Registration number: 09107183

Sunbird Business Services Limited

Annual Report and Financial Statements

for the Period from 30 June 2014 to 31 July 2015

Registration number: 09107183

Sunbird Business Services Limited

Contents

Registration number: 09107183

Sunbird Business Services Limited

Company Information

Directors	Mr John McDonough Mr Richard Michael Benton Mr William Sykes Mr Ian McFadyen Mr Michael James Aldridge Mr Preston Hampton Haskell
Company secretary	Mr Rupert Dean
Registered office	10 Piccadilly London W1J 0DD
Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH

Sunbird Business Services Limited

Strategic Report for the Period from 30 June 2014 to 31 July 2015

Our provision

Sunbird Business Services Limited (the "Company") was incorporated and commenced trading on 30 June 2014. The Company is a holding company which provides integrated services to its joint ventures and subsidiaries which in turn provide construction and support services focused on the East Africa strip; Kenya, Tanzania, Mozambique, Uganda, Zambia and South Africa through. By applying the simple principles of outsourcing to the emerging market, we are able to provide a bespoke offering that will allow a client to focus on their most effective core competencies. These services can be delivered to any sector, and in any market.

We deploy our knowledge of process management and cost efficiencies, and combine these with our understanding and delivery expertise of our local companies. Our focus is to perform all services within the Company as we believe this best protects our goals for high quality delivery.

Sunbird has built and acquired 7 operating companies to deliver its 5 service categories; Construction, Support, Financial, Property and Business, with live operations in 12 locations across the region.

We promote that the underlying value opportunity is to take advantage of the rapidly emerging frontier markets of East Africa and the lack of existing credible providers of support services. As the fastest growing region in Africa, with an average of 6% GDP growth, there are several key underlying economic indicators and development challenges that are driving demand for our services, specifically in housing, office space and storage solutions.

Strategy

Our strategy is to achieve sustainable profitable growth through commitment to our Strategic Objectives. We define our Strategic Objectives according to three critical components:

- Deliver solutions to developed market standards; our service approach should ensure standards are in line with those in more developed markets.
- Enhance capabilities through organic growth and acquisitions; we understand the importance of continually improving our proposition.
- Position the platform to capitalise on the needs of evolving enterprise; we believe that the investment activity today will drive economic demand in new sectors in the future.

Our goals for the coming period are as follows:

1. *Integrate all our companies through a series of infrastructure projects including Financial, Communications, Operational, Sales and Technology.*
2. *Hire Blue chip teams* - The Company has embarked on recruiting executive management and support staff for its offices in London and Nairobi and for local management in its operating businesses in East Africa.
3. *Measure success through performance, growth and reporting standards* – This is in line with both our goals of corporatisation and quality.
4. *Adoption of technology in our processes and service delivery, using data analysis to deliver intelligent activity* – We are investing into IT platforms across the companies which is best evidenced by our financial integration project. The project has unified the company's financial reporting across one platform to increase the speed of financial information successfully.
5. *Promote our corporate values across the Company to deliver a shared ambition for service standards* – Our corporate values are quality, delivery, responsibility and commitment.
6. *Place value on regular interaction and strong communications across our company and stakeholders – This is best evidenced by our Communications infrastructure project which we believe is key to sustaining our corporate values and strengthening our reporting capabilities.*

Sunbird Business Services Limited

Strategic Report for the Period from 30 June 2014 to 31 July 2015

Principles of business – our Business Model and structure

High quality service

Our approach focuses on making our customers feel confident about East Africa, providing services in a well governed and high quality business style that they require and recognise from developed market interactions.

We have created a well-balanced corporate infrastructure to inspire collaboration and developed teams across the 6 corporate areas we believe drive value into the business. These are Governance, Finance, Intelligence, Services, Operations, and Assets. They are the heart of our business and speak firmly to our strategic goals and values.

Cross-Selling and Integration

Our growth strategy and value creation place a critical importance on cross-selling opportunities that we expect to come from service integration amongst the individual verticals and companies.

We are focused on identifying experienced sales executives to push integrated sales at senior level. This will complement the Company's existing management team and enhance collaboration between the Company's verticals.

Maintain focus on the East African strip

We intend to primarily focus on targets with operations in East Africa. As the Company continues to grow both organically and through further acquisitions, we will be well-positioned to drive additional growth through expansion into new territories (including Ethiopia and South Africa), and new service verticals (including Mechanical and Engineering, Legal and Regulatory and Business Travel).

Governance

The experience of our Board and the quality of our people is testament to the importance we place on our good governance values. The Board is committed to operate best in-class business principles including documented financial and operating procedures that maintain the highest level of professionalism and ethical behaviour in anti-bribery, corruption, environment and health and safety standards.

The Board will be responsible for setting the overall strategy of the Company and monitoring performance of management. The Board will also be responsible for setting the Company's risk tolerance and ensuring that the enterprise risk management program functions effectively during due diligence of future acquisitions and business processes.

Our senior Management Team has an accomplished track record of establishing and building businesses. Sunbird is led by a Board that is made up of senior business leaders with extensive experience in the service industry.

We will deliver on this business plan by leveraging our significant competitive advantages:

- We provide customers with a fully integrated service solution through our range of construction, property and support, and business services.
- Our operating approach replicates the success of its Board members, specifically the operational expertise of John McDonough (Chairman) as the former CEO of Carillion plc.
- Our commitment and investment in strong corporate governance and risk management procedures.
- Our active operations and proximity to local markets which enables us to respond swiftly and efficiently to new and evolving business opportunities emerging from growth in East African enterprise.
- We are established, with locally registered businesses and mature and profitable service contracts for SME's and multinational clients.

Sunbird Business Services Limited

Strategic Report for the Period from 30 June 2014 to 31 July 2015

Corporate Values

Our values underpin everything we do:

- Sunbird stands for quality – in build, in detail, in people, in standards.
- Our promise to deliver – our circular infrastructure gives complete integration.
- Take responsibility – our colleagues are empowered to be decision makers.
- Committed to East Africa – to make the very most of the business opportunities in the territory, for all our clients.

Growth through "Bid, Build, Buy"

The Company's presence in East Africa through our Nairobi office allows us to quickly identify and develop new opportunities. This on the ground intelligence supports our principal of knowledge-based growth which enables the Company to either:

1. Bid on new long term integrated contracts in existing or new service lines;
2. Build own capability through organic growth; or
3. Buy a business opportunity (through acquisitions).

The Board will review the executive management team's investment and/or acquisition strategies with a focus on whether the growth opportunity:

- Assists the Company in serving its existing customers;
- Allows the Company to access additional customers that would provide for cross-selling opportunities; and/or
- Provides the Company with enhanced technological or managerial capabilities to gain or enhance a competitive advantage in any given vertical.

Principal Risks

Our principal risks can be seen in broad terms to encompass Currency, Political, Commercial, Credit, Ability to Raise Finance, Health and Safety, and Compliance Obligations.

Risk committee commitment
Our Risk Committee is constituted by the Board and works alongside the Audit Committee and Remuneration Committee. It provides scope for which risks are analysed and proposes mitigation in respect of such risks.

Currency
The Company expects to operate and conduct their services in jurisdictions which could generate revenue, expenses and liabilities in currencies other than our functional currency which is the US Dollar. As a result, we will be subject to the effects of exchange rate fluctuations with respect to any of these currencies. Management periodically reviews the risk exposure in that area and if deemed necessary will take action to mitigate. Where appropriate the company will consider to enter into forward contracts to limit the exposure.

Political
The Company's performance is impacted by the political stability and regulatory environment of the countries in which we operate. If the political and/or regulatory climate alters or stability deteriorates, this could impact on the Company's plans and projected results. The Company is continuously monitoring the political environment in East Africa which we consider to be amongst the most stable environments in the region currently.

Sunbird Business Services Limited

Strategic Report for the Period from 30 June 2014 to 31 July 2015

Commercial
The Company's commercial risks include, but are not limited to, customer and supplier due diligence, resource forecasting, and governance and control policies.

Credit
The Company on the whole will be exposed to the credit risk of clients related to the non-payment for services or non-reimbursement of costs incurred. The Company may also be subject to strict performance metrics that could increase its credit risk, requiring effort by management to retrieve payment for services. Failure by any clients to pay for services or reimburse costs may adversely increase the Company's credit risk that could have an impact on its profitability.

Ability to raise finance
The Company has successfully raised finance through various forms including debt, equity and listed bonds since its formation. The ability to raise further finance to support future acquisitions and to provide development capital to existing service lines and their contract pipeline may slow the Company down from achieving its commercial and strategic goals.

Compliance obligations
Owing to the breadth of countries in which the Company's subsidiaries operate, working to compliance obligations are integral to our business. We continually work to ensure that we obtain and continue to comply with all necessary approvals, licenses or permits.

Health and Safety
The Company puts health and safety firmly at the top of the list for every single project it undertakes from construction services to running serviced commercial offices. Occupational Health and Safety directives are constantly assessed through robust management systems - at a local and a global level. The Company ensures all sub-contractors adhere to equally high standards.

Environmental

Our business activity has an impact on business ecosystem in the region and the communities surrounding areas where we operate. We are committed to working on sustainability policies, and environmental solutions, to assist our clients as they enter and expand into the market.

CSR commitment

We act as a practical partner for a range of projects that impact communities in the companies in which we operate. The nature of the services sector means that we are well positioned to provide a platform of job creation as well as to cater to the emerging middle class of East Africa.

Performance

In our first period of trading we have focused on building the Sunbird platform through investments, acquisitions and internally built capabilities. During the period we have built a strong brand, a blue chip leadership team, a network of strategic advisors in the region we service and technology to grow and control the business we are building.

We invested in two going concerns and have joint control in both entities; Terra Firma Africa (Construction Services) and ESBC (Property Services). Sunbird Facilities Management (Support Services) and Sunbird Asset Finance (Financial Services) began trading in this financial period as fully owned subsidiaries that were set up in the period. The Company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group.

The results presented reflect a period of investment with an operating loss of $2.2m for the Company.

Sunbird Business Services Limited

Strategic Report for the Period from 30 June 2014 to 31 July 2015

The year ahead

Looking forward, we expect to continue benefiting from our core strategy and integrated business model. We have helped create qualified pipelines for both of these businesses, which are spread across all our geographies and a good range of market sectors. This will give us a platform to drive revenue growth and profitability as a Company.

Although it is clear that pace of activity is varied across the five service lines in which we operate, we are still finding and winning contracts across sectors. The beginning of our Facilities Management function will significantly contribute to the transition to long term contracts. We will enhance our property operations capacity, with additional services being provided and growth into new sites.

Sunbird has buoyant business foundations in the Base services of the company, Construction and Offices, which offer opportunities for our attached service lines, Facilities Management and Financial Services, to benefit from this activity. We are well positioned to then provide services that will step up with the market tempo – from serviced apartments to storage.

Our 5 service categories are working hand in hand. We are providing the secondary infrastructure of today, for the clients of tomorrow.

Investment in people

Our people are our most valuable asset.

Just as our people are committed to finding smarter ways to develop business services in East Africa we are committed to making their careers as challenging and exciting as they can be. In all our offices across East Africa and the globe, we are proud to have a multi-national group of experts building ground breaking companies and operating at the forefront of a market that is poised for exponential growth. We aim to provide a developed market framework for employment across the Company.

By completing the acquisitions of ESBC and TFA the Company and its subsidiaries will have over 400 employees at the end of the next financial period and this is expected to grow significantly as we grow our service capabilities. Support services companies are inherently good providers of jobs, and we are continually having an impact on the people in the communities in which we operate.

....

Mr Michael James Aldridge

Director

Sunbird Business Services Limited

Directors' Report for the Period from 30 June 2014 to 31 July 2015

The directors present their first report and financial statements for the period from 30 June 2014 to 31 July 2015.

Incorporation

Sunbird Business Services Limited (the "Company") was incorporated and commenced trading on 30 June 2014.

Directors of the Company

The directors who were in office during the period and up to the date of signing the financial statements were as follows:

Mr John McDonough (appointed 9 September 2014)

Mr Richard Michael Benton (appointed 9 September 2014)

Mr William Sykes (appointed 30 June 2014)

Mr Ian McFadyen (appointed 9 September 2014)

Mr Michael James Aldridge (appointed 30 June 2014)

Mr Preston Hampton Haskell (appointed 9 September 2014)

Principal activity

The principal activity of the Company is the provision of integrated services to subsidiary and joint venture companies and to act as a holding Company. Integrated services includes the provision of risk management and financial direction, commercial management and support services including market elevation, marketing and branding assistance, sales and pipeline management, and assistance with material customer sales.

Dividends

The directors do not recommend the payment of a dividend in respect of the financial period ended 31 July 2015.

Going concern

After making enquiries, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. Accordingly, they continue to adopt the going concern basis in preparing the annual financial statements.

Non adjusting events after the financial period

On 25 January 2016, an agreement was signed for 2,501 of the B Preference shares to be redeemed for a total redemption amount of $343,000 payable in cash from February 2016 to September 2016.

On 24 March 2016, an agreement was signed for the intended future repurchase of 5,100 C Preference shares to be redeemed for a total redemption amount of $2,173,000 less adjustments of $76,000 resulting in a net consideration of $2,097,000. This is to be paid in 3 tranches with the first tranche of $1,083,000 representing 2,703 shares payable in cash following completion of a capital reduction. Tranche 2 representing 1,199 shares will be payable by November 2016 in $501,000 of cash. Tranche 3 representing 1,198 shares will be payable by May 2017 in $513,000 of cash.

Directors' interest in shares

Description	At start of period Amount	Bought Amount	Sold Amount	At end of period Amount
Mr William Sykes **	-	4,168,056	-	4,168,056
Mr Michael James Aldridge **	-	4,168,056	-	4,168,056
Mr John McDonough *	-	269,403	-	269,403
Mr Richard Michael Benton *	-	53,881	-	53,881
	-	8,659,396	-	8,659,396

* A1 Ordinary shares; ** A2 Ordinary shares

Registration number: 09107183

Sunbird Business Services Limited

Directors' Report for the Period from 30 June 2014 to 31 July 2015

Total Directors' interest in shares represents 323,284 of A1 Ordinary share and 8,336,112 A2 Ordinary shares.

Disclosure of information to the auditor

Each director has taken steps that they ought to have taken as a director in order to make themselves aware of any relevant audit information and to establish that the Company's auditors are aware of that information. The directors confirm that there is no relevant information that they know of and of which they know the auditors are unaware.

Independent auditors

PricewaterhouseCoopers LLP were appointed as auditors during the period and they have indicated their willingness to continue in office.

Small companies provision statement

This report has been prepared in accordance with the special provisions relating to small companies within Part 15 of the Companies Act 2006.

Statement of Directors' responsibilities

The directors are responsible for preparing the Strategic Report, Directors' Report and the financial statements in accordance with applicable law and regulations.

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

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

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

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

The financial statements on pages 11 to 29 were approved by the Board of Directors on 5 June 2016 and signed on its behalf by:

....

Mr Michael James Aldridge
Director

Independent auditors' report to the members of Sunbird Business Services Limited

Report on the financial statements

Our opinion

In our opinion, Sunbird Business Services Limited's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 July 2015 and of its loss and cash flows for the 13 month period (the "period") then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ("IFRSs") as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Statement of Financial Position as at 31 July 2015;
- the Income Statement and Statement of Comprehensive Income for the period then ended;
- the Statement of Cash Flows for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is IFRSs as adopted by the European Union, and applicable law.

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matter prescribed by the Companies Act 2006

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

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

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

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Sunbird Business Services Limited

Entitlement to exemptions

Under the Companies Act 2006 we are required to report to you if, in our opinion, the directors were not entitled to: prepare financial statements in accordance with the small companies regime; and take advantage of the small companies exemption in preparing the Directors' Report. We have no exceptions to report arising from this responsibility.

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 8, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the parent company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of:

- whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed;
- the reasonableness of significant accounting estimates made by the directors; and
- the overall presentation of the financial statements.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Mark Jordan (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
5 June 2016

Sunbird Business Services Limited

Income Statement and Statement of Comprehensive Income for the Period from 30 June 2014 to 31 July 2015

	Note	30 June 2014 to 31 July 2015 USD $ 000
Revenue	4	264
Administrative expenses		(2,501)
Operating loss	5	(2,237)
Finance costs	6	(334)
Loss before income tax		(2,571)
Income tax expense	10	-
Loss for the period		(2,571)
Total comprehensive expense for the period		(2,571)

The above results were derived from continuing operations.

Sunbird Business Services Limited

Statement of Financial Position as at 31 July 2015

	Note	31 July 2015 USD $ 000
Assets		
Non-current assets		
Property, plant and equipment	11	40
Investments in subsidiaries	12	10,656
		10,696
Current assets		
Trade and other receivables	13	636
Cash and cash equivalents		2,177
		2,813
Total assets		**13,509**
Current liabilities		
Trade and other payables	16	(597)
Non-current liabilities		
Loans and borrowings	15	(11,197)
Total liabilities		**(11,794)**
Net assets		**1,715**
Equity		
Share capital	14	115
Share premium	14	4,171
Retained losses		(2,571)
Total equity		**1,715**

The financial statements on pages 11 to 29 were authorised for issue by the board of directors on 5 June 2016 and were signed on its behalf by:

....

Mr Michael James Aldridge

Director

The notes on pages 15 to 29 form an integral part of these financial statements

Sunbird Business Services Limited

Statement of Changes in Equity for the Period from 30 June 2014 to 31 July 2015

	Share capital USD $ 000	Share premium USD $ 000	Retained earnings USD $ 000	Total equity USD $ 000
At 30 June 2014	-	-	-	-
Loss for the period	-	-	(2,571)	(2,571)
Total comprehensive income	-	-	(2,571)	(2,571)
Transactions with owners:				
New Ordinary A1 share capital subscribed	32	3,988	-	4,020
New Ordinary A2 share capital subscribed	83	183	-	266
Total transactions with owners	115	4,171	-	4,286
At 31 July 2015	115	4,171	(2,571)	1,715

Sunbird Business Services Limited

Statement of Cash Flows for the Period from 30 June 2014 to 31 July 2015

	Note	30 June 2014 to 31 July 2015 USD $ 000
Cash flows from operating activities		
Loss for the period		(2,571)
Adjustments to cash flows from non-cash items		
Depreciation	5	12
		(2,559)
Working capital adjustments		
Increase in trade and other receivables	13	(636)
Increase in trade and other payables	16	597
Net cash flow from operating activities		(2,598)
Cash flows from investing activities		
Purchase of shares in subsidiaries		(1,000)
Capital contribution in subsidiaries		(3,570)
Cash flow from purchase of subsidiaries		(4,570)
Purchase of property plant and equipment		(52)
Net cash flows from investing activities		(4,622)
Cash flows from financing activities		
Proceeds from issue of ordinary shares, net of issue costs		3,900
Proceeds from other borrowing draw downs		300
Proceeds from issue of convertible debt, net of issue costs		5,197
Net cash flows from financing activities		9,397
Net increase in cash and cash equivalents		2,177
Cash and cash equivalents at 30 June 2014 on incorporation		-
Cash and cash equivalents at 31 July 2015		2,177

1 General Information

The Company is a private company limited by share capital incorporated and domiciled in United Kingdom.

The address of its registered office is disclosed on page 1.

2 Accounting policies

Statement of compliance

The Company financial statements have been prepared in accordance with International Financial Reporting Standards and its interpretations as adopted by the European Union (IFRSs) and interpretations issued by the IFRS Interpretations Committee.

Summary of significant accounting policies and key accounting estimates

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

Basis of preparation

The financial statements have been prepared in accordance with adopted IFRSs.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 3.

These financial statements are the separate financial statements of Sunbird Business Services Limited.

As this is the first period that the Company is preparing financial statements, all standards adopted in the reporting period are new. The following standards and interpretations, which are not yet effective and have not been early adopted by the Company, will be considered for adoption in future accounting periods:

- International Financial Reporting Standard (IFRS) 7 'Financial Instruments: Disclosures' (effective 1 January 2016)
- International Financial Reporting Standard (IFRS) 15 'Revenue from contracts with customers' (effective 1 January 2018)
- International Financial Reporting Standard (IFRS) 9 'Financial instruments' (effective 1 January 2018)
- International Financial Reporting Standard (IFRS) 16 'Leases' (effective 1 January 2019)

Rounding of amounts

All amounts disclosed in the financial statements and notes have been rounded off to the nearest thousand dollars unless otherwise stated.

Sunbird Business Services Limited

Notes to the Financial Statements for the Period from 30 June 2014 to 31 July 2015

Going concern

The financial statements have been prepared on a going concern basis. Despite making a loss, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. This expectation is based on operating cash flows forecasts. Further comfort is provided from the asset value of the investments. Accordingly, they have adopted the going concern basis in preparing the annual financial statements.

Exemption from preparing group financial statements

The Company has taken advantage of the exemption in section 398 of the Companies Act 2006 from the requirement to prepare consolidated financial statements, on the grounds that it is a small sized group.

Revenue recognition

Revenue comprises the fair value of the consideration received or receivable for the provision of services under integrated service agreements to the Company's investments. Integrated services includes the provision of risk management and financial direction, commercial management and support services including market elevation, marketing and branding assistance, sales and pipeline management, and assistance with material customer sales.

Revenue is shown net of sales/value added tax, returns, rebates and discounts.

The Company recognises revenue when:
- The amount of revenue can be reliably measured;
- It is probable that future economic benefits will flow to the entity; and
- Specific criteria have been met for each of the Company activities.

Finance costs policy

Finance costs comprise interest expense on borrowings and are presented in the Income Statement using the effective interest method.

Foreign currency transactions and balances

The functional and presentation currency of the Company is United States Dollars. Foreign currency transactions are initially recognised in the functional currency of the Company using the exchange rate ruling at the date of the transaction. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of foreign currency assets and liabilities at period end rates of exchange are recognised in the Income Statement. Foreign exchange gains or losses recognised in the Income Statement are included in operating results or net finance costs depending on the underlying transactions that gave rise to these exchange differences.

Income tax

Income tax is recognised in profit or loss, except that a change attributable to an item of income or expense recognised as other comprehensive income is also recognised directly in other comprehensive income.

Deferred income tax is recognised on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements and on unused tax losses or tax credits in the Company. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the reporting date.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Property, plant and equipment

Property, plant and equipment is stated in the statement of financial position at cost, less any subsequent accumulated depreciation and subsequent accumulated impairment losses.

The cost of property, plant and equipment includes directly attributable incremental costs incurred in their acquisition and installation.

Depreciation

Depreciation is charged so as to write off the cost of assets, on a straight line basis over their estimated useful lives, as follows:

Asset class	**Depreciation method and rate**
Motor vehicles	3 years straight line
Furniture, fittings and equipment	3 years straight line

Investments

Investments in subsidiaries are held at the lower of cost and net realisable value.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and call deposits, and other short-term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

The Company only holds cash and cash equivalents in banks that have strong credit ratings. At period end, all cash was held at Barclays Bank plc which has a long term credit rating of A- (Stable) and A2 (Stable) with Standard & Poor's and Moody's respectively.

Trade receivables

Trade receivables are amounts due from customers for services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for the impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities.

Trade payables are recognised initially at the transaction price and subsequently measured at amortised cost using the effective interest method.

Borrowings

All borrowings are initially recorded at the amount of proceeds received, net of transaction costs. Borrowings are subsequently carried at amortised cost, with the difference between the proceeds, net of transaction costs, and the amount due on redemption being recognised as a charge to the Income Statement over the period of the relevant borrowing.

Interest expense is recognised on the basis of the effective interest method and is included in finance costs.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

Preference shares are classified as liabilities as they are redeemable at the option of the receiver and dividends are non-discretionary.

Share capital

Ordinary shares are classified as equity. Equity instruments are measured at the fair value of the cash or other resources received or receivable, net of the direct costs of issuing the equity instruments. If payment is deferred and the time value of money is material, the initial measurement is on a present value basis.

Financial instruments

The fair value of financial instruments are determined using appropriate valuation techniques. Such techniques may include using recent arm's length market transactions; reference to the current fair value of another instrument that is substantially the same; discounted cash flow analysis; or other valuation models.

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the relevant instrument and derecognised when it ceases to be a party to such provisions. Such assets and liabilities are classified as current if they are expected to be realised or settled within 12 months after the balance sheet date. If not, they are classified as non-current.

The principal financial assets and liabilities of the Company are as follows:

(a) Non-current investments

The Company initially measures the investments at cost. Where there are no differences between the fair value of the investments and their carrying costs, no adjustments are made. Changes in fair value following impairment reviews are recognised directly in the statement of comprehensive income.

(b) Trade receivables

Trade receivables are initially recognised at fair value and then are stated at amortised cost.

(c) Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at amortised cost. For the purposes of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand, including bank deposits with original maturities of three months or less.

(d) Trade payables

Trade payables are initially recognised at fair value and then are stated at amortised cost.

(e) Loans and other borrowings

Interest-bearing loans are recognised initially at cost less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Income Statement over the period to redemption.

(f) Convertible bonds

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to share capital at the option of the holder, subject to a level of fundraising being achieved, and the number of shares to be issued does not vary with changes in their fair value.

The liability component of a convertible bond is recognised initially at the fair value of a similar liability that does not have an equity conversion option. There is no equity component in the currently issued convertible bonds. Any directly attributable transaction costs are allocated to the liability component.

Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method.

Convertible bonds are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

3 Critical accounting estimates, assumptions 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 Company 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 year are addressed below:

i) Deferred tax

The Company assumed that the deferred tax asset that arose during the period should not be recognised as a track record of profit is yet to be established.

ii) Investments

The Company used a discount rate of 15% to assess the carrying value of its investments. The choice of discount rate was made based on comparisons with external data sources and consideration of the potential risk of management bias. We performed our own sensitivity analysis, including a reasonably possible reduction in assumed growth rates and cash flows. Using a discount rate of 15%, we do not consider there to be a material difference between the fair value of the investments and the carrying cost.

iii) Interest free loans

Interest free loans are assessed for fair value using discounted cash flows to calculate their net present value. Where there is no material difference between the fair value of interest free loans and their carrying amount, the loans are carried at their face value and are repayable on demand.

4 Revenue

The analysis of the Company's revenue for the period from continuing operations is as follows:

	30 June 2014 to 31 July 2015 USD $ 000
Integrated service fees	264

The Company has one revenue stream. All revenue is generated in the UK from related parties. Integrated services includes the provision of risk management and financial direction, commercial management and support services including market elevation, marketing and branding assistance, sales and pipeline management, and assistance with material customer sales.

5 Operating loss

Arrived at after charging:

	30 June 2014 to 31 July 2015 USD $ 000
Depreciation expense	12

6 Finance costs

	30 June 2014 to 31 July 2015 USD $ 000
Interest expense on other financing liabilities	(334)
Total finance costs	(334)

7 Staff costs

The aggregate payroll costs (including directors' remuneration) were as follows:

	30 June 2014 to 31 July 2015 USD $ 000
Wages and salaries	856
Social security costs	57
Other employee expense	8
	921

The average number of persons employed by the Company (including directors) during the period, analysed by category was as follows:

	30 June 2014 to 31 July 2015
Administration and support	8
Group employees remunerated from Company	4
	12

8 Directors remuneration

The directors' remuneration for the period was as follows:

	30 June 2014 to 31 July 2015 USD $ 000
Salaries and other short term employee benefits	354

During the period, there were 5 directors who were receiving remuneration.

9 Auditors' remuneration

	30 June 2014 to 31 July 2015 USD $ 000
Audit of the financial statements	31

10 Income tax

No tax was charged or credited to the Income Statement during the period. The standard rate of corporation tax in the UK is 20%. The differences are reconciled below:

	30 June 2014 to 31 July 2015 USD $ 000
Loss before tax	(2,571)
Corporation tax at the standard rate 20%	(514)
Current tax (credit)	(514)
Tax losses for which no deferred tax asset was recognised	514
Total tax charge/(credit)	-

Deferred tax

Unrecognised deferred tax consists of USD $514,000 of unused tax losses for which no deferred tax asset is recognised in the statement of financial position as no track record of future profits has been established.

Notes to the Financial Statements for the Period from 30 June 2014 to 31 July 2015

The main rate of corporation tax was reduced from 23% to 21% on 1st April 2014 and to 20% on 1st April 2015. Further reductions in the main rate of corporation tax to 19% from 1st April 2017 and 18% from 1st April 2020 had been substantially enacted at 31st December 2015 for the purposes of IAS12 'Income Taxes'. On 16 March 2016, the government announced that an additional 1% cut would be enacted which would reduce the main rate of corporation tax to 17% from 1st April 2020. As no deferred tax balances have been recognised, the impact of the change in the tax rate has no impact on the tax charge for the year.

11 Property, plant and equipment

	Furniture, fittings and equipment USD $ 000	Motor vehicles USD $ 000	Total USD $ 000
Cost			
Additions	32	20	52
At 31 July 2015	32	20	52
Depreciation			
Charge for the period	7	5	12
At 31 July 2015	7	5	12
Carrying amount			
At 31 July 2015	25	15	40

12 Investments

	USD $ 000
Investments	
Cost	
Additions	10,656
At 31 July 2015	10,656
Provision	-
Carrying amount	
At 31 July 2015	10,656

Details of the subsidiaries as at 31 July 2015 are as follows:

Name of Investment	Principal activity	Country of incorporation and principal place of business	Proportion of ownership interest and voting rights held
Sunbird Construction Services Limited	Holding company	United Kingdom	100%
Sunbird Property Services Limited	Holding company	United Kingdom	100%
Sunbird Asset Finance Limited	Property development	United Kingdom	100%
Sunbird Support Services Limited	Business services	United Kingdom	100%
Sunbird TRSY Limited	Group financing	United Kingdom	100%
Sunbird BPO Limited	Holding company	United Kingdom	100%

Sunbird Group Limited	Holding company	United Kingdom	100%
Sunbird Real Estate Services Limited	Holding company	United Kingdom	100%
Sunbird Facilities Management Limited	Holding company	United Kingdom	100%
K2 Construction Services Limited	Holding company	United Kingdom	100%
Sunbird Developments Limited	Holding company	United Kingdom	100%
Sunbird Consortium Support Services Limited	Holding company	United Kingdom	100%

All subsidiaries of the Company disclosed above were newly incorporated companies formed during the period by the Company. The fair value of the total consideration subscribed for was $1,000,400 in total of which $1,000,100 relates to Sunbird Construction Services Limited.

The remaining consideration of $9,655,600 represents a capital contribution to subsidiaries in respect of the acquisition of investments in joint ventures.

Details of the joint ventures and associates as at 31 July 2015 are as follows:

Name of Investment	**Principal activity**	**Country of incorporation and principal place of business**	**Proportion of ownership interest and voting rights held**
TFA Business Services Limited	Construction services	United Kingdom	100%
ESBC Property Services Limited	Holding company	United Kingdom	100%
ESBC Uganda Limited	Property services	Uganda	99%
ESBC Tanzania Limited	Property services	Tanzania	99%
ESBC Kenya Limited	Property services	Kenya	100%
Big Bird Holding Tanzania Limited	Holding company	Tanzania	99%
Terra Firma Africa (Kenya) Limited	Construction services	Kenya	99%
Terra Firma Developments (Tanzania) Limited	Construction services	Tanzania	100%
TFA East African Investments Ltd	Holding company	Mauritius	100%
Procurement and Logistics do Indico	Construction services	Mozambique	98%
TFA Zanzibar Limited	Construction services	Tanzania	99.4%
Yellow Line Limited	Dormant	Tanzania	49%

Despite the proportion of ownership interest and voting rights held for some of the investments above being over 50%, the Company has not established control over these investments in accordance with IFRS 10. The IFRS 10 definition of control encompasses three distinct principles that must all be present in order to conclude that an investor has power over the investee, these are as follow:

- Power over the investee
- Exposure, or rights, to variable returns from its involvement with the investee
- The ability to use its power over the investee to affect the amount of the investors' return

The Company has concluded that these investments are not subsidiaries as it has does not have power over the investee. This conclusion is based on the governance structure of the investment, in particular the ability of the Company to make unilateral decisions on reserved matters. These reserved matters include the ability to appoint or remove Board members and key management, approval of business plans and budgets, and approval of material contracts. These matters impact the day to day running of the investee and require unanimous agreement of the Board. As Sunbird does not control 100% of the Board of the investees the Company has concluded that these entities are jointly controlled and therefore should be treated as joint ventures as defined under IFRS 10.

Sunbird Business Services Limited

Notes to the Financial Statements for the Period from 30 June 2014 to 31 July 2015

13 Trade and other receivables

	31 July 2015 USD $ 000
Receivables from related parties	397
Prepayments	19
Other receivables	220
Total current trade and other receivables	636

14 Share capital and premium

Allotted, called up and fully paid shares

	Number of shares (thousands)	Ordinary shares USD $ 000	Share premium USD $ 000	Total USD $ 000
A1 Ordinary shares of USD $0.01 each at 31 July 2015	3,210	32	3,988	4,020
A2 Ordinary shares of USD $0.01 each at 31 July 2015	8,336	83	183	266
	11,546	115	4,171	4,286

New shares allotted

During the period 3,209,749 A1 Ordinary shares having an aggregate nominal value of USD $32,097 were allotted for an aggregate consideration of USD $4,020,000.

During the period 8,336,112 A2 Ordinary shares having an aggregate nominal value of USD $83,361 were allotted for an aggregate consideration of USD $266,000.

There is a third class of shares, A3 Ordinary shares, which would be issued on conversion of the redeemable preference shares.

A1 and A2 Ordinary shares have voting rights but the voting rights to appoint directors do not attach to the shares. For A1 Ordinary shares only certain investors have the right to appoint directors subject to their shareholdings. For A2 Ordinary shares, only 2 shareholders (Michael Aldridge and William Sykes) who are also directors have rights to appoint directors. A3 Ordinary shares have no voting rights.

All classes have equal rights to dividends and rank pari passu in that regard.

A1 and A2 Ordinary shares have pre-emption rights priority whereas A3 Ordinary shares have no pre-emption rights.

A1 Ordinary shares rank ahead of A2 and A3 Ordinary shares upon a liquidation or winding up event.

15 Loans and borrowings

	31 July 2015 USD $ 000
Non-current loans and borrowings	
Convertible debt	5,197
Redeemable preference shares	5,700
Other borrowings	300
	11,197

Convertible bonds

	31 July 2015 USD $ 000
Proceeds from issue of convertible bonds (Series A Note)	2,000
Proceeds from shareholder loans	3,197
	5,197

As at 31 July 2015, the Company held in issue $2,000,000 Series A Notes which are listed on the Bermudan stock exchange. They were created on 16 June 2015. The interest rate on these notes is fixed at 10% with a repayment date of 15 months from the date of issue. Each Series A Noteholder shall have the right to convert all their principal amount and any accrued interest into fully paid A1 Ordinary Shares of the Company subject to relevant fundraise (the Company raising over US$3,000,000 from an issue of Shares to any person(s)) at the Conversion Price (a price per Share being a 10% discount to the price per Share paid for Shares by the investors pursuant to that Relevant Fund Raising).

Shareholder Loans

The Company has in issue 12% fixed rate unsecured convertible loan notes issued on 19 September 2014. The loan notes are repayable together with all interest accrued and not previously paid on such loan notes on the earlier of 1 August 2019; or on the date upon which a sale or listing occurs. These notes may only be converted by the Company into A1 Ordinary shares if funds raised are less than the original value. As at 31 July 2015, the Company has $3,196,791 outstanding of which $120,000 is non-interest bearing.

Redeemable preference shares

	Number of shares	Total USD $ 000
B Preference shares of USD $0.01 each at 31 July 2015	5,002	2,500
C Preference shares of USD $0.01 each at 31 July 2015	5,100	3,200
	10.102	5,700

Redeemable preference shares comprise B and C Preference shares ("Alphabet Shares"). These are redeemable preference shares issued by the Company as part consideration for the instruments in TFA Business Services Limited and ESBC Property Services Limited and have been reclassified to liabilities. The Company has the right to convert these into A3 Ordinary Shares at any time. Preference shares are classified as liabilities as they are redeemable and dividends are non-discretionary.

These Shares have no voting rights and no rights to appoint a director. They offer a pro rata priority dividend in respect of income generated from the relevant investment (i.e. TFA Business Services Limited income in respect of B Preference shares and ESBC Property Services Limited income in respect of C Preference shares).

Other borrowings

Other borrowings consists of Listed Bonds (Series B Loan Notes).

	31 July 2015 USD $ 000
Proceeds from issue of Listed Bonds	300

The Series B Notes are unsecured loans created on 16 June 2015. The repayment date is 15 months from the issue date. Until such time as the Principal amount of the loan notes is paid off in full, interest shall accrue from the issue date daily in arrears on the basis of a 365 day year and actual days elapsed. Interest is payable quarterly in arrears on 31 March, 30 June, 30 September and 31 December. Interest stops accruing on repayment of the loan notes. Interest on the loan notes is calculated at the rate of 14% per annum on the Principal Amount of loan notes outstanding from time to time. As at 31 July 2015, the Company issued $300,000. The Series B Notes are listed on the Bermudan stock exchange.

16 Trade and other payables

	31 July 2015 USD $ 000
Trade payables	148
Accrued expenses	410
Amounts due to related parties	1
Social security and other taxes	19
Other payables	19
	597

The fair value of the trade and other payables classified as financial instruments are disclosed in the financial instruments note.
The Company's exposure to market and liquidity risks, including maturity analysis, related to trade and other payables is disclosed in the financial instruments note.

17 Dividends

The directors do not propose the payment of a dividend for the period ended 31 July 2015.

18 Related party transactions

Key management compensation

Key management remuneration for the period was as follows:

	30 June 2014 to 31 July 2015 USD $ 000
Salaries and other short term employee benefits	479

Key management compensation comprises director remuneration and key members of management.

Summary of transactions with associates, joint ventures and subsidiaries

Sales and purchases between related parties are made on an arm's length basis. Outstanding balances with entities other than subsidiaries are unsecured, interest free and cash settlement is expected within 60 days of invoice. Terms and conditions for transactions with subsidiaries are the same, with the exception that balances are placed on intercompany accounts with no specified credit period and are repayable on demand. The Company has not provided or benefited from any guarantees for any related party receivables or payables. During the period ended 31 July 2015, the Company has not made any provision for doubtful debts relating to amounts owed by related parties.

Income and receivables from related parties

	Subsidiaries USD $ 000	Jointly controlled entities USD $ 000	Key management USD $ 000
Rendering of integrated service fees - ESBC Property Services Limited	-	152	-
Rendering of integrated service fees – TFA Business Services Limited	-	112	-
Amounts receivable from ESBC Property Services Limited	-	174	-
Amounts receivable from other jointly controlled entities	-	28	-
Amounts receivable from Sunbird TRSY Limited	63	-	-
Amounts receivable from Sunbird Asset Finance Limited	132	-	-

Expenditure with and payables to related parties

	Subsidiaries USD $ 000	Associates and jointly controlled entities USD $ 000	Key management USD $ 000
Rendering of services	-	-	125
Amounts payable to related parties	1	-	-

The services provided by key management relates entirely to remuneration they received as consultants before becoming formally employed by the Company.

In addition, the Company had $50,000 payable to Crimson LP and $8,000 to Britkit Productions Limited, which are a partnership and company respectively controlled by Mr Michael Aldridge, a director of the Company. Furthermore, the Company paid $81,000 of rent, of which $19,000 is outstanding at period end to RMAI Limited, a company controlled by Mr Michael Aldridge, a shareholder of the Company.

19 Post balance sheet events

Adjusting events after the financial period

There were no adjusting events.

Non adjusting events after the financial period

On 25 January 2016, an agreement was signed for 2,501 of the B Preference shares to be redeemed for a total redemption amount of $343,000 payable in cash from February 2016 to September 2016.

On 24 March 2016, an agreement was signed for the intended future repurchase of 5,100 C Preference shares to be redeemed for a total redemption amount of $2,173,000 less adjustments of $76,000 resulting in a net consideration of $2,097,000. This is to be paid in 3 tranches with the first tranche of $1,083,000 representing 2,703 shares payable in cash following completion of a capital reduction. Tranche 2 representing 1,199 shares will be payable by November 2016 in $501,000 of cash. Tranche 3 representing 1,198 shares will be payable by May 2017 in $513,000 of cash.

20 Ultimate controlling party

The ultimate controlling parties are Mr William Sykes and Mr Michael Aldridge who jointly control the Company and have a majority shareholding between them. They are also directors of the Company.

21 Financial instruments

Foreign currency risk

The Company is exposed to foreign currency risk through its head office function in the UK. The majority of the Company's transactions are denominated in US Dollars but certain head office costs are denominated in Sterling.

The Company has a natural hedge in its monetary assets and liabilities denominated in foreign currency. These amounts relate to bank and accounts payable denominated in Sterling. A sensitivity to a reasonably possible change in the Sterling against the US dollar exchange rate with all other variables held constant, of the Company's loss before tax (due to foreign exchange translation of monetary assets and liabilities) results in a negligible impact.

Interest rate risk

All Company borrowings are carried at amortised cost and have a fixed rate of interest. They are thus not affected by changes in the interest rate. The Company has no floating rate debt and thus is not exposed to risks in changes in the interest rate.

Liquidity risk

Cash flow forecasting is performed by the Company. Rolling forecasts of the Company are monitored to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits on any of its borrowing facilities.

The table below analyses the company's non-derivative financial liabilities and net-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows.

	Less than 1 year	Between 1 and 2 years	Over 2 years
	USD $ 000	USD $ 000	USD $ 000
Borrowings	-	8,000	3,197
Trade and other payables	597	-	-
	597	8,000	3,197

Borrowings comprises convertible debt, shareholder loans, redeemable preference shares and other borrowings.

The liability component of a convertible bond is recognised initially at the fair value of a similar liability that does not have an equity conversion option. There is no equity component in the currently issued convertible bonds. Any directly attributable transaction costs are allocated to the liability component. Subsequent to initial recognition, the liability component of a convertible bond is measured at amortised cost using the effective interest method. Loans and other borrowings are recognised initially at cost less attributable transaction costs. All borrowings are subsequently stated at amortised cost with the difference between initial net proceeds and redemption value recognised in the Income Statement over the period to redemption.

Trade payables are initially recognised at fair value and then are stated at amortised cost.

Credit risk

There are no significant concentrations of credit risk within the Company. The maximum credit risk exposure relating to financial assets is represented by carrying value as at the balance sheet date. All trade receivables relate to receivables from related parties, where risk of default is considered low.

Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

	31 July 2015 USD $ 000
Total borrowings including preference shares	11,197
Less: cash and cash equivalents	(2,177)
Net debt	9.020
Total equity	1,715
Total capital	10,735
Gearing ratio	84%

The gearing ratio is naturally high in the first period of trading. The company's strategy is to reduce this to 50% in the medium to longer term.