

SONS Investments Ltd

Financial Statements

For the year ended 31 December 2018

SONS Investments Ltd
Financial statements for year ended 31 December 2018

Contents	PAGE
Corporate data	1
Commentary of the directors	2
Independent auditors' report	3 - 6
Statement of profit or loss and other comprehensive income	7
Statement of financial position	8
Statement of changes in equity	9
Statement of cash flows	10
Notes to the financial statements	11 - 35

SONS Investments Ltd
Corporate data

		Date appointed	Date resigned
Directors	: Peter McAllister Todd Niall Carroll Miles Walton	May 5, 2016 May 5, 2016 July 7, 2016	- - -
Registered Office	: Coastal Building Wickham's Cay II P. O. Box 2221 Road Town, Tortola British Virgin Islands		
Administration & : Secretary	GB Fund Services Ltd Coastal Building Wickham's Cay II P. O. Box 2221 Road Town, Tortola British Virgin Islands		
Investment Manager :	CG Management Services Ltd Coastal Building Wickham's Cay II P. O. Box 2221 Road Town, Tortola British Virgin Islands		
Auditor	: Baker Tilly 1st Floor CyberTower One Ebène 72201 Mauritius		
Banker	: Standard Bank 47-49 La Motte Street St. Helier Jersey JE2 4SZ Channel Islands		
BSX Listing Sponsor	: Global Custody and Clearing The LOM Building 27 Reid Street Hamilton, HM 11 Bermuda		

SONS Investments Ltd
Commentary of the directors
Financial statements for the year ended 31 December 2018

The directors present the audited financial statements of SONS Investments Ltd, (the “Fund”), for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The Fund is recognised as an Approved Fund under the Securities and Investment Business Act, 2010, as amended by the laws of the British Virgin Islands. The investment objective of the Fund is to achieve superior risk-adjusted real returns by investment in a range of listed and unlisted equities, bonds, commodities, derivatives, futures, mutual funds and related instruments. Any funds selected will offer a spread of investments across geographic regions and asset classes. The Fund is authorised to issue 40,000 Class A Preference Shares, 9,000 Class B Ordinary Shares and 1,000 Management Shares.

The Fund has listed 10,000 class A non-voting redeemable preference shares on the Bermuda Stock Exchange (BSX).

RESULTS

The results for the year are shown in the accompanying financial statements and related notes.

DIRECTORS

The present membership of the Board is set out on page 1.

STATEMENT OF DIRECTORS’ RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

The Fund’s directors are responsible for the preparation and fair presentation of the financial statements, comprising the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and the notes to the financial statements, which include a summary of significant accounting policies and other explanatory notes, in accordance with International Financial Reporting Standards.

The directors’ responsibilities include: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of these financial statements that are free from material misstatement, whether due to fraud or error, selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

The directors have made an assessment of the Fund’s ability to continue as a going concern and have no reason to believe that the business will not be a going concern in the year ahead.

AUDITOR

The auditor, Baker Tilly, has expressed its willingness to continue in office until the next Annual Meeting.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF SONS INVESTMENTS LTD

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of SONS Investments Ltd (the Fund) on pages 7 to 35, which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended 31 December 2018, and the notes to the financial statements, comprising a summary of significant accounting policies and other explanatory information.

In our opinion, the financial statements for the year ended 31 December 2018 on pages 7 to 35:

- (i) have been prepared in accordance with and comply with International Financial Reporting Standards ("IFRS");
- (ii) give a true and fair view of the matters to which they relate;
- (iii) present fairly the financial position of the Company for the year ended 31 December 2018 and its financial performance, changes in equity and cash flows for the year ended on that date; and

Basis for opinion

We conducted our audit in accordance with International Standards on Audit (ISAs). Our responsibilities under those standards are further described in the *Auditors' responsibilities for the audit of the financial statements* section of our report. We are independent of the Fund in accordance with International Ethics Standards Board for Accountants *Code of Ethics for professional Accountants* (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significant in our audit of the financial statements of the current period. These matters 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.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SONS INVESTMENTS LTD (CONTINUED)**

Report on the Audit of the Financial Statements (continued)

Key audit matters (Continued)

Valuation of unquoted financial assets at fair value through profit or loss.

Refer to Notes 2(e), 5 and 8 of the financial statements.

<i>The key audit matter</i>	<i>How the matter was addressed in our audit</i>
<p>The financial asset at fair value through profit or loss consist of an unquoted investment in CG Industries Holdings Ltd and represented 93% of the Fund's total assets at year end. This investment is the main driver of the Fund's Performance.</p> <p>The valuation of unquoted investment involves significant judgement by management with respect to:</p> <ul style="list-style-type: none"> • determining whether a market approach using traded EBITDA and profit multiples is the appropriate valuation techniques to be used; and • the selection of suitable multiples of comparable public companies to be included in the valuation. <p>Considering the significant judgement involved and the magnitude and significance of the balance in the financial statements, the valuation of financial assets at fair value through profit or loss required significant auditor's attention and was thus considered a key audit matter.</p>	<p>Our audit procedures performed included amongst others:</p> <ul style="list-style-type: none"> • We assessed the appropriateness of the valuation techniques used by management by considering the nature of the business of the investee and the industry practice for valuing such types of business. • We challenged the use of the EBITDA and profit multiples in the valuation and key underlying financial data inputs by comparing and benchmarking them to external market sources and the investee company's financial statements. • We re-performed the calculation of the value of financial assets at fair value through profit or loss at period end by using the tested assumptions and key financial data inputs adjusted for the percentage holding in the investee company. • The percentage holding in the investee company was agreed to the investment confirmation received from the investee company.

Other Matter

We draw attention to the fact that we were appointed as auditor for the Company for the first time for the year ended 31 December 2018 on 18 April 2019. The financial statements for the year ended 31 December 2017 were audited by another auditor who expressed an unqualified opinion thereon on 18 December 2018. Our opinion is not qualified in this respect.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SONS INVESTMENTS LTD (CONTINUED)**

Report on the Audit of the Financial Statements (continued)

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. In preparing the financial statements, the directors are responsible for assessing the Fund's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going basis of accounting unless the directors either intent to liquidate the Fund or to cease operations, or have no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statement 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 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.

As part of an audit in accordance with IISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and performed audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Fund's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Fund's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Fund to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

**INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF SONS INVESTMENTS LTD (CONTINUED)**

Report on the Audit of the Financial Statements (continued)

Other Information

The directors are responsible for the other information. The other information comprises the Corporate data and Commentary of the directors.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibilities 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, 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 in this regard.



Baker Tilly

Date: 30 August 2019

SONS Investments Ltd
Statement of profit or loss and other comprehensive income
For the year ended 31 December 2018

		For the period from 5 May 2016 (date of incorporation) to
	31 December 2018	31 December 2017
Notes	USD	USD
INCOME		
Net unrealised gains on financial assets at fair value through profit or loss	5	8,769,939
Net realised losses on financial assets at fair value through profit or loss		10,382,961
Other income		-
Interest income		(7,923)
		18,000
		50
Total income		13,580
EXPENSES		
Performance fees	6	1,174,741
Investment management fees	6	692,460
Administration fees		24,000
Registration fees		1,100
Miscellaneous		325
Bank charges		76
Commissions and other fees		-
Total expenses		3,000
		1,892,702
		2,660,182
Profit before taxation		6,877,287
		7,746,436
Taxation	3(f)	-
		-
Profit for the year/period		6,877,287
		7,746,436
Other comprehensive income for the year/period, net of tax		-
		-
Total comprehensive income for the year/period		6,877,287
		7,746,436

The notes on pages 11 to 35 form an integral part of these financial statements.

SONS Investments Ltd
Statement of financial position
As at 31 December 2018

		2018	As restated 2017
	Notes	USD	USD
ASSETS			
Non-current assets			
Financial assets at fair value through profit or loss	5	49,130,565	40,360,626
Due from related parties		7,833	-
		<u>49,138,398</u>	<u>40,360,626</u>
Current assets			
Cash and cash equivalents		3,438,504	6,027,742
Other receivables		9,100	100
		<u>3,447,604</u>	<u>6,027,842</u>
Total assets		<u>52,586,002</u>	<u>46,388,468</u>
EQUITY			
Class A shares	9	36,000,000	36,000,000
Class B shares		216,260	-
Management shares		100	100
Retained earnings		14,416,463	7,746,436
Total equity		<u>50,632,823</u>	<u>43,746,536</u>
Current liabilities			
Accruals and payables	7	1,953,179	2,641,932
Total equity and liabilities		<u>52,586,002</u>	<u>46,388,468</u>

Approved and authorised for issue by the Board of Directors on 30 August 2019 and signed on its behalf by:



 DIRECTOR



 DIRECTOR

The notes on pages 11 to 35 form an integral part of these financial statements.

SONS Investments Ltd
Statement of changes in equity
For the year ended 31 December 2018

	Management shares USD	Class A USD	Class B USD	Retained earnings USD	Total USD
2018					
Opening balance as at 01 January 2018	100	36,000,000	-	7,746,436	43,746,536
Issue of shares	-	-	9,000	-	9,000
Profit for the year	-	-	207,260	6,670,027	6,877,287
Balance as at 31 December 2018	100	36,000,000	216,260	14,416,463	50,632,823
2017					
Opening balance as at 05 May 2016	-	-	-	-	-
Issue of shares	100	36,000,000	-	-	36,000,100
Profit for the year	-	7,746,436	-	-	7,746,436
Balance as at 31 December 2017, as previously reported	100	43,746,436	-	-	43,746,536
Transfer to retained earnings (Note 13)	-	(7,746,436)	-	7,746,436	-
Balance as at 31 December 2017, as restated	100	36,000,000	-	7,746,436	43,746,536

The notes on pages 11 to 35 form an integral part of these financial statements.

SONS Investments Ltd
Statement of cash flows
For the year ended 31 December 2018

	Notes	For the period from 5 May 2016 (date of incorporation) to	
		31 December 2018	31 December 2017
		USD	USD
Cash flows from operating activities			
Profit before taxation		6,877,287	7,746,436
<i>Adjustment for:</i>			
Net realised losses on financial assets at fair value through profit or loss		-	7,923
Net unrealised gains on financial assets at fair value through profit or loss	5	(8,769,939)	(10,382,961)
<i>Operating loss before working capital changes</i>		<u>(1,892,652)</u>	<u>(2,628,602)</u>
Changes in working capital			
Change in accruals and payables		(688,753)	2,641,932
Change in other receivables		(9,000)	-
Changes in amounts due from related parties		(7,833)	-
		<u>(2,598,238)</u>	<u>13,330</u>
Acquisition of investments		-	(33,985,588)
Disposal of investments		-	4,000,000
Net cash used in operating activities		<u>(2,598,238)</u>	<u>(29,972,258)</u>
Cash flow from financing activities			
Issuance of class A preference shares	9	-	36,000,000
Issuance of class B ordinary shares		9,000	-
Net cash generated from financing activities		<u>9,000</u>	<u>36,000,000</u>
Net (decrease)/increase in cash and cash equivalents		(2,589,238)	6,027,742
Cash and cash equivalents at beginning of year/period		6,027,742	-
Cash and cash equivalents at 31 December		<u><u>3,438,504</u></u>	<u><u>6,027,742</u></u>

The notes on pages 11 to 35 form an integral part of these financial statements.

1. REPORTING ENTITY

SONS Investments Ltd (the “Fund”), was incorporated in British Virgin Islands (BVI) on 5 May 2016. The registered office of the Fund is at Coastal Building, Wickham’s Cay II, P. O. Box 2221, Road Town, Tortola, British Virgin Islands. The Fund is an “Approved Fund” within the meaning of the Securities and Investment Business Act, 2010 (as amended and including the Mutual Funds Regulations, 2010 and any other regulations made under this Act) (SIBA). According to the prospectus of the Fund, the Fund may only issue shares to persons who are “Professional Investors” within the meaning of SIBA and the minimum subscription per investor in the Fund shall not be less than USD 100,000 or its equivalent in another currency. The Fund is authorised to issue 40,000 Class A Preference Shares, 9,000 Class B Ordinary Shares and 1,000 Management Shares.

The Fund has listed 10,000 class A non-voting redeemable preference shares on the Bermuda Stock Exchange (BSX), of which 3,600 shares have been issued.

The objective of the Fund is to achieve excellent absolute returns on its investment capital as well as to preserve this capital in times of declining markets.

The Investment Manager, CG Management Services Ltd., will supervise and assist in the management of the Fund.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements as at and for the year ended 31 December 2018 have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (IASB).

(b) Basis of measurement

The financial statements are prepared on the going concern basis using the historical cost convention, except for financial instruments at fair value through profit or loss which are carried at the fair value as disclosed in the accounting policies thereafter.

Management concluded that the Fund meets the definition of an investment entity under IFRS 10 Consolidated financial statements as the Fund is allowed to obtain capital from more than one investor, invests solely for returns from capital appreciations and measures and evaluates the performance of all of its investments on a fair value basis. As a result, the Fund’s accounting policy is to measure all its investments at fair value through profit or loss.

(c) Functional and presentation currency

These financial statements are presented in United States Dollars (“USD”), which is the Fund’s functional currency. All financial information presented in USD has been rounded to the nearest unit except when otherwise indicated.

(d) Use of estimates and judgements

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and

2. BASIS OF PREPARATION (CONTINUED)

(d) Use of estimates and judgements (continued)

underlying assumptions are reviewed on an ongoing basis. Revisions to estimates are recognised prospectively.

(i) Judgements

Going concern

The Fund's management has made an assessment of the Fund's ability to continue as a going concern and is satisfied that the Fund has the resources to continue in business for the foreseeable future. Furthermore, management is not aware of any material uncertainties that may cast doubt upon the Fund's ability to continue as a going concern. Therefore, the financial statements continue to be prepared on the going concern basis.

Functional currency

The Fund's primary capital-raising currency is the United States Dollar ("USD") and the Fund's performance and liquidity are evaluated and managed in USD. Therefore, the Fund considers the USD as the currency that most faithfully represents the economic effects of the underlying transactions, events and condition.

Investment entity

Currently, the Fund does not have several investors and has a single investment due to the fact that the Fund is a start-up entity. However, management concluded that the Fund meets the definition of an investment entity under IFRS 10 Consolidated financial statements as the Fund is allowed to obtain capital from more than one investor, invests solely for returns from capital appreciations and measures and evaluates the performance of all of its investments on a fair value basis. As a result, the Fund's accounting policy is to measure all its investments at fair value through profit or loss.

(ii) Estimates and assumptions

Information about critical estimates and assumptions in applying accounting policies that have the most significant effect on the amount recognised in the financial statements is included in the following notes or accounting policies:

- Notes 2(e) and 8 on fair value of financial instruments.

(e) Measurement of fair values

A number of the Fund's accounting policies and disclosures require the measurement of fair values, for both financial assets and liabilities.

The Fund has an established control framework with respect to the measurement of fair values.

The Board of directors regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair values, then the Board of directors assesses the evidence obtained from the third parties to support the conclusion that such valuations meet the requirements of IFRS, including the level in the fair value hierarchy in which such valuations should be classified.

2. BASIS OF PREPARATION (CONTINUED)

(e) Measurement of fair values (continued)

When measuring the fair value of an asset or a liability, the Fund uses market observable data as far as possible. Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Fund recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 8 – Financial Risk Management.

(f) Changes in accounting policies

Amendments to IFRS 9 Financial Instruments

The Fund early adopted IFRS 9 Financial Instruments on its effective date of 1 January 2018. IFRS 9 replaces IAS 39 Financial Instruments: Recognition and Measurement and introduces new requirements for classification and measurement, impairment and hedge accounting. IFRS 9 is not applicable to items that have already been derecognised at 1 January 2018, the date of initial application.

(a) Classification and measurement

The Fund has assessed the classification of financial instruments as at the date of initial application and has applied such classification retrospectively. Based on that assessment:

- All financial assets previously held at fair value continue to be measured at fair value.
- Financial assets previously classified as loans and receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. Thus, such instruments continue to be measured at amortised cost under IFRS 9.
- The classification of financial liabilities under IFRS 9 remains broadly the same as under IAS 39. The main impact on measurement from the classification of liabilities under IFRS 9 relates to the element of gains or losses for financial liabilities designated as at fair value through profit or loss attributable to changes in credit risk. IFRS 9 requires that such element be recognised in other comprehensive income (OCI), unless this treatment creates or enlarges an accounting mismatch in profit or loss, in which case, all gains and losses on that liability (including the effects of changes in credit risk) should be presented in profit or loss. The Fund has not

2. BASIS OF PREPARATION (CONTINUED)

(f) *Changes in accounting policies (continued)*

Amendments to IFRS 9 Financial Instruments (continued)

(a) Classification and measurement (continued)

- designated any financial liabilities at fair value through profit or loss. Therefore, this requirement has not had an impact on the Fund.

(b) Impairment

IFRS 9 requires the Fund to record expected credit losses (ECLs) on all of its debt securities, loans and trade receivables, either on a 12-month or lifetime basis. Given the limited exposure of the Fund to credit risk, this amendment has not had a material impact on the financial statements. The Fund only holds trade receivables with no financing component and that have maturities of less than 12 months at amortised cost. Therefore, it has adopted an approach similar to the simplified approach to ECLs.

(c) Hedge accounting

The Fund has not applied hedge accounting under IAS 39 nor will it apply hedge accounting under IFRS 9.

Impact of adoption of IFRS 9

The classification and measurement requirements of IFRS 9 have been adopted retrospectively as of the date of initial application on 1 January 2018. However, the Fund has chosen to take advantage of the option not to restate comparatives. Therefore, the prior year figures are presented and measured under IAS 39. The following table shows the original measurement categories in accordance with IAS 39 and the new measurement categories under IFRS 9 for the Fund's financial assets and financial liabilities as at 1 January 2018:

<i>Financial assets</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
			USD	USD
Fair Value Through Profit and Loss	Fair Value	Fair Value	40,360,626	40,360,626
Other receivables	Other Financial Assets	Amortised Cost	100	100
Cash and cash equivalents	Loans and receivables	Amortised cost	6,027,742	6,027,742
Total financial assets			46,388,468	46,388,468
<i>Financial liabilities</i>	Original classification under IAS 39	New classification under IFRS 9	Original carrying amount under IAS 39	New carrying amount under IFRS 9
Accruals and payables	Other financial liabilities	Amortised cost	2,641,932	2,641,932
Total financial liabilities			2,641,932	2,641,932

2. BASIS OF PREPARATION (CONTINUED)

(f) *Changes in accounting policies (continued)*

Amendments to IFRS 9 Financial Instruments (continued)

Impact of adoption of IFRS 9 (continued)

In line with the characteristics of the Fund's financial instruments as well as its approach to their management, the Fund neither revoked nor made any new designations on the date of initial application. IFRS 9 has not resulted in changes in the carrying amount of the Fund's financial instruments due to changes in measurement categories. All financial assets that were classified as loans and receivables and measured at amortised cost continue to be.

There will be no impact on the Fund's accounting for financial liabilities, as the new requirements only affect the accounting for financial liabilities that are designated at fair value through profit or loss and the Fund does not have any such liabilities.

Overall, there has been no material impact.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently in these financial statements by the Fund.

(a) *Financial instruments*

(i) *Classification*

The Fund has classified financial assets and financial liabilities into the following categories:

Financial assets at fair value through profit or loss:

- *Designated as at fair value through profit or loss - investments in equity securities*

The Fund designates all investments at fair value through profit or loss on initial recognition because it manages these securities on a fair value basis in accordance with its documented investment strategy. Internal reporting and performance measurement of these securities are on a fair value basis. After initial measurement, the Fund measures financial instruments which are classified as at fair value through profit or loss at fair value. Subsequent changes in the fair value of those financial instruments are recorded in 'Net gain or loss on financial assets at fair value through profit or loss'.

Financial assets at amortised cost:

- *Loans and receivables – cash and cash equivalents and receivables*

A non-derivative financial asset with fixed or determinable payments may be classified as a loan and receivable unless it is quoted in an active market, or it is asset for which the holder may not recover substantially all of its initial investment, other than because of credit deterioration.

Loans and receivables are measured at amortised cost using the effective interest method less allowance for impairment, if any.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) *Financial instruments (continued)*

(i) *Classification (continued)*

Financial liabilities at amortised cost:

Other liabilities – accounts accruals and other payables and net assets attributable to holders of redeemable participating shares.

Financial liabilities, other than those classified as at fair value through profit or loss, are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the amortisation process.

(ii) *Recognition and initial measurement*

Financial assets and financial liabilities at fair value through profit or loss are initially recognised on the trade date, which is the date on which the Fund becomes a party to the contractual provisions of the instrument. Other financial assets and financial liabilities are recognised on the date on which they are originated.

Financial assets and financial liabilities at fair value through profit or loss are initially recognised at fair value, with transaction costs recognised in profit or loss. Financial assets or financial liabilities not at fair value through profit or loss are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue.

(iii) *Fair value measurement*

‘Fair value’ is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date in the principal or, in its absence, the most advantageous market to which the Fund has access at that date. The fair value of a liability reflects its non-performance risk. A market is regarded as ‘active’ if transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. If there is no quoted price in an active market, then the Fund uses valuation techniques that maximise the use of relevant observable inputs and minimise the use of unobservable inputs. The chosen valuation technique incorporates all of the factors that market participants would take into account in pricing a transaction. The Fund recognises transfers between levels of the fair value hierarchy as at the end of the reporting period during which the change has occurred.

(iv) *Amortised cost measurement*

The amortised cost of a financial asset or financial liability is the amount at which the financial asset or financial liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between the initial amount recognised and the maturity amount, minus any reduction for impairment.

(v) *Impairment*

A financial asset not classified at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence of impairment. A financial asset or a group of financial assets is ‘impaired’ if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset(s) and that loss event(s) had an impact on the estimated future cash flows of that asset(s) that can be estimated reliably.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(v) Impairment (continued)

Objective evidence that financial assets are impaired includes significant financial difficulty of the borrower or issuer, default or delinquency by a borrower, restructuring of the amount due on terms that the Fund would not otherwise consider, indications that a borrower or issuer will enter bankruptcy, or adverse changes in the payment status of the borrowers.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against receivables. Interest on the impaired asset continues to be recognised. If an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, then the decrease in impairment loss is reversed through profit or loss.

(vi) Derecognition

The Fund derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Fund neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

On derecognition of a financial asset, the difference between the carrying amount of the asset (or the carrying amount allocated to the portion of the asset that is derecognised) and the consideration received (including any new asset obtained less any new liability assumed) is recognised in profit or loss. Any interest in such transferred financial assets that is created or retained by the Fund is recognised as a separate asset or liability.

The Fund enters into transactions whereby it transfers assets recognised on its statement of financial position, but retains either all or substantially all of the risks and rewards of the transferred assets or a portion of them. If all or substantially all of the risks and rewards are retained, then the transferred assets are not derecognised. Transfers of assets with retention of all or substantially all of the risks and rewards include sale and repurchase transactions.

The Fund derecognises a financial liability when its contractual obligations are discharged or cancelled, or has expired.

(vii) Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Fund has a legal right to offset the amounts and it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis for gains and losses from financial instruments at fair value through profit or loss and foreign exchange gains and losses.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(a) Financial instruments (continued)

(viii) Specific instruments

Cash and cash equivalents

Cash comprise cash balances and call deposits with maturities of three months or less from the acquisition date that are subject to an insignificant risk of changes in their value, and are used by the Fund in the management of its short-term commitments.

Accruals and payables

Accruals and payables are carried at amortised cost using the effective interest method.

Class A preference shares

The class A preference shares are redeemable at the option of the holder after a period of three years from the subscription date and are classified as financial liabilities. Class A preference shares are measured at the present value of the redemption amounts.

(b) Share capital

Share capital consists of management shares and the Class B ordinary shares. Management shares are classified as equity but they are non-participating. Incremental costs directly attributable to the issue of management shares are recognised as a deduction from equity, net of any tax effects.

(c) Interest income

Interest income, including interest income from non-derivative financial assets at fair value through profit or loss, are recognised in profit or loss, using the effective interest method.

The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial instrument (or, when appropriate, a shorter period) to the carrying amount of the financial instrument.

When calculating the effective interest rate, the Fund estimates future cash flows considering all contractual terms of the financial instrument, but not future credit losses. Interest received or receivable are recognised in profit or loss as interest income.

(d) Expenses

All expenses are accounted for in profit or loss on the accrual basis.

(e) Net gain/loss from financial instruments at fair value through profit or loss

Net gain/loss from financial instruments at fair value through profit or loss includes all realised and unrealised fair value changes and foreign exchange differences, but excludes interest and dividend income, and dividend expense on securities sold short.

3. SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) Taxation

The Fund is not required to pay any income taxes under the British Virgin Islands Income Tax Act. Furthermore, the investors in the Fund will not have to pay any British Virgin Islands income taxes or capital gains taxes on payments received from the Fund. Provided the Fund has no employee in the British Virgin Islands, the Fund will have no liability to British Virgin Islands payroll taxes.

Capital gains realised with respect to any shares of the Fund are exempt from income tax in the British Virgin Islands and there are no estate, inheritance, succession or gift taxes payable in the British Virgin Islands with respect to any shares of the Fund. The only taxes payable by the Fund are withholding taxes applicable to certain investment income.

(g) Foreign currency

Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency of the Fund at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for effective interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period.

Non-monetary assets and liabilities that are measured at fair value in a foreign currency are retranslated to the functional currency at the exchange rate at the date that the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are generally recognised in the profit or loss.

4. NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS EFFECTIVE AFTER 1 JANUARY 2018

A number of new standards, amendments to standards and interpretations are effective for annual periods beginning after 01 January 2018. The following standards and amendments to standards are relevant to the Company but have not been early adopted in preparing these financial statements:

IFRS 16 Leases

IFRS 16 was published in January 2016. It sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, i.e. the customer ('lessee') and the supplier ('lessor'). IFRS 16 replaces the previous leases Standard, IAS 17 Leases, and related Interpretations. IFRS 16 includes a single model for lessees which will result in almost all leases being included in the Statement of Financial Position. No significant changes have been included for lessors. IFRS 16 also includes extensive new disclosure requirements for both lessees and lessors. IFRS 16 is effective for annual periods beginning on or after January 1, 2019, but early adoption is permitted. The Company has no leases and expects the adoption of this standard to have no impact on the financial statements.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

	2018 USD	2017 USD
<i>Cost:</i>		
Balance at beginning of the year/period	29,977,665	-
Additions	-	33,985,588
Disposals	-	(4,007,923)
Balance at end of year/period	<u>29,977,665</u>	<u>29,977,665</u>
<i>Unrealised gains and losses:</i>		
Balance at beginning of year/period	10,382,961	-
Movement during the year/period	8,769,939	10,382,961
Balance at end of year/period	<u>19,152,900</u>	<u>10,382,961</u>
Fair value	49,130,565	40,360,626

As at 31 December 2018, the Fund holds 1,055 Ordinary Shares in CG Industrial Holdings Ltd, a company incorporated in the British Virgin Islands and representing a total percentage ownership of 72%.

At 31 December 2018, the following balances relate to the Fund's involvement with its unconsolidated subsidiaries.

5. FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS (CONTINUED)

Name of entity	Country of incorporation	Carrying amount included in investments at fair value through profit or loss
		2018
		USD
CG Industrial Holdings Ltd	British Virgin Islands	49,130,565
Maximum exposure to loss		49,130,565
		2017
		USD
CG Industrial Holdings Ltd	British Virgin Islands	40,360,626
Maximum exposure to loss		40,360,626

CG Industrial Holdings Ltd is an investment holding company with interests in businesses in the Middle East servicing the construction and events infrastructure industries.

CG Industrial Holdings Ltd has 100% economic interest in Al Laith Group Investments LLC. Therefore, SONS Investments Ltd has an effective ownership of 72% in Al Laith Group Investments LLC through CG Industrial Holdings Ltd. Al Laith Group Investments LLC is engaged in the business of scaffolding services, events management, aerial work platforms and mast climbing work, platform sales and rentals and hiring of plant and tools.

Details of the fair value measurement is provided in Note 8.

6. PERFORMANCE FEES AND MANAGEMENT FEES

The Investment Manager will be entitled to receive, for each calendar quarter, a performance fee paid quarterly in arrears with respect to each series of shares outstanding during such calendar quarter. The performance fee will be an amount equal to 20% of the appreciation in the net asset value of each Series of Shares in excess of the high water mark and the hurdle rate for such calendar quarter before giving effect to the performance fee. The hurdle rate shall be 5% per annum. The performance fee is subject to a high water mark, pursuant to which such performance fee is only paid on new appreciation in the net asset value of each series of shares. Performance fees for the year amounted to **USD 1,174,741** (2017: USD 1,542,239).

The Fund will pay a management fee to the Investment Manager equal to 2% per annum of the net asset value of each series of shares calculated and accrued monthly and, payable in arrears as of the last day of each quarter (adjusted for subscriptions and redemptions made during the relevant month). Management fee for the year amounted to **USD 692,460** (2017: USD 1,078,693).

7. ACCRUALS AND PAYABLES

	<u>2018</u>	<u>2017</u>
	USD	USD
Payable to the Investment Manager (note 10)	1,908,179	2,620,932
Payable to the Administrator (note 10)	45,000	21,000
	<u>1,953,179</u>	<u>2,641,932</u>

Amount payable to related party are repayable on demand and are interest free.

8. FINANCIAL RISK MANAGEMENT

The Fund has exposure to the following risks from financial instruments:

- market risk
- credit risk
- liquidity risk

This note presents information about the Fund's objectives, policies and processes for measuring and managing risk, and the Fund's management of capital.

(a) Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and equity prices will affect the Fund's income or the fair value of its holdings of financial instruments. The Fund's equity are susceptible to market risk arising from uncertainties about future prices of the instruments. Since all securities investments present a risk of loss of capital, the investment manager of the shareholder moderates this risk through a careful selection of securities and other financial instruments.

(i) Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchange rates. The Fund is not exposed to foreign currency risk since all its financial assets and financial liabilities are denominated in USD.

(ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Fund has no recourse to debt financing. All investments are financed with the capital contribution of its shareholder. All the Fund's financial assets, except the bank deposits, and liabilities are non-interest bearing. As such, the Fund is not subject to significant risk due to fluctuations in the prevailing levels of the market interest rates. However, interest income from bank deposits may fluctuate in amount, in particular due to changes in the interest rates. The Fund does not seek to maximise interest income in view of its policy to achieve a superior risk-adjusted return through medium term and long term capital appreciation of its investments. The impact of a change in interest rate is not expected to be material and therefore no interest rate sensitivity analysis has been disclosed.

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Fund, resulting in a financial loss to the Fund.

Financial assets that potentially expose the Fund to credit risk consist principally of cash and cash equivalents. The extent of the Fund's exposure to credit risk in respect of these financial assets approximates their carrying values as at reporting date. The carrying amount of financial assets represents the maximum credit exposure. The credit risk for the cash and cash equivalents amounting to USD 3,438,504 (2017: USD 6,027,742) is considered negligible, since the Fund transacts with a reputable financial institution. As at reporting date, the Fund's credit risk exposure was concentrated 100% on cash at bank. Credit risk on receivable for unpaid share capital is negligible.

None of the above financial assets are secured by collateral or other credit enhancements and are not past due nor impaired.

(c) Liquidity risk

Liquidity risk is the risk that the Fund will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Fund's policy and the investment manager's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Fund's reputation.

The Fund's liquidity risk is reduced substantially as the Fund has no recourse to debt financing. All investments are financed with the capital from its shareholders. At reporting date, the Fund has invested in a single unlisted company with fair value of USD 49,130,565 (2017: 40,360,626) - Note 5. As a result, the Fund may not be able to liquidate quickly its investment at an amount close to its fair value to meet its liquidity requirements. The fair value of its investment that can be realised is also dependent on the financial performance of the underlying investment of the Fund's direct investee.

The table below summarises the maturity profile of the Fund's financial liabilities as at 31 December 2018, based on contractual undiscounted payments.

2018	On demand	1 to 3 months	Total
	USD	USD	USD
Accruals and payables	-	1,953,179	1,953,179
At 31 December 2018	-	1,953,179	1,953,179
2017	On demand	1 to 3 months	Total
	USD	USD	USD
Accruals and payables	-	2,641,932	2,641,932
At 31 December 2017	-	2,641,932	2,641,932

SONS Investments Ltd
Notes to the financial statements
For the year ended 31 December 2018

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values

The following table shows the carrying amounts and fair values of financial assets and liabilities, including their levels in the fair value hierarchy. It does not include fair value information for financial assets and liabilities not measured at fair value whose carrying amounts are reasonable approximations to their fair values due to the short-term nature of these financial assets and liabilities.

31 December 2018

	Carrying amount			Fair value				
	Assets at amortised cost	Designated at fair value through profit or loss	Other financial liabilities	Total	Level 1	Level 2	Level 3	Total
	USD	USD	USD	USD	USD	USD	USD	USD
Financial assets measured at fair value	-	49,130,565	-	49,130,565	-	-	49,130,565	49,130,565
Financial assets measured at amortised cost	3,438,504	-	-	3,438,504	-	-	-	-
Cash and cash equivalents	3,438,504	-	-	3,438,504	-	-	-	-
Financial liabilities measured at amortised cost	-	-	1,953,179	1,953,179	-	-	-	-
Accruals and payables	-	-	1,953,179	1,953,179	-	-	-	-

SONS Investments Ltd
Notes to the financial statements
For the year ended 31 December 2018

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values (continued)

31 December 2017

	Assets at amortised cost		Designated at fair value through profit or loss		Other financial liabilities		Total	Fair value			Total	
	USD	USD	USD	USD	USD	USD		Level 1	Level 2	Level 3		USD
Financial assets measured at fair value	-	40,360,626	-	40,360,626	-	-	40,360,626	-	-	40,360,626	-	40,360,626

Financial assets measured at amortised cost

Cash and cash equivalents	6,027,742	-	-	-	-	-	6,027,742
---------------------------	-----------	---	---	---	---	---	-----------

Financial liabilities not measured at fair value

Accruals and payables	-	-	2,641,932	2,641,932	-	-	2,641,932
-----------------------	---	---	-----------	-----------	---	---	-----------

The carrying amounts of cash and cash equivalents and accruals and payables approximate their fair values as they are realised or settled within the short-term period. There has been no transfer between the different levels of hierarchy during the year.

SONS Investments Ltd
Notes to the Financial Statements
For the year ended to 31 December 2018

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values (continued)

Determining fair value in the private equity market is subject to significant uncertainty and judgment. Each private equity investment is a unique transaction, and is evaluated based upon the facts and circumstances specific to the investment. The initial fair value of a private equity investment is the transaction price. Thereafter, the fair values of private equity investments are adjusted to reflect both positive and negative material changes. In general, arm's-length transactions executed by third parties, such as financing activities involving market clearing transactions and pending sales, are the best price indicator of fair value for private equity positions and is considered first within the valuation process.

The following table shows the valuation techniques used in measuring Level 3 fair values, as well as the significant unobservable inputs used:

31 December 2018

Type	Fair value at 31 December 2018	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable input	Sensitivity to changes in significant unobservable inputs
Investment in CG Industrial Holdings Ltd	USD 49,130,565	Market approach using comparable traded multiples	Sustainable EBITDA Multiple	6.3x	The estimated fair value would: (1) increase if the Sustainable EBITDA multiple was higher. (2) increase if the Sustainable Profit multiple was higher. (3) increase if the Sustainable dividend yield was higher.
			Sustainable Profit Multiple	10x	
			Sustainable Dividend yield	9%	

31 December 2017

Type	Fair value at 31 December 2017	Valuation technique	Significant unobservable inputs	Range of estimates for unobservable input	Sensitivity to changes in significant unobservable inputs
Investment in CG Industrial Holdings Ltd	USD 40,360,626	Market approach using comparable traded multiples	EBITDA Multiples	5.6x	The estimated fair value would increase if the EBITDA multiple was higher.

Significant unobservable inputs are developed as follows:

EBITDA multiples: Represent amounts that market participants would use when pricing the investments. EBITDA multiples are selected from the comparable public companies based on geographic location, industry, size, target markets and other factors that management considers to be reasonable. The traded

SONS Investments Ltd
Notes to the Financial Statements
For the year ended 31 December 2018

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

(d) Fair values (continued)

multiples for the comparable companies are determined by dividing the enterprise value of those companies by their EBITDA.

Given that the investee, CG Industrial Holdings Ltd, is an investment holding and its value is derived from the underlying investment in Al Laith Group Investments LLC (Note 5), the comparable companies used are that of Al Laith Group Investments LLC and the value of the Fund's investment has been determined through a look-through approach using the effective holding of the Fund in Al Laith Group Investments LLC.

The Fund has determined that a market approach using comparable traded multiples is an appropriate valuation technique because such valuation technique is likely to be suitable for an investment in an established business, such as Al Laith Group Investments LLC, with an identifiable stream of continuing earnings or revenue that is considered to be maintainable.

Level 3 fair values

The following table shows a reconciliation from opening balances to closing balances for fair value measurements in Level 3 of the fair value hierarchy.

	2018	2017
	USD	USD
Opening Balance	40,360,626	-
Additions	-	33,985,588
Disposals	-	(4,007,923)
Net change in financial assets at fair value through profit or loss	8,769,939	10,382,961
Fair value at 31 December	49,130,565	40,360,626

Effects of unobservable input on fair value measurement

Although the Fund considers that the estimates of fair value are appropriate, the use of different methodologies and assumptions could lead to different measurements of fair value.

For fair value measurements in Level 3, changing the variable considered to be the most sensitive by 10% would have the following effects:

	Effect on fair value	
	2018	2017
	USD	USD
Significant unobservable input:		
EBITDA Multiples (10% increase)	5,458,951	4,384,907
EBITDA Multiples (10% decrease)	(5,458,951)	(4,384,907)

8. FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Capital management

The Fund actively and regularly manages its capital position to maintain a balance between its liability and equity level.

The redeemable class A preference shares issued by the Fund provide an investor with the right to require redemption for cash at a value proportionate to the investor's share in the Fund's net assets at each redemption date and are classified as liabilities. For a description of the terms of the redeemable class A preference shares issued by the Fund, refer to Note 9. The Fund's objectives in managing the redeemable class A preference shares are to ensure a stable base to maximise returns to all investors, and to manage liquidity risk arising from redemptions.

(f) Concentration risk

At the reporting date, the Fund's assets consisted of investment in a single company, CG Industrial Holdings Ltd, a company incorporated in the British Virgin Islands. CG Industrial Holdings Ltd is itself a holding company investing in Al Laith Group Investments LLC, a company incorporated in United Arab Emirates and involved in the activities of scaffolding services, events management, aerial work platform and mast climbing work, platform sales and rentals and hiring of plant and tools. Therefore, the value of the Fund's investment is impacted by factors which affects the performance of the underlying investee (Al Laith Group Investments LLC) and the economic, political and industrial environment in which it operates.

SONS Investments Ltd
Notes to the financial statements
For the year ended 31 December 2018

9. SHARE CAPITAL

	31 December 2018		31 December 2017	
	Number of shares	USD	Number of shares	USD
Management shares:				
Issued and not yet paid:				
At beginning of the year/period	100	100	-	-
Issued during the year/period at par value USD 1.00 each	-	-	100	100
At end of the year/period	100	100	100	100
Redeemable class A preference shares:				
Issued and fully paid:				
At beginning of the year/period	3,600	36,000,000	-	-
Issued during the year/period at par value USD 10,000 each	-	-	3,600	36,000,000
At end of the year/period	3,600	36,000,000	3,600	36,000,000
Class B ordinary shares:				
Issued and not yet paid:				
At beginning of the year/period	-	-	-	-
Issued during the year/period at par value USD 1.00 each	9,000	9,000	-	-
At end of the year/period	9,000	9,000	-	-
Total shares	12,700	36,009,100	12,700	36,000,100

9. SHARE CAPITAL AND NET ASSETS ATTRIBUTABLE TO SHAREHOLDERS (CONTINUED)

Rights of management shares

The management shares carry all voting rights and are non-participating.

Rights of redeemable class A preference shares

The class A preference shares are non-voting redeemable preference shares and shall:

- rank in priority to the ordinary shares;
- rank after all debt;
- rank pari passu with all other preference shareholders of the same class of shares;
- earn a fixed dividend yield of 7% per annum, payable at the discretion of the directors, which dividend shall be cumulative and shall not bear interest against the Fund;
- rank before all ordinary shareholders' dividends;
- rank pari passu with all other preference shareholders' dividends of the same class;
- not participate in residual profits;
- not carry any voting rights, unless any dividends remain outstanding or the rights attaching to the preference shares are to be amended;
- be redeemable in accordance with defined terms set out in the prospectus of the Fund.

Class A preference shares are redeemable at the option of the holder after a period of three years from the subscription date and are subject to compulsory redemption in certain circumstances.

Rights of class B shares

The Class B Shares shall have:

- the right to an equal share in any dividend paid by the Fund; and
- the right to an equal share in the distribution of the surplus assets of the Fund.

Allocations of profit

The class B shares are entitled to the surplus assets of the Fund. The allocation has been made from the date the Class B shares were issued.

SONS Investments Ltd
Notes to the financial statements
For the year ended 31 December 2018

10. RELATED PARTY TRANSACTIONS

For the period ended 31 December 2018, the Fund had transactions with its related parties. The nature, volume of transactions and balances are as follows:

31 December 2018

<u>Name of related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Volume of transactions</u> USD	<u>Balance at receivable/ (payable) at</u> USD
CG Management Services Ltd	Investment Manager	Performance fees	<u>1,174,741</u>	<u>(1,174,741)</u>
		Management fees	<u>692,460</u>	<u>(733,438)</u>
Osiris Corporate Solutions (Mauritius) Ltd and GB Fund Services Ltd	Administrator and Secretary	Administrative fees	<u>24,000</u>	<u>(45,000)</u>
CG Industrial Holdings ltd	Affiliate	Payment of Osiris fees	<u>4,200</u>	<u>4,200</u>
Carroll Investment Trust	Affiliate	Payment of Osiris fees	<u>1,717</u>	<u>1,717</u>
Carroll Commercial Trust	Affiliate	Payment of Osiris fees	<u>1,916</u>	<u>1,916</u>

31 December 2017

<u>Name of related party</u>	<u>Nature of relationship</u>	<u>Nature of transactions</u>	<u>Volume of transactions</u> USD	<u>Balance at receivable/ (payable)</u> USD
CG Management Services Ltd	Investment Manager	Performance fees	<u>1,542,239</u>	<u>(1,542,239)</u>
		Management fees	<u>1,078,693</u>	<u>(1,078,693)</u>
Carroll Industrial Holdings ltd	Shareholder	Management shares	<u>100</u>	<u>100</u>
Osiris Corporate Solutions (Mauritius) Ltd and GB Fund Services Ltd	Administrator and Secretary	Administrative fees	<u>36,000</u>	<u>(21,000)</u>

There have been no transactions with key management personnel during the period.

11. EARNINGS PER SHARE (EPS)

The calculation of basic and diluted earnings per share is based on profits attributable to equity shareholders and the weighed-average number of equity shares in issue as at 31 December 2018. Basic and diluted earnings per share were the same since there was no potential dilutive shares at 31 December 2018. Equity share capital consists of 100 management shares and class B shares (Note 9). No profits are attributable to the management shares. Accordingly, basic and diluted EPS is Nil.

SONS Investments Ltd
Notes to the financial statements
For the year ended 31 December 2018

12. SEGMENTAL INFORMATION

The Fund reports segmented information in terms of geographical location. Geographical location is split between the British Virgin Islands, Jersey, Bermuda and Mauritius.

For the year ended 31 December 2018

	British Virgin Islands		Jersey		Bermuda		Mauritius		Total	
	USD	USD	USD	USD	USD	USD	USD	USD	USD	USD
INCOME										
Net unrealised gains on financial asset at fair value through profit or loss	8,769,939	-	-	-	-	-	-	-	-	8,769,939
Net realised losses on financial assets at fair value through profit or loss	-	-	-	-	-	-	-	-	-	-
Other income	-	-	-	-	-	-	-	-	-	-
Interest income	50	-	-	-	-	-	-	-	-	50
Total income	8,769,989	-	-	-	-	-	-	-	-	8,769,989
EXPENSES										
Performance fees	1,174,741	-	-	-	-	-	-	-	-	1,174,741
Investment management fees	692,460	-	-	-	-	-	-	-	-	692,460
Administrative fees	-	-	-	-	-	-	24,000	-	-	24,000
Registration fees	1,100	-	-	-	-	-	-	-	-	1,100
Miscellaneous	325	-	-	-	-	-	-	-	-	325
Bank charges	76	-	-	-	-	-	-	-	-	76
Total expenses	1,868,702	-	-	-	-	-	24,000	-	-	1,892,702
Increase in net assets attributable to class B ordinary shares	6,901,287	-	-	-	-	-	(24,000)	-	-	6,877,287
Segment assets	49,147,398	3,438,604	-	-	-	-	-	-	-	52,586,002
Segment liabilities	1,953,179	-	-	50,632,823	-	-	-	-	-	52,586,002

SONS Investments Ltd
Notes to the financial statements
For the year ended 31 December 2018

12. SEGMENTAL INFORMATION (CONTINUED)

The Fund report segment information in terms of geographical location. Geographical location is split between the British Virgin Islands, Jersey, Bermuda and Mauritius.

For the year ended 31 December 2017

Geographical locations	British Virgin Islands	Jersey	Bermuda	Mauritius	Total
	USD	USD	USD	USD	USD
INCOME					
Net unrealised gains on financial asset at fair value through profit or loss	10,382,961	-	-	-	10,382,961
Net realised losses on financial assets at fair value through profit or loss	(7,923)	-	-	-	(7,923)
Other income	18,000	-	-	-	18,000
Interest income	13,580	-	-	-	13,580
Total income	10,406,618	-	-	-	10,406,618
EXPENSES					
Performance fees	1,542,239	-	-	-	1,542,239
Investment management fees	1,078,693	-	-	-	1,078,693
Administrative fees	-	-	-	36,000	36,000
Commissions and other fees	3,000	-	-	-	3,000
Bank charges	250	-	-	-	250
Total expenses	2,624,182	-	-	36,000	2,660,182
Increase in net assets attributable to holders of class B ordinary shares	7,782,436	-	-	(36,000)	7,746,436
Segment assets	40,360,726	6,027,742	-	-	46,388,468
Segment liabilities	2,641,932	-	43,746,436	-	46,388,368

13. RESTATEMENT

In the prior financial statement, the net profit for the year was incorrectly allocated to the Class A shares. As stated in note 9, the class A shares earn a fixed yield and do not participate in the residual profits. The profit has been reclassified from Class A to Retained Earnings.

	As previously stated USD	Impact of adjustments USD	As restated USD
<i>Statement of financial Position</i>			
Equity			
Retained earning	-	7,746,436	7,746,436
Current liabilities			
Net assets attributable to holders of redeemable Class A preference share	43,746,436	(7,746,436)	36,000,000

14. EVENTS AFTER THE REPORTING DATE

There have been no significant event after the reporting date which requires disclosure or amendments to the 31 December 2018 financial statements.