers against the cost of defending themselves against civil legal proceedings taken against them. To the extent permitted by law the Company also indemnifies its Directors and officers. Neither protection applies in the event of fraud or dishonesty.

Board objectives and operation

The key objectives of the Board are as follows:

- The agreement of strategy.
- The agreement of the detailed set of objectives and policies that facilitate the achievement of strategy.
- Monitoring the performance of executive management in the delivery of objectives and strategy.
- Monitoring and safeguarding the financial position of the Company and Group to ensure that objectives and strategy can be delivered.
- Approval of major capital expenditure and other expenditure that is not part of the defined objectives or strategic plan.
- Approving corporate transactions - this includes any potential acquisition or disposal.
- Delegating clear levels of authority to the Executive management team. This is represented by the defined system of internal controls which is reviewed by the Audit Committee.
- Providing the appropriate framework of support and remuneration structures to encourage and enable Executive management to deliver the objectives and strategies of the Company.
- Monitoring the risks being entered into by the Company and ensuring that all of these are properly evaluated.
- Approval of all external announcements.

A schedule is maintained of matters reserved to the Board for decision.

The Board met seven times in 2012, the Executive Directors attended every meeting during the year and the Non-Executive Directors' attendance is summarised on page 15.

For each Board meeting, each Board member receives a pack of information, including financial reports, project updates and a formal agenda together with any relevant documentation.

Nominations Committee

The committee consists of the Chairman and the Chief Executive. The committee meets as required to fulfil its duties of reviewing the Board structure and composition and identifying and nominating candidates to fill Board vacancies as they arise. One meeting was held during the year and was fully attended.

During the year, the Directors appointed a new Finance Director in place of Mr S J Dootson. The recruitment process consisted of a review of known external contacts of the Directors as well as internal candidates. At the conclusion of this, Board resolved to accept the recommendations of the Chairman and CEO to appoint Mr C T Knott who had held the position of Group Financial Controller.

No formal induction process exists for new Directors, but the Chairman ensures that each individual is given a tailored introduction to the Company and fully understands the requirements of the role.

Appraisal of Executive Directors

The Chief Executive normally carries out an annual formal appraisal of the performance of the other Executive Director which takes into account the objectives set in the previous year and the individual's performance in the fulfilment of these objectives. A formal annual appraisal of the Chief Executive is carried out by the Chairman. All the appraisals of the Executive Directors are provided to the Remuneration Committee.

Remuneration Committee

The report of the Remuneration Committee is included in this annual report. Formal terms of reference for the Remuneration Committee have been documented and are made available for review at the AGM.

Audit Committee

Formal terms of reference for the committee have been documented and are made available for review at the AGM and are available for viewing on the Company's website.

The terms of reference of the Audit Committee include the following requirements:

- To monitor the integrity of financial statements and of any formal announcements relating to the Company's financial performance.
- To review the Company's internal controls and risk management systems.
- To make recommendations to the Board in relation to internal control matters that require improvement or modification.
- To make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and to approve remuneration.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- To establish and monitor whistle blowing procedures.

No internal audit function exists due to the size of the Group. This is reviewed annually by the Audit Committee which reflects on any increased risk or regulatory changes in the period under review in making their recommendation to the Board.

The Chairman of the Audit Committee does not have any direct, recent or relevant accountancy experience but the Board considers that he has sufficient business experience to enable him to perform the duties contained in his role.

The Company engages its auditor for some non-audit services, including project work where opinions are required by the Group's auditor. Auditor objectivity and independence was safeguarded in these instances through the use of partners and staff who have no involvement in the audit of the financial statements and an independent audit partner reviewing work performed. The Audit Committee is satisfied that the provision of these services does not compromise the independence of the auditor. The extent of these fees is documented in note 7 to the financial statements.

Audit Committee…(continued)

The auditor provides a limited number of services additional to its obligation to perform a statutory audit of the Group's companies. These other services extend solely to those required of a listed entity's statutory auditor. The nature and size of the relationship with the auditor is such that it is immaterial to the overall business of the auditor and as such is considered not to impact on its independence in anyway. The Audit Committee considers independence from a number of perspectives, not only the materiality of fee income to the audit firm in question. It is only after considering all these aspects (along with a report on independence from the external auditor) does it conclude and make recommendations to the Board.

None of the members of the Audit Committee have a formal accounting qualification though all have operated at the highest levels of businesses. The Board is content that the overall level of qualification within the Audit Committee is sufficient to enable it to discharge satisfactorily its obligations.

The Audit Committee meets regularly. In addition to the Non- Executive Directors, the Chief Executive, the external auditor and the Finance Director were invited to attend part of the meetings where relevant.

Internal controls

The Board is responsible for the Company's system of internal control and for reviewing its effectiveness. The system of internal control is formally documented and is designed to ensure effective and efficient operations and compliance with relevant laws and regulations. Such a system can only provide reasonable and not absolute assurance against material misstatement or loss, as it is designed to manage, rather than eliminate, the risk of failure to achieve business objectives.

The Finance Director carries out a formal review of the Company's system of internal controls and risk management systems. This review is formally circulated to the Audit Committee and discussed as an agenda item. The Audit Committee raises any particular concerns relating to internal controls and risk management systems and on occasion requires independent review of particular issues for its committee meetings. On advice from the Audit Committee, the Board does not consider any additional independent verification of the system of internal control to be required, on the basis of the size of the Company and the non-complex nature of both its management systems and financial structure.

The Group operates certain controls specifically relating to the production of consolidated financial information, covering operational procedures, validation and review.

The above procedures reflect the Group's commitment to ensuring it has policies in place that ensure high standards of integrity and transparency throughout its operations. Further, when these procedures detect unauthorised practises, the Group is committed to correction of such events. The Group is committed to analysing its internal controls to make them more robust and further limit the risk of such incidents. The Board believes such action properly reflects the Company's commitment to financial discipline and integrity at all levels. The Board has reviewed the effectiveness of internal control systems in operation during the financial period in accordance with the guidelines set out in the Turnbull report, through the processes set out above and no weaknesses or failings were identified.

Dialogue with major shareholders

The Company places considerable importance on communications with shareholders. Discussions take place with major shareholders with the Company delegating authority to the Chairman, Chief Executive and Finance Director to present the strategy and financial results of the Company.

Annual general meeting

At its AGM the Company complies with the provisions of the Code relating to the disclosure of proxy votes, the separation of resolutions and attendance of Directors, particularly committee chairpersons. The timing of the despatch of the formal notice of the AGM also complies with the Code.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

(i) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(ii) the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Mr C T Knott
Director and Secretary

25 April 2013

Flying Brands Limited,
La Rue De La Frontiere,
Retreat Farm,
St Lawrence, Jersey.
Channel Islands. JE3 3EG

Directors

Tim Trotter*†

Chairman (Non-Independent) from 17 April 2007. Aged 54, appointed to the Board in December 2000. He has over 30 years' experience in working with listed and private companies. He is Chairman of Glenfern, Non-Executive Chairman of Seven Publishing Group, Delta Display Holdings and of Smithfield Consultants Limited. Mr Trotter resigned on 23 January 2013.

Stephen Cook

Appointed Chief Executive on 18 February 2009, previously was a Non-Executive Director (Non-Independent). Aged 52, he joined the Company and was appointed to the Board on 17 January 2008.

Chris Knott

Group Finance Director and Company Secretary. Aged 34, he was appointed to the Board on 31 August 2012. He is a chartered accountant and has been with the Company since 2006 where he previously held the position of group financial controller.

Paul Davidson*†

Non-Executive Director (Non-Independent). Aged 47, joined the Company and appointed to the Board on 29 November 2006 and appointed Chairman of the Audit Committee on 18 February 2009. He is a partner at West Coast Capital. Mr Davidson was appointed Chairman on 23 January 2013.

* Members of the Audit Committee during the period.

† Members of the Remuneration Committee during the period.

Remuneration Committee report

The Remuneration Committee presents its report for the 52 weeks ended 28 December 2012.

Membership of the Remuneration Committee

At 28 December 2012, the Remuneration Committee is comprised of Mr P R Davidson and Mr T H S Trotter.

The committee makes its decisions following consultation with the Chief Executive. Subject to what appears below, no other third parties have provided advice that materially assisted the Remuneration Committee during the period.

The remuneration of the Non-Executive Directors with the exception of the Chairman is determined by the Board. The remuneration of the Chairman is determined by the Remuneration Committee.

Compliance

The Company has complied materially with The United Kingdom Directors' Remuneration Report Regulations 2002 (the Regulations). In accordance with the Regulations, a resolution to approve this report will be proposed at the AGM of the Company. The vote will have advisory status, will be in respect of the remuneration policy and overall remuneration packages and will not be specific to individual levels of remuneration.

Remuneration policy for Executive Directors

The Remuneration Committee seeks to provide the remuneration packages necessary to attract, retain and motivate Executive Directors of the quality required to manage the business of the Group and seeks to avoid paying more than is necessary for this purpose. In establishing the level of remuneration of each director the committee has regard to packages offered by similar companies.

Consistent with this policy, the benefit packages awarded to Executive Directors comprise a mix of performance and non-performance elements. During 2012 0% of the Executive Directors' pay was based on the Group achieving financial targets.

The main components of the remuneration packages for Executive Directors are:

a) Contracts

The Chief Executive, Mr S S Cook has a six month rolling service contract and a contractual termination payment that is apportioned to the value of his annual salary together with benefits and accrued bonus. As announced on 23 January 2013, it has been agreed that Mr S S Cook will work out his 6 month notice period. Mr C T Knott has a three month notice period.

The contracts with Mr S S Cook and Mr C T Knott were entered into on 18 February 2009 and 1 September 2012 respectively.

b) Bonuses

The variable cash bonus scheme that will cause bonus payments to be made by reference to two measurable targets: profit before interest and tax and corporate targets, is to be determined by the Remuneration Committee each year. The Remuneration Committee takes the view that these targets will be challenging, but achievable and are designed to drive business enhancement. Financial bonuses are not payable for the period ended 28 December 2012.

c) Pensions

Mr S S Cook receives a payment of 11% of salary. Mr C T Knott receives a payment of 6.75% of salary. Mr S J Dootson did not receive any pension contributions during the period.

Remuneration Committee report…(continued)

d) Long-Term Incentive Plan

Following a review of share incentive arrangements for senior executives undertaken by Halliwell Consulting, the Remuneration Committee obtained shareholder approval at the AGM on 17 April 2007 for the establishment of a new long- term incentive plan (LTIP) to be confined initially to awards for the most senior executives.

The new plan permits the granting of nil or nominal cost share options and contingent share awards.

The move to replace market value share options with awards based on the participants receiving the full value of award shares is in line with the current trend both in the retail sector and more widely amongst listed companies. LTIP awards generally have a better cost-benefit ratio than market value options, requiring fewer shares to provide the same level of benefit to executives as market value options.

LTIP awards will vest in accordance with the attainment of measurable targets to be determined by the Remuneration Committee pursuant to the LTIP plan. The initial awards were subject to EPS objectives. The Remuneration Committee takes the view that these targets, like those for the new bonus plan, are challenging, but achievable and are designed to drive business enhancement and will be reviewed annually at the allocation of new awards. The targets and potential awards for the 2007 allocation as shown in the table below.

EPS growth over 3 years	**% of grant that would be payable**
<200%	100
<180%	70
<160%	50
<140%	30
<140%	Nil

The Remuneration Committee changed the objectives for awards issued in the 52 weeks ended 1 January 2010 and subsequent periods. The awards issued in that period are based on Total Shareholder Return (TSR) over the three years commencing from the award date. TSR is expressed as a percentage calculated by adding together (first) the unit share price at the date of calculation less 60 pence and (second) the value of all dividends declared between the award date and the vesting date and then dividing by 60 pence The target and potential awards for the allocations are shown in the table below.

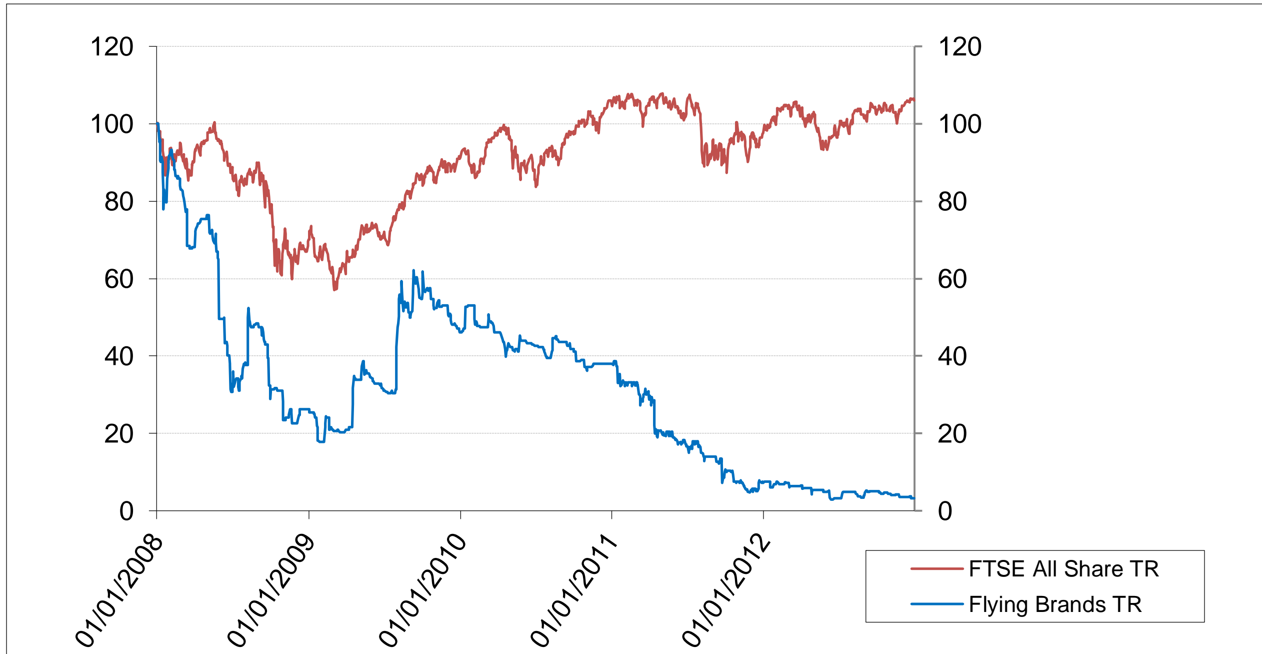
TSR% over 3 years	**% of grant that would be payable**
<125%	100
<100%	75
<75%	50
<50%	25
<50%	Nil

Remuneration Committee report…(continued)

Performance graph

As required by the Regulations the graph below shows the performance of Flying Brands Limited, measured by total shareholder return (total share price growth plus dividends paid), against a "broad equity market index" over the past five years.

We have chosen the All Share Index because this is a recognised broad equity market index of which Flying Brands Limited is a member.



Directors' interests (held directly or indirectly) in the Company's shares

	Number at 28.12.12	Number at 30.12.11
S S Cook	**3,195,000**	**3,195,000**
C T Knott	-	-
T H S Trotter	**13,000**	**13,000**
P R Davidson	-	-

Mr P R Davidson is a partner in West Coast Capital Trading Limited (WCC). This Company owns 26.9% of the Company's issued share capital. There has been no change in the interests set out above between 28 December 2012 and 25 April 2013.

Remuneration Committee report…(continued)

Audited information

Directors' emoluments

52 weeks ended 28.12.12	Salary and fees £'000	Pension £'000	Benefits £'000	Total £'000	52 weeks ended 30.12.11 Total £'000
S S Cook	226	24	20	270	254
S J Dootson*	76	-	-	76	25
C T Knott*	20	1	1	22	-
T H S Trotter	50	-	-	50	50
J P Henwood	16	-	-	16	21
P R Davidson	19	-	-	19	20
F G Voisin	14	-	-	14	21
A M Gee					159
	421	25	21	467	550

** Employed by the Group as a Director for part of the period.*

Mr T H S Trotter's services are invoiced by Trotter and Company Limited.

Mr P R Davidson's services are invoiced by WCC.

Mr J P Henwood's services are invoiced by Byerley Limited.

Directors' Long-Term Incentive Plan share awards (LTIPs)

	Date of Grant	Number at 31.12.11	Lapsed in period	Exercised in period	Number at 28.12.12
S S Cook	24.04.09	358,333	(358,333)	-	-
		358,333	(358,333)	-	-

All share awards were granted at nil cost to the Directors. All the share awards lapsed during the financial period ended 28 December 2012 and none of the terms and conditions of the share awards was varied during the period.

The market price of the shares on 28 December 2012 was £0.05 and on 19 April 2013 was £0.04. The range of market prices during the 52 weeks to 28 December 2012 was between £0.10 and £0.04. The options and awards referred to above have been granted under the UK Executive Share Option Schemes.

Apart from the share option and award schemes described above, the Group is not party to any arrangements whereby Directors or their families may acquire interests in the Company or any other Group Company.

P R Davidson
Chairman of the Remuneration Committee

25 April 2012

Independent auditor's report to the members of Flying Brands Limited

We have audited the Group financial statements (the "financial statements") of Flying Brands Limited for the 52 weeks ended 28 December 2012 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated balance sheet, the consolidated statement of changes in equity, the consolidated cash flow statement and the related notes 1 to 33. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by European Union.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 statement of Directors' responsibilities, the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's affairs as at 28 December 2012 and of the Group's profit for the 52 weeks then ended;
- have been properly prepared in accordance with IFRSs as adopted by European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

Emphasis of matter – Going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.1 to the financial statements concerning the Group's ability to continue as a going concern. The Group made a profit for the period of £0.1m during the 52 weeks ended 28 December 2012 and, at that date, the Group had net current liabilities of £0.2m. The Group is currently involved in two litigation cases which currently have an undetermined value. These conditions, along with the other matters explained in note 1.1 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Matters on which we are required to report by exception

We have nothing to report in respect of the following:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the parent Company, or proper returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Other matters

In our opinion the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the provisions of the UK Companies Act 2006 as if that Act had applied to the Company.

We have reviewed the Directors' statement, set out on page 13, in relation to going concern as if the Company had been incorporated in the UK and have nothing to report to you in that respect.

David Halstead

for and on behalf of Deloitte LLP

Chartered Accountants

Cambridge, United Kingdom

Consolidated income statement

52 weeks ended 28 December 2012

		Notes	**52 weeks ended 28.12.12 £'000**	52 weeks ended 30.12.11 £'000
Revenue		1.18	**105**	91
Cost of sales			**(9)**	-
Gross profit			**96**	91
Profit on sale of properties			**-**	673
Operating expenses		5	**(2,009)**	(3,062)
Operating loss		7	**(1,913)**	(2,298)
Net finance expense		6	**(71)**	(143)
Loss before tax			**(1,984)**	(2,441)
Taxation		9	**(152)**	(139)
Loss from continuing operations			**(2,136)**	(2,580)
Profit/(loss) from discontinued operations		29	**2,238**	(6,484)
Profit/(loss) for the period			**102**	(9,064)
Loss attributable to non – controlling interest			**(9)**	(39)
Profit/(loss) attributable to the Group			**111**	(9,025)
Profit/(loss) per share expressed in pence per share				
From continuing operations:				
	Basic	11	**(7.72)**	(9.32)
	Diluted	11	**(7.72)**	(9.32)
From continuing and discontinued operations:				
	Basic	11	**0.40**	(32.61)
	Diluted	11	**0.40**	(32.61)

Consolidated statement of comprehensive income

52 weeks ended 28 December 2012

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Profit/(loss) for the period	**102**	(9,064)
Other comprehensive income:		
Revaluation of Jersey property	**-**	2,344
Total comprehensive profit/(loss) for the period	**102**	(6,720)
Total comprehensive loss attributed to non-controlling interest	**(9)**	(39)
Total comprehensive profit/(loss) attributable to the Group	**111**	(6,681)

Consolidated balance sheet

As at 28 December 2012

	Notes	**28.12.12** **£'000**	30.12.11 £'000
Assets			
Non – current assets			
Property, plant and equipment	13	**14**	3,551
Investment property	14	**3,149**	–
Deferred tax	19	–	155
Total non – current assets		**3,163**	3,706
Current assets			
Goodwill	12	–	1,242
Intangible assets	12	–	1,339
Property, plant and equipment	13	–	193
Inventory	15	–	616
Current income tax receivable		**9**	–
Trade and other receivables	16	**712**	489
Cash		**210**	570
Total current assets		**931**	4,449
Current liabilities			
Current income tax payable		–	(30)
Trade and other payables	17	**(1,084)**	(4,775)
Deferred revenue	25	–	(442)
Total current liabilities		**(1,084)**	(5,247)
Net current liabilities		**(153)**	(798)
Net assets		**3,010**	2,908
Share capital	20	**282**	282
Share premium		**18,059**	18,059
Capital reserve	21	**(17)**	(17)
Capital redemption reserve		**22**	22
Treasury shares	21	**(840)**	(840)
Non – controlling interest		**(48)**	(39)
Revaluation reserve	21	**1,484**	1,484
Retained earnings		**(15,932)**	(16,043)
Total equity attributable to equity holders of the parent		**3,010**	2,908

The financial statements on pages 28 to 60 were approved by the Board of Directors on 25 April 2013 and signed on its behalf by:

S S Cook
Director

C T Knott
Director

Consolidated statement of changes in equity

52 weeks ended 28 December 2012

	Notes	Share capital	Share premium	Revaluation reserve	Capital reserve	Capital redemption reserve	Treasury shares	Retained earnings	Non-controlling interest	Total equity
		£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Balance at 31 December 2010		**282**	**18,059**	**–**	**(17)**	**22**	**(840)**	**(7,593)**	**–**	**9,913**
Loss for the period		–	–	–	–	–	–	(9,025)	(39)	(9,064)
Revaluation of Jersey property		–	–	2,344	–	–	–	–	–	2,344
Disposal of Jersey property		–	–	(860)	–	–	–	860	–	–
Total comprehensive income/(loss)		**–**	**–**	**1,484**	**–**	**–**	**–**	**(8,165)**	**(39)**	**(6,720)**
Transactions with owners recorded directly in equity				–						
Employee share incentives	24	–	–	–	–	–	–	(41)	–	(41)
Deferred tax on employee share incentives	19	–	–	–	–	–	–	(22)	–	(22)
Dividends	10	–	–	–	–	–	–	(222)	–	(222)
Total transactions with owners		**–**	**–**	**–**	**–**	**–**	–	**(285)**	**–**	**(285)**
Balance at 30 December 2011		**282**	**18,059**	**1,484**	**(17)**	**22**	**(840)**	**(16,043)**	**(39)**	**2,908**
Profit for the period		–	–	–	–	–	–	111	(9)	102
Total comprehensive income/(loss)		**–**	**–**	**–**	**–**	**–**	**–**	**111**	**(9)**	**102**
Transactions with owners recorded directly in equity										
Total transactions with owners		**–**	**–**	**–**	**–**	**–**	–	–	**–**	–
Balance at 28 December 2012		**282**	**18,059**	**1,484**	**(17)**	**22**	**(840)**	**(15,932)**	**(48)**	**3,010**

Consolidated cash flow statement

52 weeks ended 28 December 2012

	Notes	**52 weeks ended 28.12.12 £'000**	52 weeks ended 30.12.11 £'000
Profit /(Loss) for the period		**102**	(9,064)
Adjustment for:			
Profit on sale of trade and assets of subsidiary		**(3,743)**	(13)
Loss/(profit) on sale of property, plant and equipment		**85**	(947)
Taxation		**-**	139
Loan forgiveness		**-**	(532)
Impairment of fixed assets	7	**181**	–
Impairment of goodwill	7	**-**	5,574
Impairment of intangible assets	7	**874**	1,391
Depreciation	7	**199**	830
Amortisation	7	**-**	635
Decrease in inventories		**221**	144
Decrease in receivables		**557**	330
Decrease in payables		**(3,887)**	(810)
Net finance expenditure	6	**71**	143
Share based payments		**-**	(41)
Cash used in operations		**(5,340)**	(2,221)
Interest received		**-**	22
Interest paid		**(71)**	(150)
Tax (paid)/refunded		**(35)**	213
Net cash used in operating activities		**(5,446)**	(2,136)
Cash flows from investing activities:			
Purchase of property, plant and equipment	13	**(49)**	(166)
Purchases of intangible asset – software	12	**-**	(58)
Proceeds from disposal of property, plant and equipment		**16**	3,312
Disposal of trade and assets of Gifts business	30	**2,400**	-
Disposal of trade and assets of GBS, GCO & L2 businesses	31	**770**	-
Disposal of trade and assets of Gardening Direct business	32	**2,199**	-
Disposal of trade and assets of Dealtastic		**-**	50
Acquisition of subsidiaries (net of cash)		**-**	99
Deferred consideration received on disposal of subsidiary		**-**	750
Deferred consideration paid on acquisition of subsidiary		**-**	(500)
Net cash from investing activities		**5,336**	3,487
Repayment of borrowings		**(250)**	(2,850)
Dividend	10	**-**	(222)
Net cash used in financing activities		**(250)**	(3,072)
Net decrease in cash and cash equivalents		**(360)**	(1,721)
Cash and cash equivalents at 31 December 2011/ 1 January 2011		**570**	2,291
Cash and cash equivalents at 28 December 2012/30 December 2011		**210**	570

Notes to the financial statements

1 Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

1.1 Basis of preparation and going concern basis

Flying Brands Limited (the Company) is a limited liability company incorporated and domiciled in Jersey. The Consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the Group). The accounting policies of the Company are the same as for the Group except where separately disclosed.

These consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRS).

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this review. The financial position of the Group, its cash flows and liquidity position are described in this business review. In addition, notes 2 and 26 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk. As highlighted in note 26 to the financial statements, the Group meets its day to day working capital requirements though its on-going cash flows.

The Directors have prepared detailed working capital projections for the Group, taking into account reasonable possible changes in trading performance, to support the decision to prepare the financial statements on the going concern basis. The working capital projections include the receipt of the deferred consideration of the GD disposal from Jersey Choice Marketing Limited and estimates of the on-going costs of the business.

The Directors have been notified by Jersey Choice Marketing Limited of a potential warranty claim in relation to the sale of Gardening Direct. The Directors dispute this claim and discussions are continuing in an attempt to avoid litigation. Both parties have reserved their rights and meanwhile have rescheduled the payment of the deferred consideration of £625k which was due to be paid in full on 30 April.

The Group is also involved in a separate contractual dispute with Flying Flowers Pty Ltd, an Australian company.

At this stage the financial impact of these cases should they be successful cannot be quantified. On the assumption that the rescheduled deferred consideration is received, the Group will have enough working capital for the next 12 months, in order to meet its liabilities as they fall due. The Group may also be able to realise assets to ensure that it had sufficient working capital to meet its liabilities as they fall due, however there is no certainty that disposals could be achieved in the necessary timeframes. Therefore for the reasons outlined above there is a material uncertainty in relation to going concern.

The Group's forecasts and projections, taking into account the uncertainties above, show that the Group has a reasonable expectation of maintaining sufficient working capital to enable the Group to meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of this report.

Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities.

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

1.2 Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities generally accompanying a shareholding of more than one half of the voting rights.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. The results of the subsidiary undertakings acquired or disposed of during the period are included in the Consolidated Income Statement from the date that control commences until the date control ceases.

1 Summary of significant accounting policies…(continued)

1.2 Basis of consolidation

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

1.3 Segment reporting

An operating segment is a component of the Group that engages in business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with and of the Group's other components. All operating segments' operating results, for which discrete financial information is available, are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance.

1.4 Foreign currency transactions

Foreign currency transactions are translated into the functional currency using the exchange rate prevailing at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the period end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the consolidated income statement.

1.5 Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquirer. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

1.6 Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations.

Under the equity method, investments in associates are carried in the consolidated balance sheet at cost as adjusted for post-acquisition changes in the Group's share of the net assets of the associate, less any impairment in the value of individual investments. Losses of an associate in excess of the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate) are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Notes to the financial statements…(continued)

1 Summary of significant accounting policies…(continued)

1.6 Investments in associates…(continued)

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of the associate recognised at the date of acquisition is recognised as goodwill. The goodwill is included within the carrying amount of the investment and is assessed for impairment as part of that investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

Where a Group entity transacts with an associate, profits and losses are eliminated to the extent of the Group's interest in the relevant associate.

1.7 Property, plant and equipment

All property, plant and equipment is shown at cost less subsequent depreciation and impairment other than properties which are stated at their revalued amounts being fair value at the date of revaluation, less subsequent depreciation. Cost includes expenditure that is directly attributable to the acquisition of the items. Depreciation on assets is calculated using a straight-line method to allocate the cost to each asset less its residual value over its estimated useful life, as follows:

	%
Land and buildings	0-4
Investment property	0-4
Plant and equipment	10-21
Computer hardware, included in plant and equipment	20-33.33
Motor vehicles, including tractors	15-25

Freehold land is not depreciated.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the consolidated income statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs including repairs and maintenance are charged to the Consolidated Income Statement during the financial period in which they are incurred.

1.8 Investment Property

From 1 August 2012 the Jersey based land and buildings, along with the plant and machinery was designated as Investment Property. These assets are held using the cost method and continue to be depreciated as before when they were designated as PPE.

The assets' residual values and useful lives are reviewed and adjusted if appropriate, at each Balance sheet date. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and are included in the Consolidated Income Statement.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. All other costs including repairs and maintenance are charged to the Consolidated Income Statement during the financial period in which they are incurred.

1.9 Goodwill and intangible assets

(a) Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired subsidiary at the date of acquisition. Goodwill on acquisition of subsidiaries is included in intangible assets. Goodwill is not amortised, but is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold. Goodwill is allocated to cash generating units for the purposes of impairment testing. The carrying value of Goodwill was disposed during the year.

(b) Intangibles – trademarks

Trademarks obtained on the acquisition of subsidiaries are shown at fair value. They have a definite useful life and are carried at fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated using the straight-line method to allocate the cost of the trademarks over their estimated useful lives.

1 Summary of significant accounting policies…(continued)

1.9 Goodwill and intangible assets…(continued)

(c) Intangibles – customer lists

Customer lists obtained on the acquisition of subsidiaries are shown at fair value. They have a definite useful life and are carried at fair value at the date of acquisition less accumulated amortisation. Amortisation is calculated using the reducing balance method based on the estimated annual attrition rate percentages. The customer lists were disposed during the year.

(d) Software

Computer software and associated development costs that generate economic benefits beyond one year are capitalised as an intangible asset and amortised on a straight line basis between three and five years depending on the estimated useful economic life. Following the disposal of all the trading brands, the remaining software was fully impaired.

(e) Flowers Direct relay network

The Group acquired the rights to manage a substantial linked (relay) network of florist shops when it acquired Flowers Direct. This network enables the Group to deliver florist and same day delivered bouquets and represents a substantial amount of the turnover of the Flowers Direct business. This has therefore been recognised as an intangible asset. This asset formed part of the disposal of the Gift business (note 30).

1.10 Impairment

(a) Financial assets

A financial asset is assessed at each reporting date to determine whether there is any evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the consolidated income statement.

(b) Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. 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 the risk specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement. An impairment loss in respect of goodwill is not reversed irrespective of whether that loss is recovered subsequently. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

1.11 Financial assets

All financial assets are recognised and derecognised on a trade date where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe established by the market concerned, and are initially measured at fair value, plus transaction costs, except for those financial assets classified as at fair value through profit or loss, which are initially measured at fair value. Financial assets are classified into the following specified categories: financial assets 'at fair value through profit or loss' (FVTPL), 'held-to-maturity' investments, 'available-for-sale' (AFS) financial assets and 'loans and receivables'. The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

1.12 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

1 Summary of significant accounting policies…(continued)

1.13 Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis and includes transport and handling costs. Net realisable value is the price at which inventory can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolete, slow moving or defective inventories.

1.14 Trade receivables

Trade receivables are recognised initially at amortised cost, which is the fair value of consideration receivable and is adjusted for provision or impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all the monies due. The amount of the provision is recognised in the consolidated income statement immediately.

1.15 Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

1.16 Bank borrowings

Interest-bearing loans and overdrafts are recorded at the proceeds received, net of direct issue costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accruals basis using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

1.17 Share capital

Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

Share-based payments
The Group provides share-based payment arrangements to certain employees. These are equity-settled arrangements and are measured at fair value (excluding the effect of non-market based vesting conditions) at the date of grant. The fair value is expensed on a straight line basis over the vesting period. The amount recognised as an expense is adjusted to reflect the actual number of shares or options that will vest.

The fair values of the share-based payment arrangements are measured as follows:

- Long Term Incentive Plan (EPS based) – using the Monte Carlo model;
- Long Term Incentive Plan (Total Shareholder Return basis) – using a pricing model adjusted to reflect Total Shareholder Return market-based performance conditions;

See note 25 for a further description of the share-based payment plans.

1.18 Revenue recognition

Revenue represents the invoiced value of goods supplied and is stated net of VAT and any trade discounts. Revenue is recognised at the date of despatch of goods to customers. Provision is made for refunds in the period the goods are despatched. Provision is made for expected returns or bad debts of continuity products. Credit card commission and the cost of overseas bouquets are treated as cost of sales. Commission income is recognised on completion of transmission of orders between network florists. Interest income is recognised using an accrual based method.

1.19 Leases

Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are taken to the consolidated income statement on a straight-line basis over the lease term.

Leases in which the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an equal amount to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

1 Summary of significant accounting policies…(continued)

1.19 Leases...(continued)

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

1.20 Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

1.21 Taxation

Income tax payable is provided on taxable profits using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related balance sheet tax asset is realised or the deferred liability is settled. Deferred income tax assets are recognised to the extent that it is possible that future taxable profit will be available against which temporary differences can be utilised. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1.22 Pensions

The Group makes contributions to some employees' and Directors' personal pension defined contribution schemes. These payments are accounted for on an accruals basis.

1.23 Financial instruments

(a) Financial guarantee contracts
Where Group companies enter into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a formal contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

(b) Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

1.24 Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy, and the Group has created a valid expectation in those affected that it will carry out that plan.

1.25 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Notes to the financial statements…(continued)

1 Summary of significant accounting policies…(continued)

1.26 Adoption of new and revised IFRS

The following new and revised Standards and Interpretations have been adopted in the current period. Their adoption has not had any significant impact on the amounts reported in these financial statements but may impact the accounting for future transactions and arrangements.

IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 7 (amended)	Disclosures – Transfers of Financial Assets
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets
IAS 19 (revised)	Employee Benefits
Improvements to IFRSs	

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

IFRS 1 (amended)	Government Loans
IFRS 7 (amended)	Disclosures – Offsetting Financial Assets and Financial Liabilities
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
IAS 27 (revised)	Separate Financial Statements
IAS 28 (revised)	Investments in Associates and Joint Ventures
IAS 32 (amended)	Offsetting Financial Assets and Financial Liabilities

The directors anticipate that the adoption of the Standards and Interpretations listed above in future periods will have no material impact on the financial statements of the Group.

2 Financial risk and credit management

The Group has exposure to the following risks from its use of financial instruments:

- **(a)** Credit risk
- **(b)** Liquidity risk
- **(c)** Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's deferred consideration receivable from the GD sale.

Trade and other receivables

The Group's exposure to credit risk is influenced by the type of customer the Group contracts with. The Group is no longer exposed to a high number of low value receivables from retail customers and has minimal trade debtors. The deferred consideration due from the GD disposal is a significant value and is the principal risk to the Group.

2 Financial risk and credit management…(continued)

(b) Liquidity risk
Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. During the latter part of 2011, the Group repaid all its bank borrowings leaving it without committed banking facilities. The strategy of the Directors (outlined earlier) is designed to address the risk that the Group has insufficient liquid resources to satisfy its requirements.

(c) Market risk
Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Currency risk
The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the Euro and US Dollar. The risks in the period to 28th December 2012 were minimal. The Group currently does not hedge any of its currency exposure due to the minimal impact of these currencies and will not need to do so in the foreseeable future following the decision to close all its overseas operations.

Interest rate risk
The Group has no floating rate loans. Thus the Group has no exposure to interest rate risk.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Board of Directors; the Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the year.

Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3 Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period are discussed below.

(a) Estimated impairment of goodwill and intangible assets
The Group tests annually, whether goodwill and intangible assets have suffered any impairment this is in accordance with the accounting policy stated in note 1.9. During the year the carrying value of Goodwill was disposed. At 30 December 2011 the Group held for sale the software used in operating the GD and GBS brands. This software did not form part of the disposed assets and as a result was fully impaired.

(b) Discontinued operations
The discontinued operations of the Group relate to the businesses sold and closed down. Costs that do not relate specifically to the continuing business and are non-recurring have also been allocated to the discontinued operations.

(c) Going concern basis of preparation
The Directors decision to prepare these accounts on a going concern basis is based on assumptions which are discussed in note 1.1 and in the business review on page 8

(d) Accounting for provisions
The Directors consider the nature of any outstanding legal or constructive claims on the Group in order to determine the accounting treatment required in accordance with note 1.25.

Notes to the financial statements…(continued)

4 Segmental analysis

The Directors took the decision to market for sale all the brands owned by the Group. This included the reportable divisions of Garden, Gifts and Entertainment. Now that this disposal process is complete the remaining business is reported upon as a single segment.

The previous reportable segments; Garden, Gifts and Entertainment, along with Greetings Direct and Dealtastic are now reported as the discontinued segment.

The accounting policies of the reportable segments are the same as described in note 1. Information regarding the results of each reportable segment is included below. Performance is measured based on segment profit before interest and tax, as included in the internal management reports that are reviewed by the Group's Board.

Segment profit is used to measure performance as management believes that such information is the most relevant in evaluating the results of certain segments relative to other entities that operate within these sectors. Inter-segment pricing is determined on an arm's length basis.

4.1 Segmentation by primary divisions

(a) Segment results

52 weeks ending 28 December 2012	Continuing	Discontinued	**Total**
	£'000	£'000	**£'000**
Revenue	105	9,049	**9,154**
Expenses	(2,018)	(8,469)	**(10,487)**
Reportable segment profit/(loss) before interest and tax	(1,913)	580	**(1,333)**
Redundancy and reorganisation	-	(604)	**(604)**
Impairment of intangible assets	-	(874)	**(874)**
Impairment of tangible assets	-	(181)	**(181)**
Profit on sale of trade and assets	-	3,743	**3,743**
Disposal costs	-	(426)	**(426)**
Interest payable	(71)	-	**(71)**
	(1,984)	2,238	**254**
Taxation	(152)	-	**(152)**
Profit/(loss) for the period	(2,136)	2,238	**102**

4 Segmental analysis…(continued)

52 weeks ending 30 December 2011	Continuing	Discontinued	Total
	£'000	£'000	£'000
Revenue	91	25,934	26,025
Expenses	(3,062)	(25,878)	(28,940)
Reportable segment profit/(loss) before interest and tax	(2,971)	56	(2,915)
Redundancy and reorganisation	-	(61)	(61)
One-off acquisition costs	-	(46)	(46)
Impairment of goodwill	-	(5,574)	(5,574)
Impairment of intangible assets	-	(1,391)	(1,391)
Third party loan write back	-	532	532
Profit on sale of property	673	-	673
Interest payable	(165)	-	(165)
Interest receivable	22	-	22
	(2,441)	(6,484)	(8,925)
Taxation	(139)	-	(139)
Loss for the period	(2,580)	(6,484)	(9,064)

4.2 Segmentation by geographical area

Revenue by customer geographical area	**52 weeks ended 28.12.12**	52 weeks ended 30.12.11
	£'000	£'000
Jersey, Channel Islands	**72**	65
United Kingdom	**9,082**	25,756
Australasia	**-**	110
Europe	**-**	44
Rest of World	**-**	50
	9,154	26,025

Non – current assets* by geographical area		
Jersey, Channel Islands	3,163	3,405
United Kingdom	-	146
	3,163	3,551

.* *Not including deferred tax asset of nil (30 December2011:£155,000)*

Notes to the financial statements…(continued)

5 Operating expenses

	52 weeks ended 28.12.12	52 weeks ended 30.12.11
	£'000	£'000
Administrative expenses	**2,009**	3,062

Selling and distribution costs have been reclassified to discontinued operations as they relate solely to the discontinued brands.

6 Net finance expense

	52 weeks ended 28.12.12	52 weeks ended 30.12.11
	£'000	£'000
Interest receivable	**-**	22
Interest payable on bank and other loans	**(71)**	(165)
Net finance expense	**(71)**	(143)

7 Operating loss

	Notes	Continuing	Discontinued	**52 weeks ended 28.12.12**	Continuing	Discontinued	52 weeks ended 30.12.11
				£'000			£'000
The following items have been included in arriving at operating loss							
Depreciation charge: Property, plant and equipment		88	56	**144**	830	–	830
Depreciation charge: Investment property		55	–	**55**	–	–	–
Amortisation of intangible assets		–	–	–	–	635	635
Impairment of intangible assets	12	–	874	**874**	–	1,391	1,391
Impairment of property, plant and equipment	13	–	181	**181**	–	–	–
Loss/(profit) on sale of plant and equipment		–	85	**85**	(10)	–	(10)
Hire of land and buildings under operating lease		89	56	**145**	164	94	258
Cost of inventories recognised as an expense		–	3,150	**3,150**	1,740	8,051	9,791
Restructuring costs		–	190	**190**	61	–	61
Legal costs associated with acquisitions		–	–	–	46	–	46
Professional costs associated with disposal of property		–	–	–	274	–	274
Profit on disposal of property		–	–	–	(947)	–	(947)
Staff costs	8	823	2,053	**2,876**	2,661	2,878	5,539
Impairment of goodwill	12	–	–	**-**	–	5,574	5,574
Gain on sale of discontinued operations	29	–	(3,743)	**(3,743)**	–	(13)	(13)
Disposal costs of discontinued operations	29	–	426	**426**	–	–	–
Auditor's remuneration has been included in arriving at operating loss as follows:							
Fees payable to the Company's auditor and their associates for the audit of the Company's annual accounts		70	–	**70**	60	–	60
Fees payable to the Company's current auditor and their associates for the audit of the Company's subsidiaries		7	–	**7**	80	–	80
Total audit fees		77	–	**77**	140	–	140
Corporate finance services		–	102	**102**	–	–	–
Total fees payable to the Group's auditor		77	102	**179**	140	–	140

8 Employee information

The average monthly number of employees (including Executive Directors) was:

	52 weeks ended 28.12.12	52 weeks ended 30.12.11
	count	count
Sales	**27**	87
Production	**25**	49
Administration	**29**	71
	81	207
	£'000	£'000
Staff costs (for the above employees)		
Wages and salaries	**2,630**	5,094
Share based payments (credit)	**-**	(41)
Social security costs	**213**	412
Pension contributions to employees' defined contribution schemes	**33**	74
	2,876	5,539

9 Taxation

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Current tax		
Jersey income tax	**16**	12
UK corporation tax	**–**	–
(Over)/under provision in previous periods	**(19)**	43
Total current tax	**(3)**	55
Deferred tax		
Charge to the income statement (see note 19)	**155**	84
Total tax on loss	**152**	139

Notes to the financial statements…(continued)

9 Taxation…(continued)

In March 2012, the UK Government announced a reduction in the standard rate of UK corporation tax to 24% effective 1 April 2012 and to 23% effective 1 April 2013. These rate reductions became substantively enacted in March 2012 and July 2012 respectively.

In December 2012, the UK Government also proposed to further reduce the standard rate of UK corporation tax to 21% effective 1 April 2014, but this change has not been substantively enacted.

The effect of these tax rate reductions on the deferred tax balance will be accounted for in the period in which the tax rate reductions are substantively enacted.

The tax assessed for the period is different from the standard rate of income tax, as

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Loss before tax on continuing operations	**(1,984)**	(2,441)
Loss before tax multiplied by the standard rate of Jersey income tax of 0%	**–**	–
Adjustments to tax in respect of prior periods	**(19)**	43
Adjustments in respect of foreign tax rates	**155**	84
Other	**16**	12
Tax charge for period	**152**	139

In respect of discontinued operation, no tax expense has been recorded relating to the loss from discontinue operations or the gain on the sale of discontinued operations as the Group has utilised operating and capital losses brought forward and incurred in the year to offset any tax charges arising.

10 Dividends

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Dividends on equity shares		
Final dividend for 2010 proposed in March 2011 agreed at AGM in April 2011 at 0.8p (2010: nil)	–	222
	–	222

The Directors are not proposing a final dividend in respect of the financial period ended 28 December 2012.

11 Earnings per share

Basic

Basic earnings per share is calculated by dividing the (loss)/profit attributable to the equity holders of the Company by the weighted average number of Ordinary shares in issue during the period, excluding Ordinary shares purchased by the Company and held as treasury shares (note 21).

Basic	52 weeks ended 28.12.12			52 weeks ended 30.12.11		
	Continuing operations	Discontinued operations	Continuing and discontinued operations	Continuing operations	Discontinued operations	Continuing and discontinued operations
(Loss)/profit attributable to equity holders of the Company (£'000)	(2,136)	2,247	**111**	(2,580)	(6,445)	(9,025)
Weighted average number of shares in issue, less weighted average number of treasury shares ('000)	27,671	27,671	**27,671**	27,671	27,671	27,671
Basic (loss)/earnings per share (pence)	(7.72)	8.12	**0.40**	(9.32)	(23.29)	(32.61)

Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of Ordinary shares outstanding to assume conversion of all dilutive potential Ordinary shares. The Company has one category of dilutive potential Ordinary shares: LTIP awards.

The calculation is performed for the LTIP awards to determine the number of Ordinary shares that could have been acquired at fair value (determined as the average market share price of the Company's shares) based on the monetary value of the subscription rights attached to outstanding share awards. The number of shares calculated as above is compared with the number of shares that would have been issued assuming the exercise of the share awards.

For the purposes of calculating diluted earnings per share the LTIP share awards have been assumed to be non-dilutive as the terms of the LTIP are not likely to be satisfied in the foreseeable future.

	52 weeks ended 28.12.12			52 weeks ended 30.12.11		
Diluted	Continuing operations	Discontinued operations	Continuing and discontinued operations	Continuing operations	Discontinued operations	Continuing and discontinued operations
(Loss)/profit attributable to equity holders of the Company (£'000)	(2,136)	2,247	**111**	(2,580)	(6,445)	(9,025)
Weighted average number of shares in issue ('000)	27,671	27,671	**27,671**	27,671	27,671	27,671
Adjustment for options ('000)	–	–	–	–	–	–
Weighted average number of ordinary shares for diluted earnings per share ('000)	27,671	27,671	**27,671**	27,671	27,671	27,671
Basic (loss)/earnings per share (pence)	(7.72)	8.12	**0.40**	(9.32)	(23.29)	(32.61)

Notes to the financial statements…(continued)

12 Goodwill and intangible assets

	Florist network £'000	Software £'000	Trade marks £'000	Customer lists £'000	**Total intangibles £'000**	Goodwill £'000
The Group						
Cost						
At 31 December 2010	1,618	1,548	431	1,527	**5,124**	17,083
Additions	-	58	-	-	**58**	-
Acquisitions	-	-	-	-	**-**	1,406
At 30 December 2011	1,618	1,606	431	1,527	**5,182**	18,489
Disposals	(1,618)	(439)	(431)	(1,527)	**(4,015)**	(5,502)
At 28 December 2012	-	1,167	-	-	**1,167**	12,987
Amortisation and impairment						
At 31st December 2010	94	132	294	1,297	**1,817**	11,673
Amortisation charge for the period	152	345	56	82	**635**	-
Impairment charge for the period	987	255	31	118	**1,391**	5,574
At 30 December 2011	1,233	732	381	1,497	**3,843**	17,247
Impairment charge for the period	-	874	-	-	**874**	-
Disposals	(1,233)	(439)	(381)	(1,497)	**(3,550)**	(4,260)
At 28 December 2012	-	1,167	-	-	**1,167**	12,987
Carrying amount						
At 28 December 2012	-	-	-	-	**-**	-
At 30 December 2011*	385	874	50	30	**1,339**	1,242
At 31 December 2010	1,524	1,416	137	230	**3,307**	5,410
* Carrying amount at 30 December 2011 comprises:						
Non-current assets	-	-	-	-	**-**	-
Assets held for resale	385	874	50	30	**1,339**	1,242

Software

Operational software was the asset used in the Group to operate, inter alia, the Gardening Direct brand and forms all of the cost. At 30 December 2011 it was classified as an asset held for disposal as the Directors expected it to form part of the Gardening Direct disposal. It was not part of the Gardening Direct disposal and as a result has been written down to zero.

Goodwill

In the 2011 Annual Report and Accounts, the value of goodwill for the brands was written down to the recoverable amounts based on the sale agreements. After the completion of the disposals, there is no longer any carrying value of goodwill. This is summarised as follows:

	GBS £'000	Gifts £'000	GCO £'000	Entertainment £'000	Group £'000
Carrying value at 30th December 2011	300	792	60	90	1,242
Disposal	(300)	(792)	(60)	(90)	(1,242)
Carrying value at 28th December 2012	–	–	–	–	–

13 Property, plant and equipment

	Land and buildings £'000	Plant and equipment £'000	Motor vehicles £'000	Total £'000
The Group				
Cost or valuation				
At 31 December 2010	6,736	9,532	151	16,419
Additions	–	166	–	166
Disposals	(2,413)	(1,920)	(48)	(4,381)
Elimination on revaluation	(3,367)	–	–	(3,367)
Revaluation	2,344	–	–	2,344
At 30 December 2011	3,300	7,778	103	11,181
Additions	13	12	24	49
Disposals	–	(5,569)	(103)	(5,672)
Transfer to investment property	(3,313)	(2,133)	–	(5,446)
At 28 December 2012	–	88	24	112
Accumulated depreciation and impairment				
At 31 December 2010	3,236	8,598	118	11,952
Charge for the period	232	588	10	830
Disposals	(46)	(1,901)	(31)	(1,978)
Elimination on revaluation	(3,367)	–	–	(3,367)
At 30 December 2011	55	7,285	97	7,437
Charge for the period	64	66	14	144
Impairment	–	181	–	181
Disposals	–	(5,321)	(101)	(5,422)
Transfer to investment property	(119)	(2,123)	–	(2,242)
At 28 December 2012	–	88	10	98
Carrying amount				
At 28 December 2012	–	–	14	14
At 30 December 2011*	3,245	493	6	3,744
At 31 December 2010	3,500	934	33	4,467
* Carrying amount at 30 December 2011 comprises:				
Non-current assets	3,245	300	6	3,551
Assets held for resale	–	193	–	193
At 30 December 2011	3,245	493	6	3,744

Land and buildings were revalued at 28 June 2011 by CB Richard Ellis Limited, independent valuers not connected with the Group, on the basis of market value. The valuation conforms to International Valuation Standards and was based on recent market transactions on arm's length terms for similar properties.

On 31 July 2012 the Group closed its GLD business with a view to leasing Retreat Farm. Under IAS 40, Retreat Farm was designated as Investment Property from this date (note 14).

On 6 July 2012 the Group sold the Gardening Direct business. Included in this sale was plant and equipment with a cost of £836,000 and motor vehicles with a cost of £29,000. The carrying amount of these assets was £13,000 and £6,000 respectively.

At 28 December 2012, the Group has not entered into any contractual commitments for the acquisition of property, plant and equipment (30 December 2011: £28,000).

Notes to the financial statements…(continued)

14 Investment Property

	Land and buildings £'000	Plant and equipment £'000	Total £'000
The Group			
Cost or valuation			
At 30 December 2011	–	–	–
Transfer from PPE	3,313	2,133	5,446
At 28 December 2012	3,313	2,133	5,446
Accumulated depreciation			
At 30 December 2011	–	–	–
Transfer from PPE	119	2,123	2,242
Charge for the period	45	10	55
At 28 December 2012	164	2,133	2,297
Carrying amount			
At 28 December 2012	3,149	–	3,149
At 30 December 2011	–	–	–

Under IAS 40, Retreat Farm was designated as Investment Property from 1 August 2012. The plant and equipment forms an integral part of the property and as such is designated Investment Property along with the land and buildings.

The Directors believe the fair value of the investment property is the same as the carrying value. The investment property was revalued in 2011 by an independent valuer not connected with the Group. The Group accounts for this under the cost model per IAS 40.

At the balance sheet date, the Group had pledged all of its investment property as security to the Bank.

The property rental income earned by the Group from its investment property, which was leased out under operating leases, amounted to £0.1m (2011: £0.1m).

15 Inventories

	28.12.12 £'000	30.12.11 £'000
Raw materials	–	151
Goods for resale	–	349
Growing stock	–	116
	–	616

16 Trade and other receivables

	28.12.12 £'000	30.12.11 £'000
Amounts falling due within one year:		
Other receivables	**37**	4
Trade receivables	**34**	164
Deferred consideration receivable on disposal of Gardening Direct	**625**	–
Prepayments	**16**	321
	712	489

16 Trade and other receivables…(continued)

Trade receivables

The Group monitors on a monthly basis the receivable balance and makes impairment provisions when debt reaches a certain age. There are no significant known risks at 28 December 2012.

The ageing of trade receivables at the reporting date was:

	Gross 28.12.12 £'000	Impairment 28.12.12 £'000	Gross 30.12.11 £'000	Impairment 30.12.11 £'000
Not past due	26	-	114	-
Past due 0-30 days	4	-	33	-
More than 30 days past due	4	-	112	(95)
Total	34	-	259	(95)

The movement in the allowance for impairment in respect of trade receivables during the period was as follows:

	£'000	£'000
Balance at 30 December 2011/31 December 2010	95	30
Impairment loss (credited)/charged	(95)	65
Balance at 28 December 2012/ 30 December 2011	-	95

17 Trade and other payables

	28.12.12 £'000	30.12.12 £'000
Trade payables and accruals	**334**	3,775
Loan note payable on acquisition of Flowers Direct	**750**	1,000
	1,084	4,775

The loan note is payable to Palatine LLP and relates to deferred consideration due following the acquisition of Flowers Direct in 2010. The Group has entered into an agreement to defer repayment of this loan until the earlier of the disposal of GD or 31 December 2012. On 18 January 2013 the Group refinanced this Palatine debt with a new loan of £1.0m with Acorn Finance Limited ("Facility").

The two existing charges over the freehold of Retreat Farm held by Palatine and Barclays Private Clients International Limited ("Barclays") have now been discharged. The new Facility is secured by a charge over the freehold of Retreat Farm and is repayable in full on 18 January 2015.

Notes to the financial statements…(continued)

18 Subsidiaries

	Proportion	Operating Status	Place of incorporation
DPA Direct Ltd	100%	Trading	UK
Retreat Nurseries Ltd (formerly Flying Flowers (Jersey) Ltd)	100%	Trading	Jersey
Flying Brands Number One Ltd (formerly Garden Bird Supplies)	100%	Non-trading	UK
Arrossisca Ltd	100%	Non-trading	UK
Flying Brands Number Two Ltd (formerly Garden Centre Online Ltd)	100%	Non-trading	UK
Flying Brands International Ltd (formerly Flying Flowers International Ltd)	100%	Non-trading	Jersey
Flying Brands Holdings (UK) PLC	100%	Non-trading	UK
Flying Brands Number Three Ltd (formerly Flying Flowers UK Ltd)	100%	Non-trading	UK
Flying Brands Properties Ltd (formerly Flying Flowers Properties Ltd)	100%	Non-trading	Jersey
Benham Collectors Club Ltd	100%	Non-trading	Jersey
Benham Covers Ltd	100%	Non-trading	UK
Benham (A Buckingham) Ltd	100%	Dormant	UK
The Bellbourne Group Ltd	100%	Dormant	UK
Flying Brands Number Four Ltd (formerly Fresh Flower Supplies Ltd)	100%	Dormant	UK
Bellbourne Properties Ltd	100%	Dormant	UK
Flying Brands Number Five Ltd (formerly Flying Flowers Ltd)	100%	Dormant	UK
Collect Direct Ltd	100%	Dormant	UK
Victory Cards Ltd	100%	Dormant	UK
Flying Brands Ltd	100%	Dormant	UK
Flying Brands UK Ltd	100%	Dormant	UK
New Growth Ltd	100%	Dormant	UK
Greetings Direct Pty Ltd	100%	Dormant	Australia
Greetings Direct Ltd	100%	Dormant	UK
Greetings Direct International Ltd	100%	Dormant	Malta
Greetings Direct LLC	100%	Liquidated Feb10	USA
Greetings Direct (NZ) Ltd	100%	Liquidated Jul10	New Zealand
Greetings Made Easy Ltd	100%	Dormant	UK
Cards4Free Ltd	100%	Dormant	UK
Cards for all Occasions Ltd	100%	Dormant	UK
Easy Greetings Ltd	100%	Dormant	UK
Dealtastic Holdings Ltd	80%	Non-trading	Jersey
Dealtastic Ltd	80%	Non-trading	Jersey
Promomachine Ltd	80%	Non-trading	Jersey
Promomachine UK Ltd	80%	Non-trading	UK
Vitabits Ltd	40%	Non-trading	Jersey

19 Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of between 0% and 25% (30 December 2011: 0-26%) depended on the locality of the future charges/credits.

	28.12.12 £'000	30.12.11 £'000
Deferred tax asset		
At 31 December 2011 / 30 December2010	**155**	261
Charged to the Income Statement (see note 9)	**(155)**	(84)
Charged to reserves in respect of LTIP awards	**-**	(22)
At 28 December 2012/30 December 2011	**-**	155

The deferred tax asset is in respect of timing differences relating to capital allowances. There are no deferred tax liabilities.

The Directors have not recognised any deferred tax asset in respect of further unutilised UK tax losses of £2,015,000 (30 December 2011: £2,160,000), capital losses of £1,134,000 (30 December 2011: £1,134,000) and connected party capital losses of £8,226,000 (30 December 2011: £8,226,000). The Group will utilise part of the capital losses against capital gains arising following the disposals in the year.

20 Called-up share capital

	28.12.12 £'000	30.12.11 £'000
Authorised		
35,000,000 Ordinary shares of 1p each	**350**	350
Allotted, called up and fully paid		
28,073,735 (30 December 2011: 28,073,735) Ordinary shares of 1p each	**281**	281
"A" Shares in Flying Brands Holdings (UK) PLC		
28,073,735 (30 December 2011: 28,073,735) Ordinary shares of 0.005p each	**1**	1
	282	282

21 Reserves

Capital reserve

The capital reserve of the Group comprises a premium of £104,000 which was written off in 1988 on the purchase of the minority interest in the subsidiary company, Retreat Farm (1988) Limited, (now Retreat Nurseries Limited and formerly Flying Flowers (Jersey) Limited), and the assignment of a loan in 1982 of £87,000.

Revaluation reserve

On the 30 June 2011 the property at Retreat Farm was revalued and a revaluation reserve was created.

	28.12.12 £'000	30.12.11 £'000
At 31 December 2011 / 30 December2010	**1,484**	–
Revaluation increase on land and buildings	–	2,344
Disposal of Jersey property	–	(860)
At 28 December 2012/30 December2011	**1,484**	1,484

This property is situated in Jersey and owned by a Jersey company. As such, on an ultimate disposal no capital gains will be payable as this tax does not exist in Jersey.

Notes to the financial statements…(continued)

21 Reserves…(continued)

Treasury shares

	28.12.12 **£'000**	30.12.11 £'000
Investment at cost – own shares		
452,323 Ordinary shares (30 December 2011: 452,323) of 1p each in Flying Brands Limited	**840**	840

These shares are held in an ESOP trust and are all under option to employees and form part of the options/awards described in the Remuneration Committee report and note 25 to the financial statements. All dividends are waived whilst the shares are held in the ESOP trust. The shares are netted off against shareholders' equity. These shares continue to have voting rights whilst held in trust.

22 Operating lease commitments

Financial commitments

At 28 December 2012 the Group had total commitments under non-cancellable operating leases as follows:

	As at 28.12.12			As at 30.12.11		
	Equipment **£'000**	**Motor Vehicles** **£'000**	**Total** **£'000**	Land and buildings £'000	Motor Vehicles £'000	Total £'000
Within 1 year	**10**	**11**	**21**	165	51	216
More than 1 year and not later than 5 years	**17**	**14**	**31**	-	56	56
	27	**25**	**52**	165	107	272

The group as lessor

As set out in note 14, property rental income for the year was £0.1m (2011: £0.1m). The property has committed tenants until June 2014. The lessee does not have an option to purchase the property at the expiry of the lease period.

At the balance sheet date, the group had contracted with tenants for the following future minimum lease payments:

	2012 **£'000**	2011 £'000
Within 1 year	**57**	55
In the second to fifth years inclusive	**25**	4
	82	59

23 Contingent liabilities

All Jersey and UK based Group companies have given unlimited guarantees to Barclays Bank PLC or its subsidiaries where appropriate (the “Bank”) in respect of facilities provided to the Group. The Group has no direct obligation to the Bank.

A subsidiary of the Company (DPA Direct Limited) has provided a guarantee, supported by a bank bond from Barclays Bank PLC, to The National Newspapers’ Safe Home Ordering Protection Scheme Limited. The guarantee was for £0.5m (2011: £0.5m).

In April 2012 the Group entered into an overdraft facility with the bank for a total sum of £250,000. This facility, like all overdraft facilities, is repayable on demand by the bank and was not used during the year. The facility, which was due to expire on 31 March 2013, was removed following the refinancing of the Palatine debt on 18 January 2013.

The Group is involved in a dispute with Flying Flowers Pty Ltd (“FFA”), an Australian company, arising from matters relating to the disposal of the Group’s Gifts business which FFA allege amounted to breaches of contract by the Group. The Group denies breach of contract and will defend vigorously any proceedings which may be brought by FFA.

The Group has been notified of a potential claim from Jersey Choice Marketing Limited following the sale of Gardening Direct. This is the result of an alleged breach of warranty given at the time of the sale which the Group denies.

24 Share based payments

Total shareholder return basis

During the period ended 28 December 2012 the Group made no awards under the Group’s Long Term Incentive Plan. The awards previously issued are shown in the table below. The performance criteria associated with the exercise of these awards are based on a total shareholder return methodology. The awards will only vest if the performance criteria are met. To date all of the April 2009 awards have lapsed. All the awards issued in August 2009, November 2009 and September 2010 have also lapsed. The vesting conditions are disclosed in the Remuneration Committee report.

The principal assumptions used in arriving at the valuation are summarised below:

	Award April 2009
Grant date	24/04/09
Share price at grant	£0.49
Exercise price	Nil
Number of employees	5
Shares under option	704,510
Vesting period (years)	3
Expected volatility	49.56%
Option life (years)	3
Expected life	3
Risk free rate	2.29%
Expected dividends expressed as a dividend yield	8%
Fair value per option	£0.26
Valuation model	Monte Carlo Simulation

The expected volatility is based on historical volatility over a term commensurate with the expected life of each option, calculated separately for each grant. The expected life is the average expected period to exercise. The risk-free rate of return is the implied yield of zero-coupon government bonds with a remaining term equal to the expected life. A credit of nil (30 December 2011: credit of £41,000) relating to employee share-based payment plans has been taken in the Consolidated Income Statement in the period.

Notes to the financial statements…(continued)

25 Deferred revenue

	28.12.12 £'000	30.12.11 £'000
Arising from customer prepayments	**-**	442

The deferred revenue arises as a result of payments received from customers for goods before the associated order is despatched.

26 Financial instruments

Note 2 to the financial statements details the Group's policy for the holding and issuing of financial instruments. IFRS requires numerical disclosures in respect of financial assets and liabilities and these are set out below.

Fair value of financial assets and liabilities

	Valuation, methodology and hierarchy	**Book value 28.12.12 £'000**	**Fair value 28.12.12 £'000**	Book value 30.12.11 £'000	Fair value 30.12.11 £'000
Financial assets					
Cash and cash equivalents	(a)	**210**	**210**	570	570
Loans and receivables, net of impairment	(a)	**712**	**712**	168	168
		922	**922**	738	738
Financial liabilities					
Trade and other payables	(a)	**(1,084)**	**(1,084)**	(4,775)	(4,775)
Total at amortised cost		**(1,084)**	**(1,084)**	(4,775)	(4,775)

Valuation, methodology and hierarchy

(a) The carrying amounts of trade and other receivables, trade and other payables and deferred stated at book value, all have the same fair value due to their short-term nature.

Credit risk

Credit risk is the risk that counterparties to financial instruments do not perform their obligations according to the terms of the contract or instrument. The Group is exposed to counterparty credit risk when dealing with its customers and certain financing activities.

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty at 30 December 2011. The Group considers its maximum exposure to be:

	30.12.11 £'000	31.12.10 £'000
Financial assets		
Cash and cash equivalents	**210**	570
Loans and receivables, net of impairment	**712**	168
	922	738

All cash balances and short-term deposits are held with an investment grade bank who is our principal banker (Barclays Bank PLC). Although the Group has seen no direct evidence of changes to the credit risk of its counterparties, the current focus on financial liquidity in all markets has introduced increased financial volatility. The Group continues to monitor the changes to its counterparties' credit risk.

26 Financial instruments…(continued)

Liquidity risk
Liquidity risk is the risk the Group will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due. The Finance Director is responsible for monitoring and managing liquidity and ensures that the Group has sufficient liquid resources to meet unforeseen and abnormal requirements. The current forecast suggests that the Group has sufficient liquid resources.

Available liquid resources and cash requirements are monitored by the use of detailed cash flow and profit forecasts these are reviewed at least quarterly, or more often as required.

The following are the contractual maturities of financial liabilities:

28 December 2012	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000
Non – derivative financial liabilities						
Trade and other payables	1,084	1,084	1,084	–	–	–
	1,084	1,084	1,084	–	–	–

30 December 2011	Carrying amount £'000	Contractual cash flows £'000	6 months or less £'000	6 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000
Non – derivative financial liabilities						
Trade and other payables	4,775	4,775	4,775	–	–	–
	4,775	4,775	4,775	–	–	–

Included within trade and other payables is £750,000 due to Palatine. This debt was refinanced in January 2013 which is detailed in note 33.

Cash flow management
The Group produces an annual budget which it updates quarterly with actual results and forecasts for future periods for profit and loss, balance sheet and cash flows. The Group uses these forecasts to report against and monitor its cash position. If the Group becomes aware of a situation in which it would exceed its current available liquid resources it would apply mitigating actions involving reduction of its cost base. The Group would also employ working capital management techniques to manage the cash flow in periods of peak usage. During the 12 months under review where this situation has occurred, the Group has negotiated extended payment terms with its suppliers and utilised other working capital management techniques.

The Group is due to receive the deferred consideration of £625,000 from the disposal of the Gardening Direct brand on 30 April 2013. On this basis, it will have sufficient liquid resources to meet its forecasted needs whilst the Directors explore the future use of Retreat Farm.

Currency risk
The Group currently has minimal exposure to foreign currency and thus does not engage in any hedging activity. The Group liquidated its overseas subsidiaries during 2010 and therefore has no exposure to foreign exchange gains or losses.

Interest rate risk

	28.12.12 **£'000**	30.12.11 £'000
Variable rate instruments		
Financial liabilities	**–**	–
Cash	**210**	570

The impact on profit and equity of a 100 basis points increase in the interest rates would be nil as the Group has no variable rate instruments (30 December 2011: nil).

Notes to the financial statements…(continued)

27 Pension arrangements

For many employees the Group makes contributions to personal defined contribution schemes based on a fixed percentage of those employees' basic remuneration (see note 8). There are no defined benefit pension arrangements in place for any employees employed by the Group during the 12 months under review.

28 Related party

Mr T H S Trotter is Chairman of Smithfield Consultants Limited, who was paid £14,530 (52 weeks ended 30 December 2011: £20,432) during the period for financial public relations consultancy services.

Key management is defined as the Board. For further information see the Remuneration Committee report.

The Group started using in 2008 a new Web platform for its internet transactions from eCommera, a venture in which West Coast Capital has a material financial interest. The cost of this service in the 52 weeks ended 28 December 2012 was £158,000 (52 weeks ended 30 December 2011: £194,000) of which nil was outstanding at the balance sheet date (30 December 2011: £nil).

29 Results of all discontinued operations

On 21 February 2012 the Group entered into a sale agreement to dispose of its Gifts division to Interflora British Unit. This disposal completed on 30 April 2012 (note 30).

On 30 March 2012 the Group entered into a sale agreement to dispose of GBS, GCO and L2 to The Garden and Home Trading Company Limited (a subsidiary of MBL Group PLC) and certain intellectual property of GCO to Williams Commerce Limited. The disposal was completed on 30 April 2012 (note 31).

On 6 July 2012 the Group completed the disposal of the remaining GD brand. The GLD business, which the Group had intended to retain at 30 December 2011, was closed on 31 July 2012 (note 32).

The continuing operations relate to the lease of part of the Retreat Farm site.

The results of operations in these discontinued brands are as follows:

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Revenue	**9,049**	25,934
Expenses	**(9,073)**	(25,998)
Impairment of intangible assets	**(874)**	(1,391)
Impairment of tangible assets	**(181)**	-
Impairment of goodwill	**-**	(5,574)
Loan forgiveness	**-**	532
Results from operating activities	**(1,079)**	(6,497)
Income tax	**-**	-
Results from operating activities, net of tax	**(1,079)**	(6,497)
Gain on sale of discontinued operation	**3,743**	13
Disposal costs	**(426)**	-
Net profit/(loss) attributable to discontinued operations	**2,238**	(6,484)

30 Disposal of the trade and assets of the Gifts Division

On 30 April 2012 the Group sold the trade and assets of the Gifts division to Interflora British Unit for a total cash consideration of £2,400,000.

The division was shown as discontinued in the 2011 Annual Report and Accounts and its assets classified as held for sale.

Results of operations from the discontinued operations of the Gifts division

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Revenue	**2,826**	9,974
Expenses	**(2,539)**	(9,549)
Impairment of goodwill	**-**	(625)
Impairment of intangible assets	**-**	(1,246)
Results from operating activities	**287**	(1,446)
Income tax	**-**	-
Results from operating activities, net of tax	**287**	(1,446)
Gain on sale of discontinued operation	**1,154**	-
Disposal Costs	**(304)**	-
Net profit/(loss) attributable to discontinued operations of the Gifts division	**1,137**	(1,446)

	52 weeks ended 28.12.12 £'000
Net cash flow used in operating activities	287
Net cash from disposal proceeds	2,400
Net cash flow for the year	**2,687**

Cash flow from discontinued operations of the Gifts division
Effect of disposal on the financial position of the Group was as follows:

	£'000
Goodwill	792
Intangible assets	385
PPE	69
Net assets	**1,246**
Consideration received in Cash	2,250
Deferred consideration	150
Total Consideration	**2,400**
Profit on disposal of discontinued operations	**1,154**

The deferred consideration was paid on 8 August 2012.

31 Disposal of the trade and assets of GBS, GCO and L2

On 30 April 2012 the Group sold the trade and assets of GBS, GCO and L2 to The Garden and Home Trading Company Ltd (a subsidiary of MBL Group PLC) for a consideration of £0.690m. The Group also sold certain intellectual property of GCO to Williams Commerce Limited for a consideration of £0.08m.

The disposal group was shown as discontinued in the 2011 Annual Report and Accounts and assets classified as held for sale.

Results of operations from the discontinued operations of GBS, GCO and L2

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Revenue	**951**	5,648
Expenses	**(999)**	(5,270)
Impairment of goodwill	**-**	(3,543)
Impairment of intangible assets	**-**	(144)
Results from operating activities	**(48)**	(3,309)
Income tax	**-**	-
Results from operating activities, net of tax	**(48)**	(3,309)
Loss on sale of discontinued operation	**(39)**	-
Disposal Costs	**(63)**	-
Net (loss)/profit attributable to discontinued operations of the GBS, GCO & L2	**(150)**	(3,309)

	52 weeks ended 28.12.12 £'000
Net cash flow used in operating activities	(48)
Net cash from disposal proceeds	770
Net cash flow for the year	722

Cash flow from discontinued operations of GBS, GCO & L2

Effect of disposal on the financial position of the Group was as follows:

	£'000
Goodwill	450
Intangible assets	80
Stock	218
PPE	61
Net assets	**809**
Consideration received in cash	770
Loss on disposal of discontinued operations	**(39)**

32 Disposal of the trade and assets of Gardening Direct

Results of operations from the discontinued operations of Gardening Direct

	52 weeks ended 28.12.12 £'000	52 weeks ended 30.12.11 £'000
Revenue	**5,217**	9,295
Expenses	**(5,234)**	(8,895)
Impairment of tangible assets	**(181)**	**-**
Impairment of intangible assets	**(874)**	**-**
Results from operating activities	**(1,072)**	400
Income tax	**-**	-
Results from operating activities, net of tax	**(1,072)**	400
Loss on sale of discontinued operation	**2,628**	-
Disposal Costs	**(59)**	-
Net profit attributable to discontinued operations of the GBS, GCO & L2	**1,497**	400

	52 weeks ended 28.12.12 £'000
Net cash flow used in operating activities	(1,072)
Net cash from disposal proceeds	2,199
Net cash flow for the year	1,127

Cash flow from discontinued operations of GBS, GCO & L2
Effect of disposal on the financial position of the Group was as follows:

	£'000
PPE	19
Stock	177
Net assets	**196**
Consideration received in Cash	2,199
Deferred consideration	625
Total Consideration	**2,824**
Profit on disposal of discontinued operations	**2,628**

The deferred consideration is due to be paid on 30 April 2013.

33 Post balance sheet events

On 18 January 2013 the Group refinanced its £0.75m debt with Palatine with a £1.0m loan from Acorn Finance which is repayable in full on 18 January 2015.

Notice of annual general meeting

Notice is hereby given that the annual general meeting of Flying Brands Limited will be held at Jersey Bowl, Airport Road, St. Peter, Jersey, Channel Islands, JE3 7BP on 12 June 2013 at 10.00am for the following purposes:

Ordinary Business

Resolution 1 — To receive and adopt the consolidated financial statements for the 52 weeks ended 28 December 2012 and the reports from the Directors and auditor thereon.

Resolution 2 — To approve the Remuneration Committee Report for the 52 weeks ended 28 December 2012.

Resolution 3 — To appoint Mr C T Knott as a Director of the Company.

Resolution 4 — To re-appoint Deloitte LLP, as auditor of the Company and to authorise the Directors to determine their remuneration.

Special Business

To consider the following business and, if thought fit, to pass the following Resolutions as Special Resolutions.

Resolution 5 — That the Company be generally and unconditionally authorised pursuant to Article 57(2) of the Companies (Jersey) Law 1991 to make one or more market purchases of its own shares, such purchases to be of Ordinary shares of 1p each and in the capital of the Company (Ordinary shares) on the London Stock Exchange, provided that:

- The maximum number of Ordinary shares hereby authorised to be purchased shall be 4,211,060 Ordinary shares, being approximately 15% of the issued share capital of the Company; and
- the minimum price which may be paid for any such Ordinary shares shall be 1p per Ordinary share (exclusive of expenses);
- the maximum price which may be paid for such Ordinary shares shall be an amount equal to 5% above the average middle market quotations for a Unit (comprising one Ordinary share and one “A” Ordinary share of Flying Brands Holdings (UK) PLC) as derived from the Daily Official List of the UK Listing Authority for the five business days immediately preceding the day on which any such Ordinary shares are purchased or contracted to be purchased;
- unless otherwise varied renewed or revoked the authority hereby conferred shall expire at the earlier of 31 July 2014 and the conclusion of the annual general meeting of the Company to be held in 2014; and
- prior to expiry of the authority hereby conferred the Company may enter into a contract or contracts for the purchase of Ordinary shares which may be executed in whole or part after such expiry and may purchase Ordinary shares pursuant to such contract or contracts as if the authority hereby conferred had not so expired.

Resolution 6 — The Directors be and they are hereby generally and unconditionally authorised in accordance with Article 4.16 of the Company’s Articles of Association, to allot without rights of pre-emption up to 4,211,060 Ordinary shares of 1p each as they in their absolute discretion see fit in any number of tranches, such authority unless otherwise varied, renewed or revoked to expire at the earlier of 31 July 2014 or at the conclusion of the annual general meeting of the Company in 2014, except that the Company may, at any time prior to the expiry of such authority, make an offer or enter into an agreement which would or might require Ordinary shares to be allotted after the expiry of such power and the Directors of the Company may allot Ordinary shares in pursuance of such an offer or agreement as if such power had not expired.

1 Subject to note 2 below any member of Ordinary shares, or their duly appointed representatives, are entitled to attend, speak and on a poll vote at the annual general meeting. Shareholders are entitled to appoint a proxy to exercise all or any of their rights to attend and speak and on a poll vote on their behalf at the meeting. A shareholder can appoint the Chairman of the meeting or anyone else to be his/her proxy at the meeting. A proxy need not be a shareholder. More than one proxy can be appointed in relation to the annual general meeting provided that each proxy is appointed to exercise the rights attached to a different Ordinary share or shares held by that shareholder. To appoint more than one proxy, the Proxy Form should be photocopied and completed for each proxy holder. The proxy holder's name should be written on the Proxy Form together with the number of shares in relation to which the proxy is authorised to act. All Proxy Forms must be signed and, to be effective, must be lodged with the Company's Registrar, Capita Registrars, The Registry, (PXS), 34 Beckenham Road, Beckenham, Kent BR3 4TU so as to arrive not later than 48 hours before the time of the meeting, or in the case of an adjournment 48 hours before the adjourned time. The return of a completed Proxy Form or any other such instrument will not prevent a shareholder attending the annual general meeting and voting in person if he/she wishes to do so.

2 Only shareholders whose names appear on the register of members of the Company as at 48 hours before the time of the meeting shall be entitled to attend the annual general meeting either in person or by proxy and the number of Ordinary shares then registered in their respective names shall determine the number of votes such persons are entitled to cast on a poll at the annual general meeting.

3 As at 19 April 2013, being the latest practicable date prior to the publication of this document, the Company's issued share capital consists of 28,073,735 Ordinary shares, carrying one vote each. Therefore the total voting rights in the Company as at 19 April 2013 are 28,073,735.

4 In accordance with Regulation 41 of the Uncertificated Securities Regulations 2001, only those members entered on the Company's register of members at 6:00pm on the day which is two days before the day of the meeting or, if the meeting is adjourned, shareholders entered on the Company's register of members at 6:00pm on the day two days before the date of any adjournment shall be entitled to attend and vote at the meeting.

5 Copies of the Directors' service agreements and a summary of their interests and transactions in shares of the Company are available during normal business hours at the registered office, Retreat Farm, La Rue De La Frontiere, St Mary, Jersey, JE3 3EG. and at the meeting for the period of 15 minutes prior to commencement and at its conclusion.

Registered details

Registered Office

Retreat Farm, La Rue De La Frontiere, St Mary,
Jersey JE3 3EG

Company number

2044

Advisors

Registrar

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

Banker

Barclays Bank PLC,
PO Box 8, 39-41 Broad Street,
St Helier, Jersey JE4 8PU

Auditor

Deloitte LLP
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Cambridge CB2 1RY
United Kingdom

Legal Advisor

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London
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United Kingdom

Legal Advisor

Sinels Advocates
PO Box 595, 79 Bath Street,
St Helier, Jersey, JE4 9XE