

**SUNBIRD BUSINESS SERVICES LIMITED**  
**ANNUAL REPORT AND FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 JULY 2016**

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# SUNBIRD BUSINESS SERVICES LIMITED

## COMPANY INFORMATION

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### Directors

Mr R Bains (Appointed 30 June 2016)

Mr R Benton

Mr M J Aldridge

Mr P H Haskell

Mr J McDonough

Mr I McFadyen

Mr P G J A Simon (Appointed 30 June 2016)

Mr W Sykes

### Secretary

Mr R Dean

### Company number

09107183

### Registered office

10 Piccadilly

London

W1J 0DD

### Auditors

PricewaterhouseCoopers LLP

1 Embankment Place

London

WC2N 6RH

### Bankers

Barclays Bank PLC

1 Churchill Place

Leicester

Leicestershire

LE87 2BB

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# SUNBIRD BUSINESS SERVICES LIMITED

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# SUNBIRD BUSINESS SERVICES LIMITED

## STRATEGIC REPORT

FOR THE YEAR ENDED 31 JULY 2016

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### Our provisions

Sunbird Business Services Limited (the "Company") was incorporated and commenced trading on 30 June 2014. The Company is a holding company of a group that provides integrated construction and support services through its subsidiaries and joint-ventures in Eastern and Southern Africa namely Kenya, Tanzania, Mozambique, Uganda, Zambia and South Africa. The Company has built and acquired 7 operating companies to deliver its five service categories; Construction, Support, Financial, Property and Business services, with live operations in over 15 locations across the region.

Over the past two years, the Company has been able to create significant integration synergies between its five service lines that enable immediate value generation both for the business and its customers. The Company has established three revenue generating service lines in construction, property, and support services, with its financial services division targeting its first development projects in 2017, and acquisitions identified to start the business service provision.

### Strategy

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

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

### Market Indicators for our Services

We promote that the underlying value opportunity is to take advantage of the rapidly emerging frontier markets of Eastern and Southern Africa and the lack of existing credible providers of support services, namely in housing, office space, and serviced-storage.

East-African economies have seen population growth of up to 2.5% per year, and rates of urbanisation reach over 4% per year, causing housing deficits of up to 200,000 per year. Furthermore, despite a competitive market for office space, occupancy rates in Kenya remain relatively high at 89% due to increasing demand.

Despite a period of slumping economic performance in Sub-Saharan Africa, the Company believes that it is uniquely positioned to offer its services to multinational and growing regional businesses in East Africa, as it continues to diversify away from commodities and low-productivity industries such as agriculture. With new operations in South Africa commenced in September 2016, the Company now has demonstrable sector coverage across this vast corridor of commercial activity and is continually seeking new opportunities to grow into new in-demand sectors and economies.

We expect there to be continued growth as macroeconomic conditions improve, and sustained demographic challenges produce a commercial landscape where developers aim to plug the high housing deficit, the appetite for Grade A offices, and the demand for high quality storage facilities, all of whom are driven by a growing middle class and improvements in political stability creating a suitable environment for local and foreign direct investment.

### Our goals for the coming period are as follows:

- **FY16-17 budget to focus on improving return on investment** – The Executive team will deliver a budget that focuses on improving profit margins of underlying subsidiaries (e.g. Improving occupancy and yields of existing serviced office sites; targeted savings plans for construction projects); increases cost savings at corporate and Group level; and reducing the sales gap by a dedicated push through better conversion of our pipeline.
- **Open Johannesburg office to support facilities management team** – Since 1 September 2016 our Support Services team has been operating out of our new office in Johannesburg, with its first contracts being achieved in November 2016. The Company CFO, Mike Bains, has also relocated to Johannesburg, giving the company complete executive team coverage in United Kingdom, Kenya, and South Africa.

# SUNBIRD BUSINESS SERVICES LIMITED

## STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

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- **Growing capabilities through acquisitions** – The Company is looking to grow its service capabilities and has assembled a research team to identify opportunities in the market that would allow it to acquire EBITDA as well as grow its service offering.
- **Bringing industry talent to support blue-chip teams** – The Company has a track record of engaging the service industry's most capable and finest talent and we will look to continue to bring in new hires to build and support our on-ground teams.
- **Continued integration of all our operating companies** - Through a series of infrastructure projects including Financial, Communications, Operational, Sales and Technology.

### Principles of business – our Business Model and structure

#### High quality service

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

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

#### Cross-Selling and Integration

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

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

#### Maintain focus on the East African strip

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

#### Governance

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

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

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

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

- We provide customers with a fully integrated service solution through our range of construction, property and support, and business services.
- Our operating approach replicates the success of its Board members, specifically the operational expertise of John McDonough (Chairman) as the former CEO of Carillion plc.
- Our commitment and investment in strong corporate governance and risk management procedures.

# SUNBIRD BUSINESS SERVICES LIMITED

## STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

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- Our active operations and proximity to local markets which enables us to respond swiftly and efficiently to new and evolving business opportunities emerging from growth in East African enterprise.
- We are established, with locally registered businesses and mature and profitable service contracts for SME's and multinational clients.

### Corporate Values

Our values underpin everything we do:

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

### Growth through “Bid, Build, Buy”

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

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

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

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

### Principal Risks

Our principal risks can be seen in broad terms to encompass Political, Commercial, Ability to raise finance, Currency, Credit, Health and safety, and Compliance obligations.

#### *Risk committee commitment*

Our Risk Committee is constituted by the Board and works alongside the Audit Committee and Remuneration Committee. The risk committee is charged with providing scope for which risks are analysed and proposes mitigations in respect of such risks.

#### *Political*

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

#### *Commercial*

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

#### *Ability to raise finance*

The Company has successfully raised finance through various forms including debt, equity and listed bonds since its formation. The ability to raise further finance to support future acquisitions and to provide development capital

# SUNBIRD BUSINESS SERVICES LIMITED

## STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

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to existing service lines and their contract pipeline may slow the Company down from achieving its commercial and strategic goals.

### *Currency*

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

### *Credit*

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

### *Health and Safety*

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

### *Compliance obligations*

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

### **Environmental**

Our business activity has an impact on the 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**

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

### **Performance**

Our second period of trading has focused on consolidating the Sunbird platform. Investment continued in the year with a focus on building our service delivery capabilities and integrating our investments into the Sunbird platform. Through this investment we have maintained and built a strong brand, blue chip leadership and a strong regional presence and network.

Our investment in people was reflected in director level hires at our Mid-Co subsidiaries. The Group hired Gavin Taylor (ex-Murray & Roberts) as Managing Director of Construction Services and Jo Senders (ex-Interserve) as Managing Director of Support and Property Services. The new hires will sit at the head of their respective service lines, tasked with an emphasis to drive efficiencies and profit through live contracts, and an overarching drive to bring increased sales to the operating companies.

We also agreed terms to acquire 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 period of \$2.0m relating to the settlement of these instruments.

The results presented reflect ongoing investment in the period with an operating loss of \$0.8m in the year.

# SUNBIRD BUSINESS SERVICES LIMITED

## STRATEGIC REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

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### The year ahead

The key focus for the year ahead is to create a sustainable business across all five of our service lines. After a period of building and consolidating the platform the Directors will begin to drive efficiency and delivery excellence. Across the Group we will strive to deliver high growth in revenue with costs being controlled with ruthless focus. Centralisation of certain functions including Business Development and Finance will underpin our efforts.

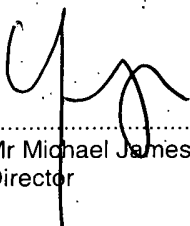
On 1 August 2016 the Company obtained full control of Terra Firma Africa and ESBC. The Directors expect to be able to drive both growth and efficiencies in these businesses now that Sunbird controls them. New sites for our Serviced Office offering have already been identified for expansion opportunities under Sunbird direction. Our Facilities Management business has started to deliver its first contracts in November 2016 and the year ahead is focused on converting its growing pipeline and showing evidence of excellence in delivery. Sunbird Developments will deliver its first proposals to the investment community in 2017. The focus is on providing Big Box Retail solutions to the market with sites identified in Zambia, Kenya and Tanzania.

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

The directors will also in the coming period work to identify acquisition opportunities to support its Bid Buy Build strategy. The key areas identified by the Directors for new service line acquisitions are Warehousing, Self Storage and Staff Solutions. The acquisitions identified are in line with our strategic plan and we will look to more institutional investors to support this stage of our growth in 2017.

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

Approved by the Board on <sup>29</sup>June 2017 and signed on its behalf by:



Mr Michael James Aldridge  
Director



# SUNBIRD BUSINESS SERVICES LIMITED

## DIRECTORS' REPORT (continued)

### FOR THE YEAR ENDED 31 JULY 2016

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The directors present their annual report and audited financial statements for the year ended 31 July 2016.

#### **Incorporation**

Sunbird Business Services Limited (the "Company") was incorporated and commenced trading on 30 June 2014. The comparative is for the 13 month period from 30 June 2014 to 31 July 2015.

#### **Directors**

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

Mr R Bains (Appointed 30 June 2016)

Mr R Benton

Mr M J Aldridge

Mr P H Haskell

Mr J McDonough

Mr I McFadyen

Mr P G J A Simon (Appointed 30 June 2016)

Mr W Sykes

#### **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.

#### **Results and dividends**

The results for the year are set out on page 11.

The directors do not recommend the payment of a dividend in respect of the financial year ended 31 July 2016 (2015: \$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 mature and are due for repayment. 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.

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.

# SUNBIRD BUSINESS SERVICES LIMITED

## DIRECTORS' REPORT (continued)

### FOR THE YEAR ENDED 31 JULY 2016

However, the Company Bid, Buy, Build 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 1 August 2016 the Company obtained full control of ESBC Property Services Limited and TFA Business Services Limited. Both entities were already 100% owned but were jointly controlled due to the governance structures in place. The key element of this governance structure was that the Board had non-Sunbird members that were able to prevent Sunbird from exercising unilateral control over key strategic and operational matters. Therefore under International Financial Reporting Standard (IFRS) 10 these entities were deemed to be jointly controlled.

On 1 August 2016 the Board of both businesses signed resolutions to change the governance structure, in particular in relation to the Board. This meant that non-Sunbird members no longer had the ability to prevent Sunbird from exercising its power to control key strategic and operational decisions. As a result of these changes the Directors have concluded that Sunbird has control of these entities under IFRS 10 from the date of the Board resolutions.

Post year end, the Company raised \$6,849,000 of equity through the issuance of new shares and \$5,006,000 of debt through issuing a mixture of bonds and short term financing instruments. Of the amounts raised \$1,250,000 of A1 equity proceeds and \$1,250,000 of Bond proceeds were utilised to settle pre-acquisition liabilities on the acquisition of Terra Firma Africa which was completed on 1 August 2016.

#### Directors' interest in shares

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

	At start of year	Bought	Sold	At end of year
Directors	Number	Number	Number	Number
Mr William Sykes **	4,168,056	-	-	4,168,056
Mr Michael James Aldridge **	4,168,056	-	-	4,168,056
Mr John McDonough *	269,403	21,131	-	290,534
Mr Richard Michael Benton *	53,881	4,226	-	58,107
Mr Paul GJA Simon *	-	25,501	-	25,501
	<b>8,659,396</b>	<b>50,858</b>	-	<b>8,710,254</b>

\* A1 Ordinary shares; \*\* A2 Ordinary shares

Total Directors' interest in shares represents 374,142 of A1 Ordinary shares (2015: 323,284) and 8,336,112 A2 Ordinary shares (2015: 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.

# SUNBIRD BUSINESS SERVICES LIMITED

## DIRECTORS' REPORT (continued)

FOR THE YEAR ENDED 31 JULY 2016

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### Independent auditors

PricewaterhouseCoopers LLP has indicated their willingness to continue in office. In accordance with the company's articles.

### Statement of directors' responsibilities

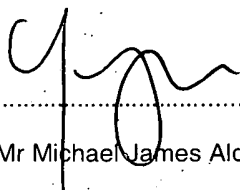
The directors are responsible for preparing the Annual report and financial statements in accordance with applicable law and regulations.

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 period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable International Financial Reporting Standards (IFRSs) as adopted by the European Union have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 11 to 34 were approved by the Board of Directors on 27 June 2017 and signed on its behalf by:



Mr Michael James Aldridge

Director

**SUNBIRD BUSINESS SERVICES LIMITED**  
**INDEPENDENT AUDITORS' REPORT**  
**TO THE MEMBERS OF SUNBIRD BUSINESS SERVICES LIMITED**

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**Report on the financial statements**

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**Our opinion**

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

- give a true and fair view of the state of the company's affairs as at 31 July 2016 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.
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**Emphasis of matter - Going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1.2 to the financial statements concerning the company's ability to continue as a going concern. In the next twelve months certain BSX listed bonds mature and are due for repayment. The Directors are in discussion around the refinancing of these bonds however, there is some uncertainty over this outcome as no agreements have been signed at the date of signing the financial statements. 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 continue as a going concern.

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**What we have audited**

The financial statements, included within the Annual Report and Financial Statements (the "Annual Report"), comprise:

- the statement of financial position as at 31 July 2016;
- the income statement and statement of comprehensive income for the year then ended;
- the statement of cash flows for the year then ended;
- the statement of changes in equity for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

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

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

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**Opinion on other matter prescribed by the Companies Act 2006**

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

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**Other matters on which we are required to report by exception**

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**Adequacy of accounting records and information and explanations received**

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

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

We have no exceptions to report arising from this responsibility.

# SUNBIRD BUSINESS SERVICES LIMITED

## INDEPENDENT AUDITORS' REPORT

### TO THE MEMBERS OF SUNBIRD BUSINESS SERVICES LIMITED

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#### Directors' remuneration

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

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#### Responsibilities for the financial statements and the audit

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##### Our responsibilities and those of the directors

As explained more fully in the Statement of directors' responsibilities set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

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

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##### What an audit of financial statements involves

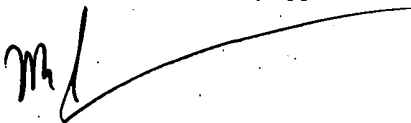
We conducted our audit in accordance with ISAs (UK & Ireland). An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error.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

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

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

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

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



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

21 June 2017

# SUNBIRD BUSINESS SERVICES LIMITED

## INCOME STATEMENT AND STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 JULY 2016

	Notes	Year Ended 31 July 2016 USD\$ 000	30 June 2014 to 31 July 2015 USD\$ 000
Revenue	3	504	264
Administrative expenses		(2,362)	(2,501)
<b>Operating loss</b>	5	(1,858)	(2,237)
Exceptional items	4	1,757	-
Finance costs	8	(738)	(334)
<b>Loss before taxation</b>		(839)	(2,571)
Income tax expense	9	-	-
<b>Loss and total comprehensive expense for the year / period</b>	20	(839)	(2,571)

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 2016

	Notes	31 July 2016 USD\$ 000	31 July 2015 USD\$ 000
<b>Non-current assets</b>			
Property, plant and equipment	11	54	40
Investments	12	11,749	10,656
		<u>11,803</u>	<u>10,696</u>
<b>Current assets</b>			
Trade and other receivables	15	4,807	636
Cash and cash equivalents		874	2,177
		<u>5,681</u>	<u>2,813</u>
<b>Total assets</b>		<u>17,484</u>	<u>13,509</u>
<b>Current liabilities</b>			
Trade and other payables	18	787	597
Borrowings	16	1,460	-
Convertible loan notes	17	2,104	-
		<u>4,351</u>	<u>597</u>
<b>Net current assets</b>		<u>1,330</u>	<u>2,216</u>
<b>Non-current liabilities</b>			
Borrowings	16	3,586	6,000
Convertible loan notes	17	3,690	5,197
		<u>6,986</u>	<u>11,197</u>
<b>Total liabilities</b>		<u>11,337</u>	<u>11,794</u>
<b>Net assets</b>		<u>6,147</u>	<u>1,715</u>
<b>Equity</b>			
Called up share capital	19	149	115
Share premium account	19	9,408	4,171
Retained earnings	20	(3,410)	(2,571)
<b>Total equity</b>		<u>6,147</u>	<u>1,715</u>

The financial statements were approved by the board of directors and authorised for issue on 29 June 2017 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 2016

	Notes	Called up share capital USD\$ 000	Share premium account USD\$ 000	Retained earnings USD\$ 000	Total USD\$ 000
Balance at 30 June 2014		-	-	-	-
Loss and total comprehensive expense for the period from 30 June 2014 to 31 July 2015		-	-	(2,571)	(2,571)
<u>Transactions with owners recognised directly in equity</u>					
New Ordinary A1 share capital subscribed	19	32	3,988	-	4,020
New Ordinary A2 share capital subscribed	19	83	183	-	266
Balance at 31 July 2015		115	4,171	(2,571)	1,715
Loss and total comprehensive expense for the year ended 31 July 2016		-	-	(839)	(839)
<u>Transactions with owners recognised directly in equity</u>					
New Ordinary A1 share capital subscribed	19	34	5,237	-	5,271
Balance at 31 July 2016		149	9,408	(3,410)	6,147



# SUNBIRD BUSINESS SERVICES LIMITED

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 JULY 2016

	Notes	Year Ended 31 July 2016 USD\$ 000	Period From 30 June 2014 to 31 July 2015 USD\$ 000
<b>Cash flows from operating activities</b>			
Cash absorbed by operations	24	(2,088)	(2,598)
Interest paid		(422)	-
<b>Net cash outflow from operating activities</b>		<b>(2,510)</b>	<b>(2,598)</b>
<b>Cash flows from investing activities</b>			
Purchase of property plant and equipment		(41)	(52)
Purchase of shares in subsidiaries		-	(1,000)
Capital contribution in subsidiaries		-	(3,570)
Purchase of joint ventures		(1,093)	-
Advances to subsidiary undertakings		(3,691)	-
Advances to joint ventures		(290)	-
<b>Net cash outflow from investing activities</b>		<b>(5,115)</b>	<b>(4,622)</b>
<b>Cash flows from financing activities</b>			
Proceeds from issue of ordinary shares, net of issue costs		5,271	3,900
Repayment of preference shares		(1,236)	-
Proceeds from issue of convertible debt, net of issue costs		-	5,197
Proceeds from other borrowing draw downs		2,158	300
<b>Net cash inflow from financing activities</b>		<b>6,193</b>	<b>9,397</b>
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(1,432)</b>	<b>2,177</b>
Cash and cash equivalents at beginning of year / period		2,177	-
Effect of foreign exchange rates		129	-
<b>Cash and cash equivalents at end of year / period</b>		<b>874</b>	<b>2,177</b>

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2016

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#### Company information

Sunbird Business Services Limited is a private company limited by shares incorporated in England and Wales. The registered office is 10 Piccadilly, London, United Kingdom, W1J 0DD.

#### 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 period of the financial statements is for the period from 30 June 2014 to 31 July 2015.

##### Exemption from preparing group financial statements

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

##### 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 and amended standards adopted by the company

The company has applied the following standards and amendments for the first time for their annual reporting period commencing 1 August 2015:

- Clarification of acceptable methods of depreciation and amortisation – Amendments to IAS 16 and IAS 38
- Annual improvements to IFRSs 2012 – 2014 cycle, and
- Disclosure initiative – amendments to IAS 1.

The adoption of these amendments did not have any material impact on the current period or any prior period and is not likely to affect future periods.

##### 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 2015, and have not been applied in preparing these financial statements:

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

##### 1.2 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 mature and are due for repayment. 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

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2016

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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.

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 Bid, Buy, Build 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 for the provision of services under integrated service agreements to the Company's investments. Integrated services includes the provision of risk management and financial direction, commercial management and support services including market elevation, marketing and branding assistance, sales and pipeline management, and assistance with material customer sales.

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

The Company recognises revenue when:

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

#### 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.

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

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### 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 period. 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.

#### **Trade receivables**

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

Trade receivables are recognised initially at the transaction price. They are subsequently measured at amortised cost 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 period. 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.

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

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***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 period.

**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 period 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.

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

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### 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 period in which the estimate is revised, if the revision affects only that period, or in the period 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.

#### Carrying value of investments

The Company used a discount rate of 15% to assess the carrying value of its investments. The choice of discount rate was made based on comparisons with external data sources. We performed sensitivity analysis, including a reasonably possible reduction in assumed results, growth rates and cash flows.

#### 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.

#### Control assessment of investments

Despite the proportion of ownership interest and voting rights held for some of the investments listed in note 14 being over 50%, the Company has not established control over these investments in accordance with IFRS 10. The IFRS 10 definition of control encompasses three distinct principles that must all be present in order to conclude that an investor has power over the investee, these are as follows:

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

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2016

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

#### 3 Revenue

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

	Year Ended 31 July 2016	Period From 30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Integrated service fees	<u>504</u>	<u>264</u>

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 2016	Period From 30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Gain on redemption of preference shares	2,011	-
Expenses on issue of ordinary share capital	(254)	-
	<u>1,757</u>	<u>-</u>
<u>Gain on redemption of preference shares</u>		

On 25 January 2016, an agreement was signed for 2,501 of the B Preference shares to be redeemed for a total redemption amount of \$343,000 which was paid in cash and Bond instruments between February 2016 and June 2017.

On 24 March 2016, an agreement was signed for the intended future repurchase of 5,100 C Preference shares to be redeemed for a total redemption amount of \$2,173,000 less adjustments of \$76,000 resulting in a net consideration of \$2,097,000. This is to be paid in 3 tranches with the first tranche of \$1,083,000 representing 2,703 shares payable in cash following completion of a capital reduction. Tranche 2 representing 1,199 shares was paid by April 2017 in \$501,000 of cash. Tranche 3 representing 1,198 shares will be payable by May 2019 in \$513,000 of cash.

The redemption values represent a discount over the amounts initially recognised as consideration for the underlying investments in ESBC Property Services Limited and TFA Business Services Limited without resulting in the impairment of the underlying investments. The resulting gain of \$2,011,000 has been recorded as an exceptional item.

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

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.

**5 Operating loss**

	Year Ended 31 July 2016	Period From 30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Operating loss for the year / period is stated after charging:		
Net foreign exchange losses	69	-
Fees payable to the company's auditors for the audit of the company's financial statements	56	31
Fees payable to the company's auditors for non-audit services		-
- other services	114	-
- tax advisory services	27	-
Fees payable to associates of the company's auditors for other services		-
- tax advisory services	32	-
Depreciation of property, plant and equipment	24	12
	<u>          </u>	<u>          </u>

**6 Employees**

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

	Year Ended 31 July 2016	Period From 30 June 2014 to 31 July 2015
	Number	Number
Administrative and support	9	8
Group employees remunerated from Company	8	4
	<u>          </u>	<u>          </u>
	17	12
	<u>          </u>	<u>          </u>

Their aggregate remuneration comprised:

	Year Ended 31 July 2016	30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Wages and salaries	1,422	856
Social security costs	97	57
Other employee expense	-	8
	<u>          </u>	<u>          </u>
	1,519	921
	<u>          </u>	<u>          </u>



**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**7 Directors' remuneration**

	Year Ended 31 July 2016	Period From 30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Remuneration for qualifying services	449	354

During the year, there were 8 directors (2015: 5) who were receiving remuneration.

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

Remuneration for qualifying services	170	160
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**8 Finance costs**

	Year Ended 31 July 2016	Period From 30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Interest expense on shareholder loans	349	288
Interest expense on other financing liabilities	389	46
	<u>738</u>	<u>334</u>

**9 Income tax expense**

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

	Year Ended 31 July 2016	Period From 30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Loss before taxation	<u>(839)</u>	<u>(2,571)</u>
Expected tax (credit) based on a corporation tax rate of 20% (2015: 20%)	(168)	(514)
Tax losses for which no deferred tax asset was recognised	168	514
Tax charge for the year / period	<u>          </u>	<u>          </u>

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2016

#### 9 Income tax expense (continued)

No tax was charged or credited to the Income Statement during the year (2015: \$nil). The standard rate of corporation tax in the UK is 20% (2015: 20%). The differences are reconciled above.

#### Deferred tax

Unrecognised deferred tax consists of USD\$ 682,000 (2015: USD \$514,000) of unused tax losses for which no deferred tax asset is recognised in the statement of financial position as no track record of future profits has been established.

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 2016 (2015: nil).

#### 11 Property, plant and equipment

	Furniture, fittings and equipment USD\$ 000	Motor vehicles USD\$ 000	Total USD\$ 000
<b>Cost</b>			
Additions from 30 June 2014 to 31 July 2015	32	20	52
At 31 July 2015	32	20	52
Additions for the year ended 31 July 2016	38	-	38
At 31 July 2016	70	20	90
<b>Accumulated depreciation and impairment</b>			
Charge from 30 June 2014 to 31 July 2015	7	5	12
At 31 July 2015	7	5	12
Charge for the year ended 31 July 2016	17	7	24
At 31 July 2016	24	12	36
<b>Carrying amount</b>			
At 31 July 2016	46	8	54
At 31 July 2015	25	15	40

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**12 Investments**

	2016 USD\$ 000	2015 USD\$ 000
Investments in subsidiaries	1,001	1,001
Investments in joint ventures	<u>10,748</u>	<u>9,655</u>
	<u>11,749</u>	<u>10,656</u>

The Company acquired 50% interest in Turinvest Turismo Imobilarla on 30 March 2016 for \$1,064,000. The Company also increased its investment in ESBC Property Services Limited by \$29,000 during the year.

**13 Subsidiaries**

Details of the company's subsidiaries at 31 July 2016 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

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

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**14 Joint ventures**

	Country of incorporation (or residence)	Proportion of ownership interest (%)	Proportion of voting power held (%)	Nature of business
TFA Business Services Limited	United Kingdom	100.00%	100.00%	Holding company
ESBC Property Services Limited	United Kingdom	99.00%	99.00%	Holding company
ESBC Uganda Limited	Uganda	100.00%	100.00%	Property services
ESBC Tanzania Limited	Tanzania	99.00%	99.00%	Property services
ESBC Kenya Limited	Kenya	100.00%	100.00%	Property services
Big Bird Holding Tanzania Limited	Tanzania	99.00%	99.00%	Holding company
Terra Firma Africa (Kenya) Limited	Kenya	100.00%	100.00%	Construction services
Terra Firma Developments (Tanzania) Limited	Tanzania	100.00%	100.00%	Construction services
TFA East African Investments Ltd	Mauritius	100.00%	100.00%	Construction services
Procurement and Logistics do Indico	Mozambique	98.00%	98.00%	Construction services
TFA Zanzibar Limited	Tanzania	99.40%	99.40%	Construction services
Turinvest Turismo Imobilarla	Mozambique	50.00%	50.00%	Hotels
Sunbird Support Services	Kenya	100.00%	100.00%	Support services
Sunbird Support Service (Pty) Limited	South Africa	100.00%	100.00%	Facilities management
Yellow Line Limited	Tanzania	49.00%	49.00%	Construction services

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

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

The Company has concluded that these investments are not subsidiaries as it has / does not have power over the investee. This conclusion is based on the governance structure of the investment, in particular the ability of the Company to make unilateral decisions on reserved matters. These reserved matters include the ability to appoint or remove Board members and key management, approval of business plans and budgets, and approval of material contracts. These matters impact the day to day running of the investee and require unanimous agreement of the Board. As Sunbird does not control 100% of the Board of the investees the Company has concluded that these entities are jointly controlled and therefore should be treated as joint ventures as defined under IFRS 10 during the year and up to the year ended 31 July 2016.

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**15 Trade and other receivables**

	<b>2016</b>	<b>2015</b>
	<b>USD\$ 000</b>	<b>USD\$ 000</b>
Other receivables	303	220
Amounts due from fellow group undertakings	3,886	195
Amounts due from joint ventures	492	202
Prepayments	126	19
	<u>4,807</u>	<u>636</u>

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**

	<b>2016</b>	<b>2015</b>
	<b>USD\$ 000</b>	<b>USD\$ 000</b>
<b>Unsecured borrowings at amortised cost</b>		
Redeemable preference shares	2,364	5,700
Other borrowings	2,496	300
	<u>4,860</u>	<u>6,000</u>

**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:

	<b>2016</b>	<b>2015</b>
	<b>USD\$ 000</b>	<b>USD\$ 000</b>
Current liabilities	1,460	-
Non-current liabilities	3,400	6,000
	<u>4,860</u>	<u>6,000</u>

**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).

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**16 Borrowings (continued)**

During the year ended 31 July 2016, there was a redemption of preference shares resulting in an exceptional gain as detailed and explained in Note 4.

Other borrowings

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 2016, the Company issued USD \$2,150,000 (2015: USD \$300,000). Included in the balance is \$46,000 of accrued interest (2015: \$nil). The Series B Notes are listed on the Bermudan stock exchange.

**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.

	<b>Liability USD\$ 000</b>
Liability component at 31 July 2015	5,197
Interest accrued during the year	493
	<hr/>
Liability component at 31 July 2016	5,690
	<hr/>
Liability component due within 12 months	2,104
Liability component due after 12 months	3,586
	<hr/>
	5,690
	<hr/>

Series A Notes

As at 31 July 2016, the Company held in issue USD \$2,000,000 Series A Notes (2015: 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 Noteholder shall have the right to convert all their principal amount and any accrued interest into fully paid A1 Ordinary Shares of the Company subject to relevant fundraise (the Company raising over US\$3,000,000 from an issue of Shares to any person(s)) at the Conversion Price (a price per Share being a 10% discount to the price per Share paid for Shares by the investors pursuant to that Relevant Fund Raising).

Shareholder Loans

The Company has in issue 12% fixed rate unsecured convertible loan notes issued on 19 September 2014. The loan notes are repayable together with all interest accrued and not previously paid on such loan notes on the earlier of 1 August 2019; or on the date upon which a sale or listing occurs. These notes may only be converted by the Company into A1 Ordinary shares if funds raised are less than the original value. As at 31 July 2016, the Company has \$3,690,000 (2015: \$3,197,000) outstanding of which \$493,000 (2015: \$nil) relates to accrued interest and \$3,197,000 (2015: \$3,197,000) relates to the principal outstanding of which \$120,000 (2015: \$nil) is non-interest bearing. \$104,000 of the accrued interest is classified as current at the reporting date.

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**18 Trade and other payables**

	2016 USD\$ 000	2015 USD\$ 000
Trade payables	310	148
Amounts due to fellow group undertakings	28	1
Accruals	399	410
Social security and other taxation	50	19
Other payables	-	19
	<u>787</u>	<u>597</u>

Amounts due to fellow group undertakings are unsecured, interest free, have no fixed date of repayment and are repayable on demand.

**19 Called up share capital and share premium account**

	2016 USD\$ 000	2015 USD\$ 000
<b>Ordinary share capital</b>		
<i>Authorised, allotted, called up and fully paid shares</i>		
6,572,199 (2015: 3,209,749) A1 Ordinary shares of \$0.01 each	66	32
8,336,112 (2015: 8,336,112) A2 Ordinary shares of \$0.01 each	83	83
	<u>149</u>	<u>115</u>

	2016 USD\$ 000	2015 USD\$ 000
<b>Share premium account</b>		
Opening Balance	4,171	-
Issue of new A1 Ordinary shares	6,088	3,988
Issue of new A2 Ordinary shares	-	183
Share issue expenses	(851)	-
Closing Balance	<u>9,408</u>	<u>4,171</u>

During the year, 3,362,450 A1 Ordinary shares (2015: 3,209,749 A1 Ordinary shares) having an aggregate nominal value of USD \$33,625 (2015: \$32,097) were allotted for an aggregate consideration of USD \$6,122,000 (2015: USD \$4,020,000). The share premium was reduced by USD \$851,000 (2015: USD \$nil) of expenses directly related to the fundraising of these shares.

During the year no new A2 Ordinary shares were allotted. In 2015, 8,336,112 A2 Ordinary shares with an aggregate nominal value USD \$83,361 were allotted for an aggregate consideration of USD \$266,000.

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.

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 JULY 2016

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

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 Retained earnings

	2016 USD\$ 000	2015 USD\$ 000
At start of year / period	(2,571)	-
Loss for the year / period	(839)	(2,571)
At 31 July	<u>(3,410)</u>	<u>(2,571)</u>

### 21 Events after the reporting date

On 1 August 2016 the Company obtained full control of ESBC Property Services Limited and TFA Business Services Limited. Both entities were already 100% owned but were jointly controlled due to the governance structures in place. The key element of this governance structure was that The Board had non-Sunbird members that were able to prevent Sunbird from exercising unilateral control over key strategic and operational matters. Therefore under IFRS 10 these entities were deemed to be jointly controlled during the year and up to 31 July 2016.

On 1 August 2016 the Board of both businesses signed resolutions to change the governance structure, in particular in relation to the Board. This meant that non-Sunbird members no longer had the ability to prevent Sunbird from exercising its power to control key strategic and operational decisions. As a result of these changes the Directors have concluded that Sunbird has control of these entities under IFRS 10 from the date of the Board resolutions.

Post year end, the Company raised \$6,849,000 of equity through the issuance of new shares and \$5,006,000 of debt through issuing a mixture of bonds and short term financing instruments. Of the amounts raised \$1,250,000 of A1 equity proceeds and \$1,250,000 of Bond proceeds were utilised to settle pre-acquisition liabilities on the acquisition of Terra Firma Africa which was completed on 1 August 2016.



**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**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 2016	Period From 30 June 2014 to 31 July 2015
	USD\$ 000	USD\$ 000
Short-term employee benefits	623	479
	<u>623</u>	<u>479</u>

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

**Other transactions with related parties**

During the year / period the company entered into the following transactions with related parties:

	Provision of services		Purchase of goods	
	2016 USD\$ 000	Period 2015 USD\$ 000	2016 USD\$ 000	Period 2015 USD\$ 000
Rendering of integrated service fees – ESBC Property Service Limited	205	152	-	-
Rendering of integrated service fees – TFA Business Services Limited	87	112	-	-
Rendering of integrated service fees – Sunbird Asset Finance Limited	87	-	-	-
Rendering of integrated service fees – Sunbird Finance Management Limited	88	-	-	-
Rendering of integrated service fees – Britkit Limited	37	-	-	-
Key management personnel	-	-	-	125
	<u>504</u>	<u>264</u>	<u>-</u>	<u>125</u>

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2016

#### 22 Related party transactions (continued)

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 2016, the Company has not made any provision (2015: USD \$nil) for doubtful debts relating to amounts owed by related parties.

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

In addition, the Company had USD \$50,000 payable (2015: USD \$50,000) to Crimson LP and USD \$nil receivable from (2015: USD \$8,000) Britkit Productions Limited, which are a partnership and company respectively controlled by Mr Michael Aldridge and William Sykes, who are directors of the Company. Furthermore, the Company paid USD \$113,000 (2015: USD \$81,000) of rent, of which USD \$nil (2015: USD \$19,000) is outstanding at the year / period end to RMAI Limited, a company controlled by Mr Michael Aldridge, a shareholder of the Company.

The following amounts were outstanding at the reporting end date:

	Amounts owed by related parties		Amounts owed to related parties	
	2016 USD\$ 000	2015 USD\$ 000	2016 USD\$ 000	2015 USD\$ 000
Subsidiaries	-	-	28	1
Joint ventures	492	202	-	-
Fellow group undertakings	3,886	195	-	-
	<u>4,378</u>	<u>397</u>	<u>28</u>	<u>1</u>

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.

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

**24 Cash absorbed by operations**

	2016 USD\$ 000	2015 USD\$ 000
Loss for the year / period after tax	(839)	(2,571)
<b>Adjustments for:</b>		
Finance costs	738	-
Depreciation and impairment of property, plant and equipment	24	12
Gain on redemption of preference shares	(2,011)	-
<b>Movements in working capital:</b>		
Increase in other receivables	(83)	(617)
Increase in trade and other payables	190	597
Increase in prepayments	(107)	(19)
<b>Cash absorbed by operations</b>	<u>(2,088)</u>	<u>(2,598)</u>

**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.

# SUNBIRD BUSINESS SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

### FOR THE YEAR ENDED 31 JULY 2016

#### 25 Financial instruments (continued)

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	-	-
	<u>4,197</u>	<u>3,400</u>	<u>3,690</u>

Period ended 31 July 2015	Less than 1 year USD \$ 000	Between 1 and 2 years USD \$ 000	Over 2 years USD \$ 000
Borrowings	-	8,000	3,197
Trade and other payables	578	-	-
	<u>578</u>	<u>8,000</u>	<u>3,197</u>

The Company's financial assets as at 31 July 2016 are cash of cash equivalent of \$874,000 (2015: \$2,177,000) and trade and other receivables excluding prepayments of \$4,681,000 (2015: \$617,000)

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 period to redemption.

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

#### Credit risk

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

#### Capital management

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

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

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

**SUNBIRD BUSINESS SERVICES LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**  
**FOR THE YEAR ENDED 31 JULY 2016**

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**25 Financial instruments (continued)**

	<b>2016</b>	<b>2015</b>
	<b>USD\$ 000</b>	<b>USD\$ 000</b>
Total borrowings including preference shares	10,550	11,197
Less: cash and cash equivalents	(874)	(2,177)
Net debt	9,676	9,020
Total equity	6,147	1,715
<b>Total capital</b>	<b>15,823</b>	<b>10,735</b>
<b>Gearing ration</b>	<b>61%</b>	<b>84%</b>

The gearing ratio is naturally high in the first period of trading. The Company's strategy is to reduce this to 50% in the medium to longer term. The Company was successful at reducing the gearing ratio from 84% to 61% and is on target to achieve the 50% target.

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