Company Registration No. 09107183 (England and Wales)

SUNBIRD BUSINESS SERVICES LIMITED

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 2017

SUNBIRD BUSINESS SERVICES LIMITED

COMPANY INFORMATION

Directors	Mr M J Aldridge Mr R Bains Mr W Kenyanjui Mr J McDonough Mr I McFadyen Mr W Sykes Ms E Wagner Mr M Insley
Secretary	Mr R Dean
Company number	09107183
Registered office	30 Millbank London SW1P 4DU
Independent Auditors	PricewaterhouseCoopers LLP 1 Embankment Place London WC2N 6RH
Bankers	Barclays Bank PLC 1 Churchill Place Leicester Leicestershire LE87 2BB

SUNBIRD BUSINESS SERVICES LIMITED

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Introduction

Sunbird Business Services Limited (the "Company") is the holding Company for an integrated business services Group with subsidiaries and joint-ventures in Eastern and Southern Africa namely Kenya, Tanzania, Mozambique, Uganda, Zambia and South Africa. The Annual Report and Financial Statements pertain to the Company only. The Directors have taken the option of presenting the Company and Group financial statements separately. As such the Strategic Report talks to the strategy of the overall Group as the performance of the Group as a whole benefits the Company as the ultimate beneficiary of the Group.

Strategy

We continue to define our strategic objectives according to three critical components:

- Create, operate and maintain world class workspace environments for entrepreneurs, SME's and multinationals
- Become the flexible office provider of choice across the region
- Use technology to provide modern, efficient facilities management services

Market Indicators for our Services

Workspace environments are evolving globally to meet the demands of a changing workforce due to technology and change in habits. From individuals to multinationals there is a growing trend to outsource workspace to experts so that businesses can focus on core activities and benefit from the expertise in creating flexible and productive work environments. This is particularly valuable in developing markets where there is a greater degree of uncertainty and replicating modern work environments is more difficult.

Company Summary

The Company continued to act as a holding company for the Group. In this capacity the entity held all Group investments, raised all equity and held all Corporate Debt instruments.

Business Summary (FY2017)

- **Completed acquisition of ESBC serviced offices** – this acquisition has given the group a foundation of over 600 desks through 5 existing service centres Kenya, Tanzania and Uganda. After an initial investment in September 2014 this year saw the completion of the integration of this business into the Group.
- **Opened the first new serviced office site under Group ownership** – In July 2017 we opened a new site on Riverside Drive in Nairobi. The new site provides an improved flexible office space solution in the area and has attracted blue chip clients. The site reached its target occupancy in early 2018.
- **Launched the Facilities Management service line** – after a year of investment in incubating our Facilities Management business in Sunbird Support Services Pty FY2017 saw us win and start to deliver our first Facilities Management contracts. By the year end we were providing technical Facilities Management for over 250,000 square metres of client space and cleaning services for over 30,000 square metres of commercial and retail real estate.

Our goals for FY2018 and beyond are as follows:

- **Drive revenue growth in our core business lines** – The executive team are focused on increasing occupancy across our existing sites and creating additional capacity (more desks) to increase revenue and profits from our Serviced Office business. Alongside this FY2018 will show additional Facilities Management contracts being won and delivered using Sunbird's Computer Assisted Facilities Management platform.
- **Rationalise the business to focus on core activities** – Our focus in the FY2018 was to build a platform to become the largest provider of flexible workspace solutions in the East African region. Our goal was to divest or cease any non-core activities in the year to allow focus on our core service lines. This will enable us to both drive growth in our core business and reduce costs across the Group.
- **Drive the business locally, in East and Southern Africa** – FY2018 will show continued investments into our local infrastructures in order to drive more localised decision making at a country and regional level. This transition will be self-financing as resources are reallocated to local office.

Principal Risks

Our principal risks can be seen in broad terms to encompass Currency, Political, Commercial, Credit, Ability to Raise Finance, Health and Safety, Control Environment 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 Group 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 group will consider entering into forward contracts to limit the exposure.

Political
The Group'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.

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

Credit
The Group 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 Group 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 Group's credit risk that could have an impact on its profitability.

Ability to raise finance
The Group has successfully raised finance through various forms including debt, equity and listed bonds since its formation. The working capital assumptions for the next twelve months assumes this will continue as additional funding through debt and equity is required. 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 Group down from achieving its commercial and strategic goals. See going concern note for further detail.

Compliance obligations
Owing to the breadth of countries in which the Group'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 Group 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 Group ensures all sub-contractors adhere to equally high standards.

Control Environment
The Group operates subsidiaries is East and South Africa where the control environment expectations are different to those in the United Kingdom. This increases the risk of a weaker control environment in our operating subsidiaries. Management work to the principal that the control environment will be maintained across the Group to the highest standard.

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.

Corporate Social Responsibility commitment

Our workspace solutions enable local and international businesses to establish themselves and grow, impacting communities in the countries in which we operate. By enabling businesses we provide a platform for job creation as well as catering for the emerging entrepreneurial class of East Africa.

Performance

The year saw us the Company complete the acquisition of ESBC, our serviced office provider, and Terra Firma Africa, our construction services provider. The Group launched our Facilities Management business in the year through our South African subsidiary. This drove Group revenues to increase from $0.3m in FY2016 to $9.7m in FY2017. Company revenues of $0.2m (2016 $0.5m) were from derived from services to Subsidiaries.

The Group's serviced office business has performed well under the first year of ownership, delivering revenues of $3.6m from its existing sites in Kenya, Tanzania and Uganda. In July 2017 we opened our new centre in Riverside, Nairobi. The demand for the centre has been strong, reflecting the need for quality workspace solutions in our core markets. The site reached its target occupancy within 5 months of full opening which will be reflected in next year's results.

The Group's Facilities Management business started delivery of its first contracts in the year, with revenues of $0.6m. This year has reflected an investment year in a new service line as it trades towards profitability in future periods.

A strategic decision was made to withdraw from taking on delivery risk in the Construction Services business post acquisition. The Group activity in the year reflected contracts acquired which drove revenue of $5.4m. As a result of the strategic decision to not pursue new contracts the Company impaired the investment and assets associated with this acquisition leading to an exceptional charge of $11.6m. Post year end the Board sanctioned the disposal of this business in order to focus on its core service offerings in Serviced Offices and Facilities Management.

The Company also completed the settlement of B and C shares that were issued as part of our acquisition of Terra Firma Africa and ESBC in 2014. These shares gave economic rights to the underlying cash flows of these businesses. There was an exceptional gain in the year of $1m relating to the settlement of these instruments.

The results presented reflect ongoing investment in the year with an operating loss before exceptional items of $2.8m in the year. After exceptional items of $15.3m which related mainly to impairments in the Construction and Development businesses (see note 4) which have been disposed of post year end there was an operating loss of $18.1m.

FY2018

The Company's key focus in FY2018 was to continue to support the Group's expansion of flexible workspace business through the addition of additional capacity within the geographies we are already serving. This will drive growth in short term workspace revenues by focusing on increasing occupancies in existing sites and the new site opened in July 2017. In addition, this will develop a pipeline for growth sites to increase our desk capacity, which remains as the limiter of growth if not addressed.

The Company continues to support the Group's Facilities Management business will focus on delivery to the clients won in the year and growth through the key client relationships we have nurtured. It is essential for the business to establish its delivery capability through our tech forward Computer Assisted Facilities Management software. This will drive future contract wins and move this business towards sustainability.

The year ahead (continued)

At a Corporate level FY2018 will reflect the redeployment of resource and Executive time to enable and support more localized decision making. This will allow faster decisions, closer to our clients while also allowing us to reduce overhead in the Company and the Group. The Company and Group will also complete the divestment from our Construction Services and Developments businesses.

We believe FY2018 will position the Group well in our core markets to achieve our objective of becoming the number one provider of flexible workspace solutions in the East African market.

Approved by the Board on 28 January 2019 and signed on its behalf by:

....
Mr Michael James Aldridge
Director

SUNBIRD BUSINESS SERVICES LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 JULY 2017

The directors present their annual report and audited financial statements for the year ended 31 July 2017.

Directors

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

Mr M J Aldridge	
Mr R Bains	
Mr R Benton	(Resigned 14 February 2018)
Mr P H Haskell	(Resigned 9 November 2017)
Mr M Insley	(Appointed 23 February 2018)
Mr W Kenyanjui	(Appointed 23 February 2018)
Mr J McDonough	
Mr I McFadyen	
Mr P G J A Simon	(Resigned 8 March 2018)
Mr W Sykes	
Ms E Wagner	(Appointed 19 April 2018)

Principal activity

The principal activity of the Company continued to be that of 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.

The principal activity of the Group is the provision of serviced offices and facilities management in the East and South African region. During the year ended 31 July 2017 the Group also provided construction services and development consulting services. The Directors decided to exit these activities post year and disposed of the businesses construction and developments businesses on 19 April 2018.

Results and dividends

The results for the year are set out on page 13.

The directors do not recommend the payment of a dividend in respect of the financial year ended 31 July 2017 (2016: $nil).

Going concern

The group meets its day-to-day working capital requirements through its current issued Bond Facilities. In the next twelve months certain of our Bermuda Stock Exchange (BSX) listed bonds and debt mature and are due for repayment in tranches from 14 April 2019. The Directors are in discussion with Bond Holders and expect agreement to either roll on the instrument for a further 15 months or convert this to equity. The Directors are also pursuing other alternative sources, both institutional and private, to refinance these instruments as they fall due. However, there is some uncertainty over this outcome as no agreements have been signed at the date of signing the accounts. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Going concern (continued)

Based on a review of the Company forecast and that of its subsidiaries / joint ventures the Directors are satisfied that, subject to the above uncertainty, the Company can continue as a going concern for at least 12 months from the date of signing the accounts without the requirement for additional finance and have prepared these financial statements on that basis.

However, the Company growth strategy is supported by its ability to raise finance on the global capital markets over the next year. Given the history of successfully running fundraising programmes the Directors have a reasonable expectation that the desired finance will be raised as required.

Post balance sheet events - Non-adjusting events after the year end

On 19 April 2018 the Directors agreed to dispose of the construction and developments businesses and focus on its core service lines of Serviced Offices and Facilities Management. A total of 8 entities as set out in note 13 were disposed of for nil consideration and as a result any investment or accounts receivable balances with these entities were impaired in the year leading to an exceptional loss as detailed in note 4 to these Financial Statements.

After disposal the Directors have undertaken a rationalisation of the Company subsidiaries and dissolved a further 6 entities as set out in note 13.

Post Year-end, the company raised $4,470,511 of equity through the issuance of new shares and $ 2,364,335 of debt through issuing a mixture of bonds and short term financing instruments.

Post year end $7,178,590 of borrowings were converted to a new three-year Bond instrument with a maturity date of 20 April 2021. This comprised $3,193,000 of Shareholder Loans, $2,450,000 Series B Notes, $1,435,590 Revolver Notes and $100,000 of Series A Notes. A further $163,333 of borrowings were settled in cash in June 2018, comprising $108,333 of Revolver Notes and $55,000 of Series B Notes. $180,000 of Series B Notes were settled by the issue of A1 equity. In addition, $855,000 of borrowings were extended for a further 360 days from agreement comprising $480,000 of Revolver Notes and $375,000 of Series B Notes. Of these $730,000 mature on 14 April 2019 and $125,000 mature on 25 June 2019.

Directors' interest in shares

The directors' interests in the shares of the company were as stated below:

Directors	At start of year Number	Bought Number	Sold Number	At end of year Number
Mr William Sykes	**4,168,056	-	-	4,168,056
Mr Michael James Aldridge	**4,168,056	*510,204	-	4,678,260
Mr John McDonough *	290,534	71,691	-	362,225
Mr Richard Michael Benton *	58,107	8,342	-	66,449
Mr Paul GJA Simon *	25,501	-	-	25,501
	8,710,254	**590,237**	-	**9,300,491**

* A1 Ordinary shares; ** A2 Ordinary shares

Total Directors' interest in shares represents 964,379 of A1 Ordinary shares (2016: 374,142) and 8,336,112 A2 Ordinary shares (2016: 8,336,112).

Disclosure of information to the auditors

In accordance with Section 418 of the Companies Act 2006, in the case of each director in office at the date the directors' report is approved, that:

(a) so far as each director is aware, there is no relevant audit information of which the company's auditors are unaware; and

(b) the directors have taken all the 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.

Statement of directors' responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have 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 year. 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;
- 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 financial statements on pages 13 to 38 were approved by the Board of Directors on 28 January 2019 and signed on its behalf by:

....

Mr Michael James Aldridge

Director

Report on the financial statements

Opinion

In our opinion, Sunbird Business Services Limited's financial statements:

- give a true and fair view of the state of the company's affairs as at 31 July 2017 and of its loss and cash flows for the year 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.

We have audited the financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), which comprise: the statement of financial position as at 31 July 2017; the statement of comprehensive income, the statement of cash flows, the statement of changes in equity for the year then ended; and the notes to the financial statements, which include a description of the significant accounting policies.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under ISAs (UK) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, which includes the FRC's Ethical Standard, as applicable to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

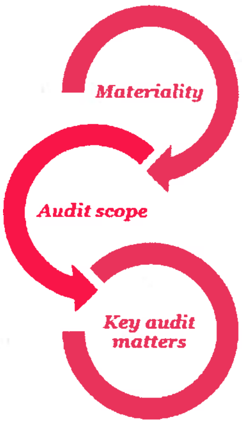
Material uncertainty relating to going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the Company's ability to continue as a going concern. In the next twelve months certain listed bonds and rolling credit facilities mature and are due for repayment. The Directors are in discussion around the refinancing of these bonds and facilities, either through raising additional capital or extending the maturity dates, however there is some uncertainty over this outcome as insufficient agreements have been signed at the date of signing the financial statements to ensure the ongoing viability of the business.

In response to these circumstances we have audited managements' cash flow forecast, assessing this against historic performance and challenged the assumptions made in predicting future results. We have also looked at all refinancing transactions which have taken place up to the date of signing these financial statements. From this we have found no additional matters other than the material uncertainty described. These conditions, along with the other matters explained in note 1.2 to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to as a going concern.

Our audit approach

Overview



- Overall materiality: $76,000 (2016: $170,000), based on 1% of total assets.

- We tailored the scope of our audit to ensure we performed enough work to be able to give an opinion on the financial statements as a whole.
- We performed an audit of the complete financial information of Sunbird Business Services Limited.

- Impairment of the company's investment in and intercompany balances with subsidiaries.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain.

As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to going concern, described in the Material uncertainty relating to going concern section above, we determined the matters described below to be the key audit matters to be communicated in our report. This is not a complete list of all risks identified by our audit.

Key audit matter	*How our audit addressed the key audit matter*
Impairment of the company's investment in and intercompany balances with subsidiaries Investment in subsidiaries of $6,505k is a significant balance. In addition, the company has intercompany receivables totalling $629k from its subsidiary companies. The performance of the underlying group companies has been below expectations, indicating the existence of a potential impairment trigger. Judgment is required in the impairment assessment, specifically in forecasting the future results of the subsidiaries. Judgment is also required in determining the discount rates to be applied to future cash flows. Management have utilised value-in-use models for testing for possible impairment of the investment in and balances with subsidiary undertakings. Refer to page 4 of the Strategic Report, page 22 (Critical accounting estimates and judgments) and page 35 of the Notes to the accounts.	In assessing the carrying value of investments in and balances with subsidiary companies, we compared the carrying value of these balances with the discounted cash flows expected to be generated from the value-in-use models for each cash generating unit. We found that there was significant headroom between the value of the ESBC cash generating unit derived from the value-in-use model and the carrying value of the Company's investment in and balances with this subsidiary undertaking. For all other cash generating units, managements' assessment showed that the investments and intercompany receivables should be fully written off. We performed our own sensitivities (reflecting what we believed to be a range of reasonably possible alternative outcomes) over the forecast cash flows and discount rates, the results of which did not indicate the need for any impairment.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the company, the accounting processes and controls, and the industry in which it operates.

Materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

Overall materiality	$76,000 (2016: $170,000).
How we determined it	1% of total assets.
Rationale for benchmark applied	We believe that total assets is the primary measure used by the shareholders of the entity in assessing the position of the entity, and is a generally accepted auditing benchmark.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above $5,000 (2016: $8,500) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Strategic Report and Directors' Report, we also considered whether the disclosures required by the UK Companies Act 2006 have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (UK) require us also to report certain opinions and matters as described below.

Strategic Report and Directors' Report

In our opinion, based on the work undertaken in the course of the audit, the information given in the Strategic Report and Directors' Report for the year ended 31 July 2017 is consistent with the financial statements and has been prepared in accordance with applicable legal requirements.

In light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we did not identify any material misstatements in the Strategic Report and Directors' Report.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

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 in accordance with the applicable framework and for being satisfied that they give a true and fair view. The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Responsibilities for the financial statements and the audit (continued)

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the 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.

Other required reporting

Companies Act 2006 exception reporting

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 by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- certain disclosures of directors' remuneration specified by law are not made; or
- the financial statements are not in agreement with the accounting records and returns.

We have no exceptions to report arising from this responsibility.

Other matter

We have reported separately on the group financial statements of Sunbird Business Services Limited for the year ended 31 July 2017. The opinion in that report is a disclaimer of opinion with an emphasis of matter in regards a material uncertainty relating to going concern.

Mark Jordan (Senior Statutory Auditor)

for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London
28 January 2019

SUNBIRD BUSINESS SERVICES LIMITED

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2017

	Note	Year ended 31 July 2017 USD$ 000	Year ended 31 July 2016 USD$ 000
Revenue	3	175	504
Administrative expenses comprising:			
Administrative expenses excluding exceptional items		(3,090)	(2,362)
- Exceptional items	4	(15,297)	1,757
Operating loss	5	(18,212)	(101)
Finance costs	8	(1,061)	(738)
Loss before taxation		(19,273)	(839)
Income tax expense	9	-	-
Loss and total comprehensive expense for the year	20	(19,273)	(839)

The income statement has been prepared on the basis that all operations are continuing operations.

SUNBIRD BUSINESS SERVICES LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 31 JULY 2017

	Note	31 July 2017 USD$ 000	31 July 2016 USD$ 000
Non-current assets			
Property, plant and equipment	11	38	54
Investments	12	6,505	11,749
		6,543	11,803
Current assets			
Trade and other receivables	15	858	4,807
Cash and cash equivalents		202	874
		1,060	5,681
Total assets		7,603	17,484
Current liabilities			
Trade and other payables	18	1,148	787
Borrowings	16	6,480	1,460
Convertible loan notes	17	212	2,104
		7,840	4,351
Net current (liabilities)/assets		(6,780)	1,330
Non-current liabilities			
Borrowings	16	527	3,400
Convertible loan notes	17	5,023	3,586
		5,550	6,986
Total liabilities		(13,390)	(11,337)
Net (liabilities)/assets		(5,787)	6,147
Equity			
Called up share capital	19	187	149
Share premium account	19	16,609	9,408
Shares to be issued		100	-
Accumulated losses	20	(22,683)	(3,410)
Total equity		(5,787)	6,147

The financial statements were approved by the board of directors and authorised for issue on 28 January 2019 and are signed on its behalf by:

Mr Michael James Aldridge (Director)

Company Registration No. 09107183

SUNBIRD BUSINESS SERVICES LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 JULY 2017

	Note	Called up Share capital	Share premium account	Accumulated losses	Shares to be issued	Total
		USD$000	USD$ 000	USD$ 000	USD$ 000	USD$ 000
Balance at 1 August 2015		115	4,171	(2,571)	-	1,715
Year ended 31 July 2016:						
Loss and total comprehensive expense for the year		-	-	(839)	-	(839)
New Ordinary A1 share	19	34	5,237	-	-	5,271
Balance at 31 July 2016		149	9,408	(3,410)	-	6,147
Year ended 31 July 2017:						
Loss and total comprehensive expense for the year		-	-	(19,273)	-	(19,273)
Shares to be issued		-	-	-	100	100
Issue of share capital	19	38	7,201	-	-	7,239
Balance at 31 July 2017		187	16,609	(22,683)	100	(5,787)

SUNBIRD BUSINESS SERVICES LIMITED

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2017

	Note	Year ended 31 July 2017 USD$ 000	Year ended 31 July 2016 USD$ 000
Cash flows from operating activities			
Cash absorbed by operations	24	(2,318)	(2,088)
Net cash outflow from operating activities		(2,318)	(2,088)
Cash flows from investing activities			
Purchase of property plant and equipment		(20)	(41)
Purchase of joint ventures		-	(1,093)
Increase in investments		(2,500)	(3,691)
Advances to subsidiaries and joint ventures		(4,891)	(290)
Net cash outflow from investing activities		(7,411)	(5,115)
Cash flows from financing activities			
Proceeds from issue of ordinary shares, net of issue costs		6,152	5,271
Repayment of preference shares		-	(1,236)
Proceeds from issue of convertible debt, net of issue costs		1,250	-
Proceeds from other borrowing draw downs		2,948	2,158
Repayment of loan note		(690)	-
Interest paid		(603)	(422)
Net cash inflow from financing activities		9,057	5,771
Net decrease in cash and cash equivalents		(672)	(1,432)
Cash and cash equivalents at beginning of year		874	2,177
Effect of foreign exchange rates		-	129
Cash and cash equivalents at end of year		202	874

Company information

Sunbird Business Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 30 Millbank, London, SW1P 4DU.

1 Accounting policies

1.1 Accounting convention

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted for use in the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS, (except as otherwise stated).

The financial statements have been prepared on the historical cost basis. The principal accounting policies adopted are set out below. The comparative year of the financial statements is for the year to 31 July 2016

Rounding of amounts

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

New standards, amendments and interpretations not yet adopted by the company

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 August 2016, and have not been applied in preparing these financial statements:

- 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)

Group Financial Statements

The Company has prepared and filed the consolidated financial statements for the Group separately. As highlighted in the PwC audit opinion, the consolidated financial statements have a disclaimer of opinion whereby the auditors were unable to reach a conclusion. This year was the first year that the Group was required to file audited consolidated financial statements. As a result of the acquisition of ESBC (Serviced Offices) and TFA (Construction Services) on 1 August 2016 the Group in the year consisted of 28 entities across 7 countries. This provided us logistical and accounting challenges, particularly in our construction business which has been disposed of since year end. The audit of these entities has also proved a challenge in the year and has resulted in PwC issuing a disclaimer on the Group audit.

The Directors have reviewed the findings of the auditors and have made the following conclusions:

- The majority of issues related to the construction business in East Africa, which has been disposed of since year end.
- The Directors have comfort around the continuing business as the individual operating entities and the holding company have all been audited locally and received unmodified audit opinions. These entities made up all of the trading for the service lines that have not been disposed of along with the Group debt as disclosed in notes 13, 16 and 17 to these accounts. The entities referred to with local audit opinions on their statutory financial statements are as follows:
    - Holding Company – Sunbird Business Services Limited.
    - Serviced Offices – ESBC Kenya Limited, ESBC Tanzania Limited, ESBC Uganda Limited
    - Facilities Management – Sunbird Support Services (Pty) Limited

1.1 Accounting convention (continued)

Group Financial Statements (continued)

The following specific areas have been noted by the auditors as the basis for their disclaimer:

Bank confirmations

Bank confirmations were not received from several banks despite management's best efforts to assist the auditors obtain these third-party confirmations. There were two main issues that have been addressed since year end. The first was on remote construction bank accounts where the business has been disposed of since year end and accounts are dormant. The second issue was our banks in Mozambique and Uganda recognising only our local auditor as being authorised to receive bank confirmations and not our group auditors PwC (total cash balance of $21,000). In these cases our local audit opinions have been signed off and we are working with the banks to educate them on our structure and the need for a group audit.

Completeness and cut-off of accounts payable and accruals

The auditors were unable to obtain sufficient comfort over the cut off and completeness of accounts payable and accruals in the acquired companies. This was particularly an issue with TFA, where the business was undertaking construction projects on remote sites, which has since been disposed of. Management are implementing the required controls in the remaining acquired businesses to ensure the auditors can conclude on this area in a timely manner going forward. Our local auditors for our Serviced Offices business (ESBC Kenya, ESBC Tanzania and ESBC Uganda) and our Facilities Management business Sunbird Business Services (Pty) were able to get comfort in this area and were able to issue unmodified audit opinions as a result.

Revenue

At year end the construction business which has now been disposed of was in the middle of long term contracts which require percentage of completion accounting on both revenue and cost of sales. Owing mainly to the issues on cut off on accounts payable and accruals on these sites the auditors were unable to conclude on revenue cut off which matched these costs. Our serviced offices and facilities management businesses have signed contracts which enable us to recognise revenue in the right year as billing is monthly or quarterly in general. This is reflected in the unmodified local opinions on these entities which remain in the Group.

Pervasiveness of audit adjustments

This issue reflects the complex nature of a first-year consolidation across the region and management have identified areas where the finance team and a system is required to improve the consolidation process. Since year end management have taken steps to improve the processes, controls, systems and personnel that produce our statutory consolidation.

1.2 Going concern

The group meets its day-to-day working capital requirements through cash held in the bank. In the next twelve months certain of our Bermuda Stock Exchange (BSX) listed bonds and debt mature and are due for repayment in tranches from 14 April 2019. The Directors are in discussion with Bond Holders and expect agreement to either roll on the instrument for a further 15 months or convert this to equity. The Directors are also pursuing other alternative sources, both institutional and private, to refinance these instruments as they fall due. However, there is some uncertainty over this outcome as no agreements have been signed at the date of signing the accounts. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

1.2 Going concern (continued)

Based on a review of the Company forecast and that of its subsidiaries / joint ventures the Directors are satisfied that, subject to the above uncertainty, the Company can continue as a going concern for at least 12 months from the date of signing the accounts without the requirement for additional finance and have prepared these financial statements on that basis.

However, the Company growth strategy is supported by its ability to raise finance on the global capital markets over the next year. Given the history of successfully running fundraising programmes the Directors have a reasonable expectation that the desired finance will be raised as required.

1.3 Revenue

Revenue comprises the fair value of the consideration received or receivable from 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.

1.4 Property, plant and equipment

Property, plant and equipment are initially 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 is recognised so as to write off the cost of assets less their residual values over their useful lives on the following bases:

Furniture, fittings and equipment	3 years straight line
Motor vehicles	3 years straight line

The gain or loss arising on the disposal of an asset is determined as the difference between the sale proceeds and the carrying value of the asset, and is recognised in the income statement.

1.5 Non-current investments

Investments in subsidiaries and joint ventures are held at the lower of cost and net recoverable amount. The Company initially measures the investments at cost.

1.6 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 year 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.

1.7 Financial assets

Financial assets are recognised in the company's statement of financial position when the company becomes party to the contractual provisions of the instrument.

Financial assets are classified into specified categories. The classification depends on the nature and purpose of the financial assets and is determined at the time of recognition.

Financial assets are initially measured at fair value plus transaction costs, other than those classified as fair value through profit and loss ("FVTPL"), which are measured at fair value.

Loans and receivables

Trade receivables, loans and other receivables that have fixed or determinable payments that are not quoted in an active market are classified as 'loans and receivables'. Loans and receivables are measured at amortised cost using the effective interest method, less any impairment.

Interest is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial. The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating the interest income over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the debt instrument to the net carrying amount on initial recognition.

Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership to another entity.

<u>Trade receivables</u>

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 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.

1.8 Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

Other financial liabilities

Other financial liabilities, including borrowings, are initially measured at fair value, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant year. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability to the net carrying amount on initial recognition.

1.8 Financial liabilities (continued)

Derecognition of financial liabilities

Financial liabilities are derecognised when, and only when, the company's obligations are discharged, cancelled, or they expire.

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.

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 year to redemption.

Convertible loan notes

Compound financial instruments issued by the Company comprise convertible loan notes 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 loan notes 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. Convertible loan notes 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 year.

1.9 Equity instruments

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. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.10 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense.

The cost of any unused holiday entitlement is recognised in the year in which the employee's services are received.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.11 Foreign exchange

Transactions in currencies other than United States Dollars are recorded at the rates of exchange prevailing at the dates of the transactions. At each reporting end date, monetary assets and liabilities that are denominated in foreign currencies are retranslated at the rates prevailing on the reporting end date. Gains and losses arising on translation are included in the income statement for the year.

1.12 Financial instruments

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.

1.13 Exceptional items

Items which are material either because of their size or their nature, and which are non-recurring, are presented within their relevant income statement category, but highlighted through separate disclosure. The separate reporting of exceptional items helps provide a better picture of the Company's underlying performance. Items which are included within the exceptional category include gains made on the redemption of preference shares and expenses on issue of ordinary share capital.

2 Critical accounting estimates and judgements

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised, if the revision affects only that year, or in the year of the revision and future periods if the revision affects both current and future periods.

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are outlined below.

Critical judgements

Deferred tax

The Company assumed that the deferred tax asset that arose during the year should not be recognised as a track record of profit is yet to be established. See note 9.

Carrying value of investments

The Company used a discount rate of 16.5% to assess the carrying value of its investments. The choice of discount rate was made based on comparisons with external data sources. We performed sensitivity analysis, including a reasonably possible reduction in assumed results, growth rates and cash flows. See note 12.

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 face value, the loans are carried at their face value and are repayable on demand. The interest free loans relate to loans issued by founders upon formation of the Company and payable only once all other shareholder loans have been settled or refinanced. The total value of these loans is $413,000 and they are disclosed as part of Shareholder Loans within Convertible Loan Notes.

3 Revenue

An analysis of the company's revenue is as follows:

	Year ended 31 July 2017 USD$ 000	Year ended 31 July 2016 USD$ 000
Integrated service fees	175	504

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.

4 Exceptional items

	Year ended 31 July 2017 USD$ 000	Year ended 31 July 2016 USD$ 000
Gain on redemption of preference shares	1,086	2,011
Expenses on issue of ordinary share capital	-	(254)
Impairment and write offs in relation to Sunbird Asset Finance Ltd	(1,972)	-
Impairment and write offs in relation to Sunbird Construction Services Ltd	(11,583)	-
Impairment and write offs in relation to other group companies	(2,180)	-
Write off of other loans	(648)	-
	(15,297)	1,757

Gain on redemption of preference shares

On 26 January 2017, an agreement was signed for the remaining 2,501 of the B Preference shares to be redeemed for a total redemption amount of $144,000 that was paid in cash between March and June 2017. A further $20,000 of costs were incurred in the settlement of the C preference shares that were settled in the prior year.

The redemption value represents a discount over the amounts initially recognised as consideration for the underlying investments in TFA Business Services Limited. The resulting gain of $1,086,000 has been recorded as an exceptional item.

Expenses on issue of ordinary share capital

As part of the fundraising effort, one off expenses were incurred in the fundraising and issue of A1 ordinary shares during the year. These expenses included third party costs.

Impairment of investment and intercompany loan in Sunbird Construction Services Limited

On 19 April 2018 the Directors approved the disposal of its construction services business which included the TFA business that was acquired. As a result of this disposal investments of $6,679,100 were impaired and loan amounts of $4,902,951 were written off.

4. Exceptional items (continued)

Impairment of investment and intercompany loan in Sunbird Asset Finance Limited

On 19 April 2018 the Directors approved the disposal of the developments business which included Sunbird Asset Finance Limited. As a result of this disposal investments of $1,063,672 were impaired and loan amounts of $908,524 were written off.

Impairment of investment in Other Group Companies

As part of a post year end restructuring Sunbird Facilities Management Limited was made dormant and Sunbird Support Services Limited was dissolved. As a result of this reorganisation loans to other Group Companies of $2,180,000 were written off.

Write off of Other Loans

Due to the restructure of the business the Company decided not to pursue two potential acquisitions to which loans had been made by companies in the Group, with funding for the loans being provided by the Company. These businesses were in construction and online training. As a result of no longer pursuing these acquisitions the directors have fully provided against the loans to group companies at year-end resulting in a charge of $648,000.

5 Operating loss

	Year ended 31 July 2017	Year ended 31 July 2016
	USD$ 000	USD$ 000
Operating loss for the year is stated after charging:		
Net foreign exchange losses	98	69
Fees payable to company's auditors and its associates for the audit of parent company and consolidated financial statements	198	56
Fees payable to the company's auditors for non-audit services		
- other services	5	114
- tax advisory services	3	27
Fees payable to associates of the company's auditors for other services		
- tax advisory services	-	32
Depreciation of property, plant and equipment	36	24

The fees payable to the auditors are split as follows, for the company is $64,898 (2016: $56,271) and for consolidation is $133,038.

6 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	Year ended 31 July 2017	Year ended 31 July 2016
	Number	**Number**
Administrative and support	11	9
Group employees remunerated from Company	8	8
	19	17

Their aggregate remuneration comprised:

	Year ended 31 July 2017	Year ended 31 July 2016
	USD$ 000	**USD$ 000**
Wages and salaries	1,093	1,422
Social security costs	44	97
Other employee expense	-	-
	1,137	1,519

7 Directors' remuneration

	Year ended 31 July 2017	Year ended 31 July 2016
	USD$ 000	**USD$ 000**
Remuneration for qualifying services	665	449

During the year, there were 7 directors (2016: 8) who were receiving remuneration.

Remuneration disclosed above included the following amounts paid to the highest paid director:

Remuneration for qualifying services	210	170

8 Finance costs

	Year ended 31 July 2017	Year ended 31 July 2016
	USD$ 000	USD$ 000
Interest expense on shareholder loans	334	349
Interest expense on other financing liabilities	727	389
	1,061	738

9 Income tax expense

The charge for the year can be reconciled to the loss per the income statement as follows:

	Year ended 31 July 2017	Year ended 31 July 2016
	USD$ 000	USD$ 000
Loss before taxation	(19,273)	(839)
Expected tax (credit) based on a corporation tax rate of 19% (2016: 20%)	(3,662)	(168)
Tax losses for which no deferred tax asset was recognised	3,662	168
Tax charge for the year	-	-

No tax was charged or credited to the Income Statement during the year (2016: $nil). The standard rate of corporation tax in the UK is 19% (2016: 20%). The differences are reconciled above.

Deferred tax

Unrecognised deferred tax consists of USD$ 4,335,000 (2016: USD $682,000) related to 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.

Changes to the UK corporation tax rates were substantively enacted as part of Finance Bill 2015 (on 26 October 2015) and Finance Bill 2016 (on 7 September 2016). These include reductions to the main rate to reduce the rate to 19% from 1 April 2017 and to 17 % from 1 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.

10 Dividends

The directors do not propose the payment of a dividend for the year ended 31 July 2017 (2016: nil).

11 Property, plant and equipment

	Furniture, fittings and equipment USD$ 000	Motor vehicles USD$ 000	Total USD$ 000
Cost			
At 1 August 2016	70	20	90
Additions for the year ended 31 July 2017	20	-	20
At 31 July 2017	90	20	110
Accumulated depreciation			
At 1 August 2016	24	12	36
Charge for the year ended 31 July 2017	29	7	36
At 31 July 2017	53	19	72
Carrying amount			
At 31 July 2017	37	1	38
At 31 July 2016	46	8	54

12 Investments

	2017 USD$ 000	2016 USD$ 000
Investments in subsidiaries	6,505	1,001
Investments in joint ventures	-	10,748
	6,505	11,749

The Company acquired a controlling interest in the ESBC Group and TFA Group on 1 August 2016 in accordance with the provision of IFRS10. These entities have been reclassified from joint ventures to subsidiaries from 1 August 2016.

During the year the Company made an investment of $2.5m to TFA Business Services Limited to settle liabilities that were acquired as part of the acquisition of the TFA Group

13 Subsidiaries

Details of the company's subsidiaries at 31 July 2017 are as follows:

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Sunbird Construction Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Property Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Asset Finance Limited	United Kingdom	100%	100%	Property development
Sunbird Support Services Limited	United Kingdom	100%	100%	Holding company
Sunbird TRSY Limited	United Kingdom	100%	100%	Group financing
Sunbird BPO Limited	United Kingdom	100%	100%	Holding company
Sunbird Group Limited	United Kingdom	100%	100%	Holding company
Sunbird Real Estate Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Facilities Management Limited	United Kingdom	100%	100%	Facilities Management
K2 Construction Services Limited	United Kingdom	100%	100%	Holding company
Sunbird Developments Limited	United Kingdom	100%	100%	Property development
Sunbird Consortium Support Services Limited	United Kingdom	100%	100%	Dormant
Sunbird Mauritius Limited	Mauritius	100%	100%	Holding company
TFA Business Services Limited	United Kingdom	100%	100%	Holding company
ESBC Property Services Limited	United Kingdom	99%	99%	Holding company
ESBC Uganda Limited	Uganda	100%	100%	Property services
ESBC Tanzania Limited	Tanzania	99%	99%	Property services

13 Subsidiaries (continued)

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
ESBC Kenya Limited	Kenya	100%	100%	Property services
Big Bird Holding Tanzania Limited	Tanzania	99%	99%	Holding company
Terra Firma Africa (Kenya) Limited	Kenya	100%	100%	Construction services
Terra Firma Developments (Tanzania) Limited	Tanzania	100%	100%	Construction services
TFA East African Investments Limited	Mauritius	100%	100%	Construction services
Procurement and Logistics do Indico	Mozambique	98%	98%	Construction services
TFA Zanzibar Limited	Tanzania	99%	99%	Construction services
Sunbird Support Services Kenya Limited	Kenya	100%	100%	Support services
Sunbird Support Service (Pty) Limited	South Africa	100%	100%	Facilities management
Yellow Line Limited	Tanzania	49%	49%	Construction services
Sunbird Business Services Limitada Mozambique	Mozambique	100%	100%	Dormant
ESBC Zambia Limited	Zambia	100%	100%	Dormant
ESBC Namibia Limited	Namibia	100%	100%	Dormant
ESBC Botswana Limited	Botswana	100%	100%	Dormant

Below are the registered offices in each country.

	Country	Registered office
1	United Kingdom	30 Millbank, London
2	Mauritius	4th floor, Ebene Skies Rue de J'Institut, Ebene Republic of Mauritius
3	Uganda	5th floor Rwenzori Tower, Kampala, Uganda
4	Tanzania	Kilwa House, Oysterterbay, Dar Es Salaam, Tanzania
5	Kenya	4th floor, Eden Square Complex, Westlands Nairobi, Kenya
6	South Africa	Westwood Building, 57 6th Rd Hyde Park, Johannesburg, South Africa
7	Mozambique	Mozambique, Maputo Cidade, DISTRITO URBANO 1, Rua Barnabe Thawe no 373
8	Zambia	3rd floor Mpile office Park, 74 Independence Avenue, Lusaka, Zambia
9	Botswana	Acumen Park, Plot 50370, Fairground, Gaborone
10	Namibia	Unit 5 Ground floor, Ausspann Plaza, Dr. Agostinho Neto Road, Windhoek, Namibia

13 Subsidiaries (continued)

Each of the investments listed are private companies for which there are no quoted market prices available for their shares.

Since year end the following entities have been dissolved as part of a rationalisation of the Group:

1) Sunbird Group Limited - dissolved 18.09.2018
2) Sunbird Support Services Limited - dissolved 30.10.2018
3) Sunbird Trsy Limited - dissolved 30.10.2018
4) Sunbird BPO Limited - dissolved 30.10.2018
5) Sunbird Real Estate Services Limited - dissolved 18.09.2018
6) Sunbird Consortium Support Services Limited - dissolved 18.09.2018

14 Joint ventures

Details of the company's joint ventures at 31 July 2017 are as follows:

Name of undertaking	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
Turinvest Turismo Imobilaria Limitada	Mozambique	50%	50%	Hotels

The Company interest in the joint venture is held indirectly through its subsidiary Sunbird Mauritius Limited.

15 Trade and other receivables

	2017 USD$ 000	2016 USD$ 000
Other receivables	13	303
Trade receivables	10	-
VAT recoverable	11	-
Amounts due from fellow group undertakings	629	3,886
Amounts due from joint ventures	-	492
Prepayments	195	126
	858	4,807

Trade receivables disclosed above are classified as loans and receivables and are therefore measured at amortised cost. Amounts due from fellow group undertakings are repayable on demand and are interest free.

16 Borrowings

	2017 USD$ 000	2016 USD$ 000
Unsecured borrowings at amortised cost		
Redeemable preference shares	-	2,364
Series B Notes	4,379	2,496
Revolver Debt	2,140	-
Other borrowings	488	-
	7,007	4,860

Analysis of borrowings

Borrowings are classified based on the amounts that are expected to be settled within the next 12 months and after more than 12 months from the reporting date, as follows:

	2017 USD$ 000	2016 USD$ 000
Current liabilities	6,480	1,460
Non-current liabilities	527	3,400
	7,007	4,860

Redeemable preference shares

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). These instruments were settled in the year at less than their carrying value leading to an exceptional gain of $1,086k in the year (note 4). The unpaid element of the settlement of $488,000 at year end has been reclassified to Other Borrowings as it is on a new loan agreement. (See below for terms of other Borrowings)

During the year ended 31 July 2017, there was a redemption of preference shares resulting in an exceptional gain as detailed and explained in Note 4.

Series B Notes

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 2017, the Company has issued USD $4,379,000 (2016: USD $2,496,000). Included in the balance is $69,166 of accrued interest (2016: $46,000). During the year an additional $1,860,000 of loan notes were issued. The Series B Notes are listed on the Bermudan stock exchange.

16 Borrowings (continued)

Revolver Debt

Revolver Debt are unsecured loans with a maturity of 360 days from issue. Interest on the loan is calculated at 9% per annum. During the year loan notes of $2,126,590 (2016: $Nil) were issue and accrued interest at the year end amounted to $13,233 (2016: $Nil).

Other Borrowings

Other borrowing consist of an unsecured loan that is repayable in monthly instalments over a period of three years with maturity in May 2019. Interest on the loan is calculated at the rate of 12% per annum on the principal at the end of the month.

17 Convertible loan notes

The liability component is measured at amortised cost, and the difference between the carrying amount of the liability at the date of issue and the amount reported in the statement of financial position represents the effective interest rate less interest paid to that date.

Principal

	2017 USD$ 000	2016 USD$ 000
Shareholder Loans	3,197	3,197
Series A Notes	1,350	2,000
	4,547	**5,197**
Liability component due within 12 months	100	2,000
Liability component due after 12 months	4,447	3,197
	4,547	**5,197**

Accrued Interest

	2017 USD$ 000	2016 USD$ 000
Shareholder Loans	674	493
Series A Notes	14	-
	688	**493**
Liability component due within 12 months	112	104
Liability component due after 12 months	576	389
	688	**493**

17 Convertible loan notes (continued)

Series A Notes

As at 31 July 2017, the Company held in issue USD $1,350,000 Series A Notes (2016: USD $2,000,000) 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 Note holder 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). During the year $1,000,000 of the instrument was converted to A1 equity and $1,000,000 was transferred to Series B Notes. New Series A Notes totalling $1,350,000 were issued in the year.

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 2017, the Company has $3,193,000 (2016: $3,193,000) outstanding of which $413,000 (2016: $413,000) were non-interest bearing, and an additional $674,000 (2016: $493,000) relating to accrued interest.

18 Trade and other payables

	2017 USD$ 000	2016 USD$ 000
Trade payables	304	310
Amounts due to fellow group undertakings	25	28
Accruals	563	399
Provisions	240	-
Social security and other taxation	-	50
Other payables	16	-
	1,148	787

Amounts due to fellow group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand. Included in accruals and provisions is an amount of $240,000 related to the settlement of employment liabilities for Sunbird Asset Finance Limited

19 Called up share capital and share premium account

	2017 USD$ 000	2016 USD$ 000
Ordinary share capital		
Authorised, allotted, called up and fully paid shares		
10,376,284 (2016: 6,572,199) A1 Ordinary shares of $0.01 each	104	66
8,336,112 (2016: 8,336,112) A2 Ordinary shares of $0.01 each	83	83
	187	149

19 Called up share capital and share premium account (continued)

Shares to be issued	100	-

At year end $100,000 of investment had been received but equity not issued.

	2017 USD$ 000	2016 USD$ 000
Share premium account		
Opening Balance	9,408	4,171
Issue of new A1 Ordinary shares	7,401	6,088
Share issue expenses	(200)	(851)
Closing Balance	16,609	9,408

During the year, 3,803,922 A1 Ordinary shares (2016: 3,362,450 A1 Ordinary shares) having an aggregate nominal value of USD $38,039 (2016: $33,625) were allotted for an aggregate consideration of USD $7,439,000 (2016: USD $6,122,000). The share premium was reduced by USD $200,000 (2016: USD $851,000) of expenses directly related to the fundraising of these shares.

During the year no new A2 Ordinary shares were allotted.

There is a third class of authorised shares, A3 Ordinary shares, which would be issued on conversion of the redeemable preference shares. To date, no such shares were issued.

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.

20 Accumulated losses

	2017 USD$ 000	2016 USD$ 000
At start of year	(3,410)	(2,571)
Loss for the year	(19,273)	(839)
At 31 July	(22,683)	(3,410)

21 Events after the reporting date

On 19 April 2018 the Directors agreed to dispose of the construction and developments businesses and focus on its core service lines of Serviced Offices and Facilities Management. A total of 8 entities as set out in note 13 were disposed of for nil consideration and as a result any investment or accounts receivable balances with these entities were impaired in the year leading to an exceptional loss as detailed in note 4 to these Financial Statements.

After disposal the Directors have undertaken a rationalisation of the Group entities and dissolved a further 6 entities as set out in note 13.

Post Year-end, the company raised $4,470,511 of equity through the issuance of new shares and $ 2,364,335 of debt through issuing a mixture of bonds and short term financing instruments.

Post year end $7,178,590 of borrowings were converted to a new three-year Bond instrument with a maturity date of 20 April 2021. This comprised $3,193,000 of Shareholder Loans, $2,450,000 Series B Notes, $1,435,590 Revolver Notes and $100,000 of Series A Notes. A further $163,333 of borrowings were settled in cash in June 2018, comprising $108,333 of Revolver Notes and $55,000 of Series B Notes. $180,000 of Series B Notes were settled by the issue of A1 equity. In addition, $855,000 of borrowings were extended for a further 360 days from agreement comprising $480,000 of Revolver Notes and $375,000 of Series B Notes. Of these $730,000 mature on 14 April 2019 and $125,000 mature on 25 June 2019.

22 Related party transactions

Remuneration of key management personnel

The remuneration of the directors, who are key management personnel, is set out below in aggregate for each of the categories specified in IAS 24 Related Party Disclosures.

	Year ended 31 July 2017	Year ended 31 July 2016
	USD$ 000	USD$ 000
Short-term employee benefits	567	623
	567	623

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

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 year ended 31 July 2017, the Company has made a provision of $41,000 (2016: USD $nil) for doubtful debts relating to amounts owed by related parties. The amount was owed by Britkit Productions Limited, a Company that was controlled by Michael Aldridge and William Sykes who are Directors of the Company and has ceased trading since year end.

In addition, the Company paid USD $57,351 (2016: USD $113,000) of rent, of which USD $22,194 (2016: $nil) is outstanding at the year end to RMAI Limited, a company which Mr Michael Aldridge, a Director of the Company, is also a Director of.

The following amounts were outstanding at the reporting end date:

22 Related party transactions (continued)

	Amounts owed by related parties		Amounts owed to related parties	
	2017 USD$ 000	2016 USD$ 000	2017 USD$ 000	2016 USD$ 000
Subsidiaries	629	-	25	28
Joint ventures	-	492	-	-
Fellow group undertakings	-	3,886	-	-
	629	4,378	25	28

No guarantees have been given or received.

23 Controlling party

Mr William Sykes and Mr Michael Aldridge have a majority shareholding between them. They are also directors of the Company.

24 Cash absorbed by operations

	2017 USD$ 000	2016 USD$ 000
Loss for the year after tax	(19,273)	(839)
Adjustments for:		
Finance costs	1,061	738
Depreciation for property, plant and equipment	36	24
Exceptional items	15,297	(2,011)
Movements in working capital:		
Decrease/(Increase) in trade, VAT and other receivables	269	(83)
Increase in trade and other payables	361	190
Increase in prepayments	(69)	(107)
Cash absorbed by operations	(2,318)	(2,088)

25 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 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.

Year ended 31 July 2017	Less than 1 year USD $ 000	Between 1 and 2 years USD $ 000	Over 2 years USD $ 000
Borrowings	6,480	527	-
Convertible Loan note	212	1,250	3,773
Trade and other payables	1,148	-	-
	7,840	1,777	3,773

Year ended 31 July 2016	Less than 1 year USD $ 000	Between 1 and 2 years USD $ 000	Over 2 years USD $ 000
Borrowings	3,460	3,400	3,690
Trade and other payables	737	-	-
	4,197	3,400	3,690

25 Financial instruments (continued)

The Company's financial assets as at 31 July 2017 are cash of cash equivalent of $202,000 (2016: $874,000) and trade and other receivables excluding prepayments of $663,000 (2016: $4,681,000)

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 year 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

	2017 USD$ 000	**2016 USD$ 000**
Total borrowings including preference shares	12,242	10,550
Less: cash and cash equivalents	(202)	(874)
Net debt	12,040	9,676
Total equity	(5,787)	6,147
Total capital	6,253	15,823
Gearing ratio	192%	61%

The Company's strategy is to reduce the gearing ratio to 50% in the medium to longer term.

The company is not subject to any externally imposed capital requirements.