



# **ESV Group Plc**

**Report and financial statements  
31 March 2014**

**CONTENTS**

Directors and advisers	2
Chairman's review	3
Strategic report	6
Directors' report	9
Statement of directors' responsibilities	15
Independent auditors' report to the members of ESV Group Plc	16
Consolidated statement of income	18
Consolidated statement of comprehensive income	19
Consolidated statement of financial position	20
Consolidated statement of cash flows	21
Consolidated statement of changes in equity	22
Company statement of financial position	23
Company statement of cash flows	24
Company statement of changes in equity	25
Notes to the financial statements	26
Notice of Annual General Meeting	43

**DIRECTORS AND ADVISERS**

Directors	M Alikhani I Mikhaylova D Zhminko	Executive Director Executive Director Executive Director (resigned 31/12/2013)
Secretary and Registered Office	K R Sodha FCA 6 Derby Street London W1J 7AD	
Bankers	HSBC Bank plc 129 Bond Street London W1A 2JA	
Auditors	Cameron & Associates Limited 35-37 Lowlands Road Harrow-on-the-Hill Middlesex HA1 3AW	
Solicitors	Fladgate LLP 16 Great Queen Street London WC2B 5DG	
Registrars	Neville Registrars Limited Neville House 18 Laurel Lane Halesowen West Midlands B63 3DA	
Company number	5738279	

## CHAIRMAN'S REVIEW

for the year ended 31st March 2014

### Sale of Mozambique Jatropha plantations

The Sale and Purchase Agreement ("the Agreement") for the sale of the Group's Jatropha plantation business for a consideration total of \$US4,000,000 in Mozambique was first announced in November 2009. A first tranche of US\$2.1 million was paid upon the signing of the Agreement. The final tranche of US\$1.9 million receivable from the sale was contingent upon the issuance of the Jatropha farming rights for the second plantation area ("DUAT") by 9 May 2011. The parties who purchased the plantation from the Group did not co-operate in applying for the land rights issuance as they were required to do and had agreed to do.

As previously reported, following the failure of the purchasers to complete the terms and make the second and final tranche, the Group commenced litigation to seek redress from the purchasers through the Mozambique courts. In the latest case to be heard, ESV was awarded judgement for documentary evidence to be supplied which will assist in submitting the matter for arbitration to the International Chamber of Commerce Court in Paris, as provided for in the Agreement. ESV is advised that the limitation period during which it can bring a claim is 20 years.

From the final amount receivable, a payment of US\$0.25 million is to be made to the former holders of the land.

As the legal process for the recovery of this debt following the sale of the Jatropha farming operations in Mozambique is proving to be a slow process, the Directors have prudently provided for the amount outstanding whilst continuing to use their best efforts for its recovery.

### Ukraine agri-logistics during the period under review

Until 2 December 2011, grain exports remained suspended by the Ukrainian authorities. Following the resumption of exports from Ukraine after 2 December 2011, ESV's total shipments through the Kherson port have consisted of mainly "niche market" products (e.g. corn gluten feed pellets) shipped in smaller vessels.

During the whole year to 31 March 2014, the total tonnage shipped was 3038 MT (2012-13: 69,576MT). Fee revenue paid to ESV during the financial year under review was £ 27,296 compared with £108,685 for the prior financial year.

### Post period end development- Ukraine

The original Licence for the operations at Kherson port in Ukraine was issued for a 15 year period from May 1998 until May 2013.

Negotiations for the renewal of this contract did not offer ESV sufficiently viable terms for its future at the port and the Company accepted a letter from the Port Authorities declining to renew its licence. Accordingly, since May 2013, ESV is no longer concerned with grain exports from Ukraine and subsequent political events in the country have in any case mitigated against being so concerned.

### Results for the period

The Group loss for the year amounts to £804,737 (2013: loss £371,322) of which £169,772 (2013:£222,325) relates to continuing operations and £634,965 (2013:148,997) relates to discontinued operations.

The turnover represents the fee of £27,296 (2013: £108,685) for the management of the grain terminal in Kherson Sea Port.

Administrative expenses within discontinued operations include a provision for bad debts of £528,619 net of related contingent creditors in respect of the sale of the Jatropha farming operations in Mozambique. The 2013 comparatives include a bad debt of £203,387 in respect of amounts advanced by the Company to Dnipro Cargo for the Kherson port terminal.

The 2013 comparative figures stated are for the year 1 April 2012 to 31 March 2013.

### **Going concern**

The Company has now ceased to operate in organic biofuels supply in Mozambique and cereal logistics in Ukraine. However it is poised to use its wide experience and contacts to launch agricultural operations in Zambia using highly successful, proven farming methods. In order to maintain its central operations and pursue its new opportunities as described below, the Company is actively planning to raise finance.

Meanwhile, the Group continues to monitor carefully and where possible reduce costs and commitments in order to operate its business within the financial resources available. The Directors anticipate that, as historically, the Company's financial needs will be met as they arise.

### **General Meeting – serious loss of capital**

Directors are actively pursuing the opportunity in Zambia (see below) which, if successful, may deal with the serious loss of capital issue explained in Note 1b.

Based on the levels of cargo handled in previous years, the Directors expected the Kherson Port terminal to provide much higher income in recent years than has been the case. A significant reduction in port income arose due to the effects of export suspension and quota impositions by the Ukrainian authorities in 2011 and 2012. In 2012 significant quantities of Ukrainian grain exports were diverted to Russia, which suffered drought conditions, with these exports being largely transported by land rather than sea.

As a result there was a material loss of income for ESV in those years giving rise to a bad debt of £203,387 due to non-recoverable amounts advanced to Dnipro Cargo. This together with the net provision against amounts due from the sale of Jatropha farming operations in Mozambique (see above) were the principal cause of the serious loss of capital.

### **Future developments**

The Directors of ESV are continuing to monitor closely developments in international agricultural sectors, including food security considerations. It intends to leverage and monetise its expertise gained in Ukraine and develop its widespread contacts with African countries. In particular, it is targeting crop production in Zambia and counteracting desertification as future activities.

It has assembled an international team of consultants in agro-economics to take advantage of rapidly-expanding world food requirements particularly for agricultural crop production.

In Zambia, there is widespread availability of fertile land and an excellent dependable climate with abundant water supply all the year round. Additionally, the Directors already conduct business in Zambia and have a good knowledge of working conditions and government regulations in the country.

## **ESV Group Plc**

The Company is therefore actively pursuing the potential for profitable import substitution of a range of high-value crops. It has formed a Zambia Agriculture Group (“ZAG”) with a team including world-renowned agronomists.

The principal crops grown in Zambia in 2010 were sugar cane, maize, cassava and sweet potatoes but ZAG plans to specialise in crops of higher calorific and monetary values.

During the period under review, the company has researched and surveyed opportunities for launching its activities in Zambia and carried out specific agricultural and market research into the opportunities for import substitution and for exports from Zambia into its eight neighbouring countries, all of whom currently import food. It has also visited and commenced negotiations to acquire freeholds and/or leases over certain farms in three different areas, all of which are located close to infrastructure and markets.

It also intends to implement irrigation systems and initiate post-production activities including food processing and cold storage, thereby providing further added-value.

An Investor Presentation has been completed and this will be presented to a range of institutions in the UK and abroad during Autumn 2014 to raise initial funds. At the same time, ESV intends to conclude negotiations with one or more of the owners of the most promising of the identified farms to form a joint venture with ZAG and commence growing high-value crops and seeds.

### **Desertification**

ESV continues to discuss its existing Memorandum of Understanding (“MOU”) with a Sichuan, People’s Republic of China (“PRC”) based developer of a silica-based organic fertiliser. The fertiliser, applicable to soils in desert and near-desert areas, uses layered porous silicate, a nanometre interlayer and high polymerising technology. It can alter and improve the structure of desert land and create conditions for a positive cycle of water, fertiliser and vegetation growth. The material has been used successfully in the PRC for the last 14 years.

Bringing desert areas into agricultural production is a key objective of many emerging countries and of the product. Under the MOU, ESV is projected to have a majority share in a dedicated Joint Venture that is planning to conduct trials with a view to marketing the product internationally.

### **Funding and Share Listing**

As announced on 16 May 2013, the Company delisted its shares on ISDX and has continued to offer shareholders an interim matched share facility described in that Announcement. As described above, it is the intention of the Directors to raise funds to launch its Zambian agricultural programme and it also intends to relist its shares on the AIM market; shareholders will be kept informed of developments.

M Alikhani

*Chairman*

1 September 2014

## **STRATEGIC REPORT**

for the year ended 31st March 2014

This strategic report has been prepared in compliance with the Companies Act 2006 to ensure that the shareholders have a balanced and comprehensive review of the business development and performance of the Group. It includes an assessment of the risks and uncertainties the Group faces and the actions the Directors have taken to develop the Group. The report outlines the operational review of the Group with reference to its financial performance, and the aims, strategy and business plans being developed to move the Group forward.

The Strategic Report should be read in conjunction with the Chairman's Review and the audited financial report for the year ended 31 March 2014.

### **Operational review**

During the period from 1 April 2013 to date, the focus of the Group has been to recover an amount of US\$1.9 million receivable from the sale of Mozambique Jatropha plantations, cost reduction, plan crop production in Zambia and develop a fertiliser business with a company based in Sichuan, People's Republic of China ("PRC").

#### *Sale of Mozambique plantations*

For the sale of the Mozambique Jatropha plantations, ESV was awarded judgement for documentary evidence so it can submit the matter for arbitration to the International Chamber of Commerce Court in Paris. The legal process for the recovery of this debt is proving to be slow. The Directors have prudently provided for the amount outstanding whilst continuing to use their best efforts for its recovery of the US\$1.9 million receivable.

#### *Grain exporting in Ukraine*

The original Licence for the Ukraine port terminal at Kherson was issued for a 15 year period from May 1998 until May 2013. Negotiations for the renewal of this contract did not offer ESV sufficiently viable terms so the Company accepted a letter from the Port Authorities declining to renew its licence. Accordingly, since May 2013, ESV is no longer concerned with grain exports from Ukraine and subsequent political events in the country have in any case mitigated against being so concerned.

#### *Crop production in Zambia*

The Directors of ESV are currently targeting crop production in Zambia and have assembled an international team of consultants in agro-economics. The Directors already conduct business in Zambia and have a good knowledge of working conditions and government regulations in the country. The Group is therefore actively pursuing the potential for profitable import substitution of a range of high-value crops. The Group has carried out specific agricultural and market research into this opportunity and for exports from Zambia into its eight neighbouring countries. It has visited and commenced negotiations to acquire freeholds and/or leases over certain farms in three different areas, all of which are located close to infrastructure and markets. ESV intends to implement irrigation systems and initiate post-production activities including food processing and cold storage, thereby providing further added-value. An Investor Presentation has been completed and this will be presented to a range of institutions in the UK and abroad during Autumn 2014 to raise initial funds.

#### *Desertification*

ESV continues to discuss its existing MOU with a Sichuan based company in the People's Republic of China ("PRC") which is a developer of a silica-based organic fertiliser. The fertiliser improves the structure of desert land and creates conditions

for a positive cycle of water, fertiliser and vegetation growth. The material has been used successfully in the PRC for the last 14 years. Bringing desert areas into agricultural production is a key objective of many emerging countries and of the product. Under the MOU, ESV is projected to have a majority share in a dedicated Joint Venture that is planning to conduct trials with a view to marketing the product internationally.

**The key milestones planned for ESV in 2014 and beyond are:**

**Event:**

Commence investor presentations to raise funds for Zambia farming	Q3 2014
Complete acquisition of farming land	Q4 2014
Farming commences	Q2 2015
Completion of JV with PRC company and commencement of marketing fertiliser	Q2 2015
Admission to AIM	Q3 2015

This coming year will be pivotal for ESV as it plans to start the Zambia farming operations, commence the JV with PRC company and the marketing of fertiliser and admit to AIM.

**Financial performance review**

The Group loss attributable to the shareholders of ESV Group for the year ended 31 March 2014 amounts to £804,737 (2013: loss £371,322) of which £169,772 (2013:£222,325) relates to continuing operations and £634,965 (2013:148,997) relates to discontinued operations. Administrative expenses within discontinued operations include a provision for bad debts of £528,619 net of related contingent creditors in respect of the sale of the Jatropha farming operations in Mozambique. The Group continues to monitor carefully and where possible reduce costs and commitments in order to operate its business within the financial resources available.

**Principal risks, uncertainties and key performance indicators**

The key performance indicators are as shown in the Directors' Report on page 9.

The Directors are currently in the process of revising and setting appropriate key performance indicators for the business going forward.

The principal risks exposed to the Group are:

- Availability of funding;
- Political and economic environment;
- Fluctuation in crop prices;
- Operational risk;
  - Seasonal factors and floods, frosts or droughts can threaten disruption and/or loss of production; and
  - Climatic variations and climate change can threaten crop growing

**Mitigation of risk and uncertainty**

The Company's Management has analysed the risks and uncertainties and monitors the risks as far as it is practical do so given the planned development of the Group. Certain factors are beyond the control of the Group such as the fluctuations in the price of the crops, seasonal factors and climatic variations.



The Management are aware of these factors and propose to mitigate them as far as possible. In particular, ESV plans to:

- farm in Zambia, regarded as a politically stable country with security of land tenure;
- cultivate crops using naturally fertile soils, in a region with dependable rainfall and a warm, frost-free, equable climate;
- acquire farms that are located where they have ample, reliable all-year-round water supplies, sufficient to enable on-call irrigation in order to produce two harvests every year;
- source irrigation, fertilisation and agrarian technologies directed by proven world-leading agronomists to optimise production and dependable yields irrespective of climatic variances;
- grow crops which are currently being imported from South Africa and are therefore subject to high transport costs. In relation to the crop prices, the ESV farming project model includes sufficient headroom, taking into consideration the local low cost base and present crop prices, which provide a buffer against the effect of any future downward pressure on crop prices;
- take advantage of high food costs in Zambia's neighbouring countries to export farm produce to them; and
- consider the options of availability of future funding, to raise funds via equity raising and for any loan finance to fix interest rates where possible.

The Strategic Report was approved and authorised for issue by the Board on 1 September 2014 and signed on its

behalf by:

M Alikhani

*Chairman*

1 September 2014

## DIRECTORS' REPORT

The Directors present their report on the affairs of the Group and the audited financial statements and auditors' report for the year to 31 March 2014.

### Principal activities

In the period under review the nature of the Group's operations and its principal activity was grain handling port operations in Ukraine.

### Business review and future developments

The Group's performance during the year and expected future developments are described in the Chairman's Review on page 3.

### Results and dividends

The results to 31 March 2014 reflect the operating income and administrative expenses of the Group. The results for the period are set out in the consolidated statement of income on page 18.

The Directors do not recommend the payment of a dividend for the year ended 31 March 2014 (2013: £nil).

Key performance indicators for the Group are as follows

	<b>Year ended 31 March 2014</b>	Year ended 31 March 2013
	<b>£</b>	£
Net cash	<b>1,627</b>	4,729
Net liabilities	<b>(1,139,170)</b>	(499,878)
Loss for the year (continuing operations)	<b>(169,772)</b>	(222,325)
Loss for the year (discontinued operations)	<b>(634,965)</b>	(148,997)
Loss per share (continuing operations)	<b>(2.38)p</b>	(3.11)p
Loss per share (discontinued operations)	<b>(8.89)p</b>	(2.09)p

### Going concern basis

The Directors continue to adopt the going concern basis in preparing the financial statements (see note 1a).

### Directors and their interests

The Directors in office during the period and their beneficial interests in the ordinary shares of the Company for the year (as defined in the Companies Act 2006) were as follows:

	No. of ordinary shares at 31 March 2014 or date of resignation	% of issued share capital
I Mikhaylova	383,890	5.38%
D Zhminko (resigned 31 December 2013)	–	–
M Alikhani	347,447	4.87%

### **Transaction with directors and related parties**

Details of transactions with Directors and related parties are set out in Note 18 to the accounts.

### **Issues of shares**

No shares were issued during the year.

### **Substantial shareholdings**

The Company is aware that as at 5 August 2014 the following persons were interested (within the meaning of the Act) directly in 3% or more of the issued share capital of the Company:

	Number of ordinary shares of £0.023 at 5 August 2014	% of issued share capital
D.B. Bailey	880,000	12.32
KBC Securities NV	559,871	7.84
Roxaliena Trading Ltd	492,150	6.89
Irina Mikhaylova	383,890	5.38
Masoud Alikhani Esq	347,447	4.87
Agro-Maas (UK) Ltd	346,109	4.85
Forest Nominees Ltd	300,000	4.20
Lynchwood Nominees Ltd	296,268	4.15
Ukraine Holdings Limited	272,050	3.81
Ronny Maas Esq	248,498	3.48

### **Annual General Meeting**

Resolutions will be proposed at the Annual General Meeting as set out in the formal notice on pages 43 to 46. The following explanatory notes relate to Resolutions numbered 3 and 4 which will constitute Special Business.

- (i) Resolution 3 - is proposed as an Ordinary resolution to provide the Directors with authority to issue ordinary shares.
- (ii) Resolution 4 - is to authorise the Directors to allot relevant securities up to a nominal value of £15 million. This will provide the Directors with the authority to issue ordinary shares for cash when the Board considers it to be in the best interest of shareholders.
- (iii) Item 5 - to consider what, if any, measures should be taken to deal with the serious loss of capital.

### **Supplier payment policy**

The Company's policy is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the Company at 31 March 2014 were equivalent to 383 (2013: 239) days' purchases, based on the average daily amount invoiced by suppliers during the year.

**Financial instruments**

Details of the risk management and the use of financial instruments by the Company are contained in Note 17 of the financial statements.

**Charitable and political contributions**

During the year, the Company did not make any charitable or political donations.

**Principal risks and uncertainties**

The Group is subject to various risks relating to political, economic, legal, industry and financial conditions, not all of which are within its control. The Group identifies and monitors the key risks and uncertainties affecting the Group and runs its business in a way that minimises the impact of such risks where possible. The following risk factors, which are not exhaustive, are particularly relevant to the Group's business activities:

**Strategic risk**

Strategic risk, is the risk that the strategy developed will fail to create or preserve shareholder value. The Directors regularly review the Group's progress against its chosen strategy, the appropriateness of the chosen strategy for the Group both in absolute terms and in comparison to other potential strategies that could be adopted.

**Political risk**

The Group's operational activities are located in emerging economies and are dependent on the political and economic situation in these areas. There can be no assurance that political stability will continue. Whilst the Group intends to make every effort to ensure that the Group has and continues to have robust commercial agreements covering its activities, there is a risk that the Group's activities and financial performance will be adversely impacted by economic and political factors such as exchange rates, interest rates, inflation rates, the imposition of additional taxes and charges, introduction of export quotas or bans which would reduce the demand for agri-logistics, cancellation or suspension of licences or agreements, expropriation, war, terrorism, insurrection and changes to laws governing the Group's operations.

The Group's management and advisory network have considerable international as well as local experience in conducting business in the areas where it operates and apply this knowledge to regularly assess and monitor this aspect of activities. Additionally the Group uses local experts in order to ensure compliance with the relevant regulation and maintains regular contact with the local authorities in the areas where it operates so as to be aware of any relevant changes to the fiscal regime in which it operates.

**Economic risk**

Emerging market economies are largely dependent on sale proceeds from primary commodity production which are subject to fluctuations in world commodity prices. In general, such economies have also experienced devaluations, high inflation and high interest rates. Additionally all these economic risks may from time to time adversely affect the Group's operations. Historically, commodity prices (including agricultural products) have displayed wide ranges and are affected by the numerous factors

over which the Group does not have any control. These include world production levels, international economic trends, expectations for inflation, speculative activity, consumption patterns and global or regional political events.

**Legal risk**

The legal systems in Ukraine and Mozambique are different to that of the UK. This could result in risks such as: (i) potential difficulties in obtaining effective legal redress in the courts of such jurisdictions, whether in respect of a breach of law or regulation, or in an ownership dispute; (ii) a higher degree of discretion on the part of governmental authorities; (iii) the lack of judicial or administrative guidance on interpreting applicable rules and regulations; (iv) inconsistencies or conflicts between and within various laws, regulation, decrees, orders and resolutions; and (v) relative inexperience of the judiciary and courts in such matters.

In certain jurisdictions the commitment of local business people, government officials and agencies and the judicial system to abide by legal requirements and negotiated agreements may be more uncertain. In particular, agreements in place may be susceptible to revision or cancellation and legal redress may be uncertain or delayed. There can be no assurance that joint ventures, licences, licence applications or other legal arrangements will not be adversely affected by the actions of government authorities or others and the effectiveness of and enforcement of such arrangements in these jurisdictions cannot be assured.

**Operational risk**

The Group may be affected by risks arising from mechanical accidents, occupational health hazards, processing problems and technical failures. The impact of these events could lead to disruptions in business operations, loss of reputation and financial losses. The Group seeks to manage these risks by ensuring compliance with relevant standards such as health and safety standards, recruitment of appropriately qualified and experienced personnel, and appropriate training of staff and contractors.

**Environmental risk**

Until the expiry of the licence in Ukraine, adverse weather conditions could curtail grain production, which may result in export restrictions, and therefore reduce the usage of port facilities and the demand for agri-logistics, which could materially impact the financial performance of the Group. The board regularly reviews forecast grain production and expected demand for its agri-logistics, so to the extent possible action can be taken at an early stage to mitigate the financial impact of reduced port useage as well as to be in a position to take advantage of any increased useage as appropriate.

**Dependency on key personnel**

The loss of any key individuals in the Group's management team or the inability to attract appropriate personnel could impact the Group's performance. Although the Company intends to enter into contractual arrangements to secure the services of its Directors and other key personnel, the retention of these services and the future costs cannot be guaranteed.

**Liquidity risk**

There is risk that Group will not be able to meet liabilities as they fall due. The Group

made a loss for the year of £804,737 (2013: £371,322) and has net current liabilities of £1,139,170 (2013: £499,878). The Group aims to ensure that it will always have sufficient funding to meet its expected liabilities as they fall due for at least the next 12 months. Depending on the operating performance the Group may need to raise further funding in order to be in a position to meet its liabilities as they fall due, however due to the limited operating history of the Group, there is no guarantee that the Group will be able to raise the required funds to meet its liabilities as they fall due. The Group's funding requirements are reviewed on a regular basis by the directors, such that action can be taken as necessary to either curtail expenditures and / or raise additional funds from available sources including asset sales and the issuance of debt or equity

**Acquisition risk**

There is the risk that the Group will not be able to acquire the necessary resources at the required price. Not being able to acquire a potential project on the desired terms may have an adverse affect on the future success of the Group. The Group and its advisors have considerable experience in the business environment in which the Group operates. This experience is applied regularly and carefully to assess potential acquisition opportunities.

**Disabled employees**

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled every effort is made to ensure that their employment with the Group continues and that appropriate training is arranged. It is the policy of the Group that the training/career development and promotion of disabled persons should, as far possible, be indetical to that of other employees.

**Employee consultation**

The Group places considerable value on the involvement of its employees and has continued to keep them informed on matters affecting them as employees and on the various factors affecting the performance of the Group. This is achieved through formal and informal meetings.

**Environmental matters**

Regular review is carried out to ensure that our activities operate within safe environmental conditions.

**Events after the reporting date**

The relevant information can be found in Note 19.

**Statement as to disclosure of information to the auditors**

Each of the Directors at the date of approval of this annual report confirms that:

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

This information is given and should be interpreted in accordance with the provisions of S418 of the Companies Act 2006.

**Auditors**

Cameron & Associates Limited have expressed their willingness to continue in office as auditors. A resolution proposing the appointment of Cameron & Associates Limited will be put to the shareholders at the forthcoming Annual General Meeting.

This Directors' Report comprising pages 9 to 14 has been approved by the Board of Directors and signed on behalf of the Board by

M. Alikhani

1 September 2014

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

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

Company law requires the Directors to prepare Group and Company financial statements for each financial year. The Directors have elected under company law to prepare Group financial statements in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union ('EU') and have elected under company law to prepare the Company financial statements in accordance with IFRS as adopted by the EU.

The financial statements are required by law and IFRS adopted by the EU to present fairly the financial position of the Group and the Company and the financial performance of the Group. The Companies Act 2006 provides in relation to such financial statements that references in the relevant part of that Act to financial statements giving a true and fair view are references to their achieving a fair presentation.

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 Group and the Company and of the profit or loss of the Group for that period.

In preparing the Group and Company 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 they have been prepared in accordance with IFRSs adopted by the EU;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and the Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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 Group and the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The Directors are responsible for the maintenance and integrity of the corporate and financial information. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

By order of the Board

M. Alikhani

Director

1 September 2014



## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ESV GROUP PLC**

We have audited the group and parent company financial statements ("the financial statements") on pages 18 to 42. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and, as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

As more fully explained in the Directors' Responsibilities Statement set out on page 15 the Directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/private.cfm](http://www.frc.org.uk/apb/scope/private.cfm).

### **Opinion on financial statements**

In our opinion

- > the financial statements give a true and fair view of the state of the group's and the parent's affairs as at 31 March 2014 and of the group's loss for the year then ended;
- > the group financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union;
- > the parent financial statements have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2006; and
- > the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

### **Emphasis of Matter – going concern**

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the company and the group's ability to continue as a going concern which is dependent on a number of factors. The Directors are in the process of recovering an amount of £1.14m (\$1.9m) from the sale of its Jatropha operations, provision has been made for potential legal and other costs of recovery of £150,000. Although confident of success, failure to do so could result in a significant impact on

the future funding of operations. In addition the Company is reliant on its ability to successfully raise further financing to fund future working capital and development needs. Although the Directors are confident of being able to obtain further sources of funding, this cannot be guaranteed. These conditions, together with the other matters referred to in note 1, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. The financial statements do not include any adjustments that would result if the Group was unable to continue as a going concern.

### **Opinion on other matters prescribed by the Companies Act 2006**

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

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

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

Rajinder Basra, (senior statutory auditor)  
For and on behalf of  
Cameron & Associates Limited  
35-37 Lowlands Road  
Harrow-on-the-Hill  
Middlesex  
HA1 3AW

1 September 2014

**CONSOLIDATED STATEMENT OF INCOME**  
**YEAR ENDED 31 MARCH 2014**

	Note	2014 £	2013 £
<b>Continuing operations</b>			
Administrative expenses		<b>(169,772)</b>	(222,325)
		<hr/>	<hr/>
<b>Loss for the year before and after tax from continuing operations</b>		<b>(169,772)</b>	(222,325)
		<hr/>	<hr/>
<b>Discontinued operations</b>			
Revenue		<b>27,296</b>	108,685
Administrative expenses		<b>(662,261)</b>	(257,682)
		<hr/>	<hr/>
<b>Loss for the year before and after tax from discontinued operations</b>		<b>(634,965)</b>	(148,997)
		<hr/>	<hr/>
<b>Loss for the year after tax attributable to equity holders of the parent company</b>	6,7,9	<b>(804,737)</b>	(371,322)
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per ordinary share (continued operations)</b>			
Basic and diluted (pence)	10	<b>(2.38)p</b>	(3.11)p
		<hr/> <hr/>	<hr/> <hr/>
<b>Loss per ordinary share (discontinued operations)</b>			
Basic and diluted (pence)	10	<b>(8.89)p</b>	(2.09)p
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 42 form part of these financial statements.

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Note	<b>2014</b>	2013
		<b>£</b>	£
<b>Loss for the year</b>	6, 9	<b>(804,737)</b>	(371,322)
<b>Other comprehensive income:</b>			
Exchange translation differences on foreign operations		<b>36,213</b>	19,516
		<hr/>	<hr/>
<b>Total comprehensive loss for the year attributable to equity holders of the parent company before and after tax</b>		<b>(768,524)</b>	(351,806)
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 42 form part of these financial statements.

## CONSOLIDATED STATEMENT OF FINANCIAL POSITION

**AS AT 31 MARCH 2014**

Company number 5738279

	Note	2014 £	2013 £
<b>Current assets</b>			
Trade and other receivables	13	<b>937</b>	8,301
Available for sale financial asset	13	–	1,250,000
Cash and cash equivalents	13	<b>1,627</b>	4,729
		<u><b>2,564</b></u>	<u>1,263,030</u>
<b>Total assets</b>		<u><b>2,564</b></u>	<u>1,263,030</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Trade and other payables	15	<b>1,141,734</b>	1,762,908
<b>Total liabilities</b>		<u><b>(1,141,734)</b></u>	<u>(1,762,908)</u>
<b>Net liabilities</b>		<u><b>(1,139,170)</b></u>	<u>(499,878)</u>
<b>Equity</b>			
Share capital	16	<b>164,249</b>	164,249
Share premium		<b>3,330,805</b>	3,330,805
Retained earnings		<b>(4,626,856)</b>	(3,822,119)
Cumulative translation reserve		<b>(7,368)</b>	(172,813)
<b>Equity attributable to equity holders of the parent company</b>		<u><b>(1,139,170)</b></u>	<u>(499,878)</u>

The notes on pages 26 to 42 form part of these financial statements.

These financial statements were approved by the Board of Directors on 1 September 2014 and signed on behalf of the Board of Directors by:

M Alikhani  
Director

**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	<b>2014</b>	2013
	<b>£</b>	£
Loss after tax	<b>(804,737)</b>	(371,322)
Adjustments for:		
Bad debt	-	203,387
Foreign exchange differences	-	(42,240)
	<hr/>	<hr/>
<b>Operating cash flow before movements in working capital</b>	<b>(804,737)</b>	(210,175)
Decrease in receivables	<b>7,364</b>	37,869
Increase in payables	<b>794,271</b>	202,222
	<hr/>	<hr/>
<b>Net cash (outflow)/inflow from operating activities</b>	<b>(3,102)</b>	29,916
	<hr/>	<hr/>
<b>Comprises of:</b>		
<b>Net cash (outflow)/inflow from continuing operations</b>	<b>(3,102)</b>	115,885
	<hr/>	<hr/>
<b>Net cash (outflow) from discontinued operating activities</b>	<b>-</b>	(85,969)
	<hr/>	<hr/>
<b>(Decrease)/increase in cash/net overdraft</b>	<b>(3,102)</b>	29,916
<b>Net cash/(overdraft) at beginning of year</b>	<b>4,729</b>	(25,187)
	<hr/>	<hr/>
<b>Net cash at end of year</b>	<b>1,627</b>	4,729
	<hr/>	<hr/>

The notes on pages 26 to 42 form part of these financial statements.

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Share capital £	Share premium £	Retained earnings £	Cumulative translation reserve £	Total £
As at 1 April 2012	164,249	3,330,805	(3,450,797)	(192,329)	(148,072)
Total comprehensive loss for the year	–	–	(371,322)	19,516	(351,806)
As at 31 March 2013	164,249	3,330,805	(3,822,119)	(172,813)	(499,878)
Transfer on disposal of subsidiaries	–	–	–	129,232	129,232
Total comprehensive loss for the year	–	–	(804,737)	36,213	(768,524)
<b>As at 31 March 2014</b>	<b>164,249</b>	<b>3,330,805</b>	<b>(4,626,856)</b>	<b>(7,368)</b>	<b>(1,139,170)</b>

The notes on pages 26 to 42 form part of these financial statements.

**COMPANY STATEMENT OF FINANCIAL POSITION**
**AS AT 31 MARCH 2014**

Company number 5738279

	Note	2014 £	2013 £
<b>Current assets</b>			
Trade and other receivables	13	<b>937</b>	8,301
Available for sale financial asset	13	–	1,250,000
Cash and cash equivalents	13	<b>1,627</b>	4,729
		<u><b>2,564</b></u>	<u>1,263,030</u>
<b>Total assets</b>		<u><b>2,564</b></u>	<u>1,263,030</u>
<b>Current liabilities</b>			
Trade and other payables	15	<b>(1,141,734)</b>	(1,473,104)
<b>Total liabilities</b>		<u><b>(1,141,734)</b></u>	<u>(1,473,104)</u>
<b>Net liabilities</b>		<u><b>(1,139,170)</b></u>	<u>(210,074)</u>
<b>Equity</b>			
Share capital	16	<b>164,249</b>	164,249
Share premium		<b>3,330,805</b>	3,330,805
Retained earnings		<b>(4,634,224)</b>	(3,705,128)
<b>Equity attributable to equity holders of the Company</b>		<u><b>(1,139,170)</b></u>	<u>(210,074)</u>

The notes on pages 26 to 42 form part of these financial statements.  
 These financial statements were approved by the Board of Directors  
 on 1 September 2014.

Signed on behalf of Board of Directors by  
 M Alikhani  
 Director



**COMPANY STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	<b>2014</b>	2013
	<b>£</b>	£
Loss after tax	<b>(929,096)</b>	(371,322)
Adjustments for:		
Bad debt	<b>528,619</b>	203,387
Foreign exchange differences	<b>73,598</b>	(61,756)
	<hr/>	<hr/>
<b>Operating cash flow</b>		
<b>before movements in working capital</b>	<b>(326,879)</b>	(229,691)
Decrease in		
trade and other receivables	<b>7,364</b>	37,869
Increase in trade and other payables	<b>316,413</b>	194,965
	<hr/>	<hr/>
<b>Net cash outflow from operating activities</b>	<b>(3,102)</b>	3,143
	<hr/> <hr/>	<hr/> <hr/>
<b>Net increase in cash and cash equivalents</b>	<b>(3,102)</b>	3,143
Cash and cash equivalents at beginning of year	<b>4,729</b>	1,586
	<hr/>	<hr/>
<b>Cash and cash equivalents at end of year</b>	<b>1,627</b>	4,729
	<hr/> <hr/>	<hr/> <hr/>

The notes on pages 26 to 42 form part of these financial statements.

**COMPANY STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2014**

	Share Capital £	Share Premium £	Retained earnings £	Total £
As at 1 April 2012	164,249	3,330,805	(3,333,806)	161,248
Total comprehensive loss for the year	–	–	(371,322)	(371,322)
As at 31 March 2013	164,249	3,330,805	(3,705,128)	(210,074)
Total comprehensive loss for the year	–	–	(929,096)	(929,096)
<b>As at 31 March 2014</b>	<b>164,249</b>	<b>3,330,805</b>	<b>(4,634,224)</b>	<b>(1,139,170)</b>

The notes on pages 26 to 42 form part of these financial statements.

## NOTES TO THE FINANCIAL STATEMENTS

### 1a). GOING CONCERN BASIS

The Group has recorded a loss of £804,737 in the current financial year ended 31st March 2014. In reviewing the going concern and future cash flows for the next 12 months from the date of the signing of these accounts, the management have made the following material assumptions.

a) *Receivable from sale of Mozambique*

The Group expects to recover by legal means the balance of US\$1.9 million gross receivable from the group's sale of its *Jatropha* operations in Mozambique.

b) *Cash flows*

After making enquiries, reviewing forecast cash flows and considering the uncertainties described above, the Directors have formed a judgment, at the time of approving these financial statements, that there is a reasonable expectation that the Group and Company can access adequate resources to continue in operational existence for the foreseeable future. For these reasons, the Directors continue to adopt the going concern basis in preparing the financial statements.

The financial statements do not include adjustments that would result if the Group or the Company was unable to continue as a going concern as it is not practicable to determine or quantify them.

### 1b). SERIOUS LOSS OF CAPITAL

The Directors note that as at 31 March 2014, the net current liabilities of the Company were £1,139,170. Section 656 of the Companies Act 2006 states that where the net assets of a public company are half or less than its called-up share capital, the Directors must convene a general meeting within 28 days, for a date not less than 56 days, after any of the Directors become aware of the situation. The meeting must consider whether any, and if so what, steps should be taken to deal with the situation.

The Directors intend to discuss the serious loss of capital of ESV Group Plc pursuant to s656 of the 2006 Companies Act at the AGM. The reasons that net assets are less than half the called-up share capital are outlined in the Chairman's review. The Directors propose resolving the situation during the course of the year either by increasing the net asset value of the Company through the issue of new capital and/or acquiring businesses in line with its investment strategy.

## 2. GENERAL INFORMATION

ESV Group Plc (the 'Company'), is incorporated and domiciled in the United Kingdom. The address of the registered office is 6 Derby Street, London, W1J 7AD.

In the period under review the nature of the Group's operations and its principal activity was grain handling port operations in Ukraine.

### 3a) ADOPTION OF NEW AND REVISED STANDARDS

These financial statements have been prepared in accordance with EU Endorsed International Financial Reporting Standards ('IFRS') and the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been drawn up on the basis of accounting policies consistent with those applied in the financial statements for the year to 31 March 2013.

In the current year, the following new and revised Standards have been adopted. The adoption of these standards, interpretations and amendments did not materially impact the Group.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### International Financial Reporting Interpretations (“IFRIC”)

IFRIC 19	Extinguishing Financial Liability with Equity Instruments
IFRIC 14	Limit on a Defined Benefit Asset, Minimum Funding Requirement and their Interaction

The following Standards and Interpretations which have not been applied in the financial statements were in issue but not yet effective (and in some cases had not yet been endorsed by the EU). The Directors do not expect that the adoption of these Standards or Interpretations in future periods will have a material impact on the financial statements of the Company or the Group.

IFRS 1 (amended)	Severe Hyperinflation and Removal of Fixed Dates for First-time Adopters
IFRS 1 (amended)	Government Loans
IFRS 7 (amended)	Disclosures – Transfers of Financial Assets,
IFRS 7 (amended)	Offsetting Financial Assets and Financial Liabilities
IFRS 9	Financial Instruments
IFRS 10	Consolidated Financial Statements
IFRS 11	Joint Arrangements
IFRS 12	Disclosure of Interests in Other Entities
IFRS 13	Fair Value Measurement
IAS 12 (amended)	Deferred Tax: Recovery of Underlying Assets
IAS 1 (amended)	Presentation of Items of Other Comprehensive Income
IAS 19 (amended)	Employee Benefits
IAS 27	Separate Financial Statements
IAS 28	Investments in Associates and Joint Ventures
IAS 32 (amended)	Presentation – Offsetting Financial Assets and Financial Liabilities
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine

### 3b) SIGNIFICANT ACCOUNTING POLICIES

#### Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRSs') as issued by the International Accounting Standards Board ('IASB') and as adopted by the European Union ('EU').

The Group financial information is presented in Pounds Sterling (“£”). Foreign operations are included in accordance with the policies set out below.

As permitted by section 408 of the Companies Act 2006, the Company has elected not to present its income statement for the year. The Company reported a loss for the financial year ended 31 March 2014 of £929,096 (2013: £371,322).

#### Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company (its subsidiaries) made up to 31 March each year. Control is achieved where the Company has the power to govern the financial and operating policies of an investee entity so as to obtain benefits from its activities.

The results of subsidiaries acquired of or disposed of during the year are included in the consolidated income statement from the effective date of acquisition or up to the effective

date of disposal, as appropriate. Where necessary, adjustments are made to the financial statements of subsidiaries to bring accounting policies used into line with those used by the Group. All intra-group transactions, balances, income and expenses are eliminated on consolidation.

### **Segmental reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the Board of Directors.

### **Foreign currencies**

The individual financial statements of each group company are presented in the currency of the primary economic environment in which it operates (its functional currency).

For the purpose of the consolidated financial statements, the results and financial position of each Group company are expressed in £ sterling, which is the functional currency of the Company, and the presentation currency for the consolidated financial statements.

In preparing the financial statements of the individual companies, transactions in currencies other than the functional currency of each Group company ('foreign currencies') are recorded in the functional currency at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are retranslated into the functional currency at the rates prevailing on the balance sheet date. Non-monetary assets and liabilities carried at fair value that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in the income statement in the period in which they arise except for exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur, which form part of the net investment in a foreign operation, and which are recognised in the foreign currency translation reserve and recognised in the income statement on disposal of the net investment.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated at exchange rates prevailing on the balance sheet date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the date of transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised as income or as expenses in the period in which the operation is disposed of.

### **Taxation**

The tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3b) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. Such assets and liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition (other than in a business combination) of other assets and liabilities in a transaction that affects neither the tax profit nor the accounting profit.

Deferred tax liabilities are recognised for taxable temporary differences arising on investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised. Deferred tax is charged or credited in the income statement, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

#### **Property, plant and equipment**

Property, plant and equipment ('PP&E') are carried at cost less accumulated depreciation and any recognised impairment loss.

Depreciation and amortisation is charged so as to write off the cost or valuation of assets over their estimated useful lives, using the straight-line method, on the following bases:

Office equipment	20%
------------------	-----

The gain or loss arising on the disposal or retirement of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in income.

#### **Related party transactions**

IAS 24, 'Related Party Disclosures', requires the disclosure of the details of transactions between the reporting entity and related parties. In the consolidated financial statements, all transactions between Group companies are eliminated.

#### **Financial instruments**

##### **Financial assets**

##### **Initial recognition and measurement**

All financial assets are initially recorded at fair value and designated upon inception into one of the following four financial categories: held to maturity, available for sale, loans and receivables or fair value through profit or loss ("FVTPL"). All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

**Subsequent measurement**

The subsequent measurement of financial assets depends on their classification as described below:

- Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss.
- Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
- Held- to-maturity investments are non- derivative financial assets with fixed or determinable payments or fixed maturities that the Company has the positive intention and ability to hold to maturity.
- Equity investments classified as available- for – sale are those that are neither classified as held for trading nor designated at fair value through profit or loss.

Financial assets classified as FVTPL are initially recognised at fair value, being the consideration given including, where appropriate, acquisition costs associated with the investment. Such investments are subsequently carried at fair value with unrealised gains and losses recognised through profit and loss.

Financial assets classified as loans and receivables and held to maturity are measured at amortised cost using the effective interest method less any allowances for impairment.

Financial assets classified as available for sale are measured at fair value with unrealised gains and losses recognised in other comprehensive income (loss) except for losses in value that are considered other than temporary or a significant or prolonged decline in the fair value of that investment below its cost.

Transactions costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

**Financial liabilities****Initial recognition and measurement**

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL, loans and borrowings or as derivatives designated as hedging instruments in an effective hedge, or as appropriate.

All financial liabilities are initially recognised at fair value, plus, in the case of loans and borrowings, directly attributable transaction costs.

**Subsequent measurement**

After initial recognition, loans and borrowings are subsequently measured at amortised cost using the effective interest method. 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 interest rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Transaction costs on financial liabilities classified as FVTPL are expensed as incurred. Fair value changes on financial liabilities classified as FVTPL are recognised through the statement of comprehensive income.

At the end of each reporting period subsequent to initial recognition, financial liabilities

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 3b) SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

at FVTPL are measured at fair value, with changes in fair value recognised directly in comprehensive income in the period in which they arise. The net gain or loss recognised in comprehensive income excludes any interest paid on the financial liabilities.

#### **Impairment of financial assets**

The Company assesses at the end of each reporting period whether a financial asset is impaired.

#### **Assets amortised at cost**

If there is objective evidence that an impairment loss on assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the assets' carrying amount and the present value of estimated future cash flows discounted at the financial assets' original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognised in comprehensive income. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortised cost would have been had the impairment not been recognised. Any subsequent reversal of an impairment loss is recognised in comprehensive income.

In relation to trade and other receivables a provision for impairment is made and an impairment loss is recognised in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due.

#### **Available for sale**

If an available for sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognised in comprehensive income, is transferred from equity to comprehensive income. In the case of equity investments, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. Reversals in respect of equity instruments classified as available-for-sale are not recognised in comprehensive income.

#### **De-recognition of financial assets and liabilities**

A financial asset (or, where applicable a part of a financial asset) is derecognised when:

- The right to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party and either (a) the Company has transferred substantially all the risks and rewards of the asset, or, (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

#### **Trade and other receivables**

Trade and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost less any provision for impairment.

#### **Cash and cash equivalents**

Cash and cash equivalents comprise cash on hand and demand deposits, and other short-



term highly liquid investments that are readily convertible to a known amount of cash with three months or less remaining to maturity and are subject to an insignificant risk of changes in value.

**Trade and other payables**

Trade and other payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

**Provisions**

Provisions are recognised when the Group has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic resource will result and that outflow can be reliably measured.

**Share capital**

Financial instruments issued by the Group are treated as equity only to the extent that they do not meet the definition of a financial liability. The Group's ordinary shares are classified as equity instruments.

For the purposes of the disclosures given in note 16, the Group considers its capital to be total equity. There have been no changes in what the Group considers to be capital since the previous period.

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

#### **4. CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

In the application of the Group's accounting policies, which are described in note 3, the Directors are required to make judgements, estimates and assumptions about the carrying amounts of the 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 the current and future periods.

The following are the critical judgements and estimations that the Directors have made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

**Recoverability of Mozambique debtor**

The balance of US\$1.9 million receivable from the Group's sale of its Jatropha plantation was contingent upon the issuance of the Jatropha farming rights for the second plantation area by 9 May 2011. The parties who purchased the plantation from the Group did not cooperate in this matter and the Group has started legal proceedings in Mozambique for its recovery. The Directors believe that the full amount will be recovered. As the legal process for the recovery of this debt is proving to be a slow process, the Directors have prudently provided for the amount whilst continuing to use their best efforts for the recovery.

**Ukraine agri-logistics**

Ukraine's grain exports in the period under review were not as high as expected. This was the effect of previous export quotas as a result of which trading conditions did not normalise as expected.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

### 5. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker. The chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments and making strategic decisions, has been identified as the Board of Directors.

The Group has the following reportable segments:

- Ukraine – this segment was involved in grain trading and agri- logistics
- Head office – this segment is the head office of the Group, located in the United Kingdom.
- Mozambique – this segment was involved in Bio- fuel farming.

The segments results for the year ended 31 March 2014 are as follows:

	Ukraine £	Mozambique £	Head office £	Group £
<b>Year ended 31 March 2014</b>				
Revenue	27,296	–	–	27,296
Administrative expenses	<u>(662,261)</u>	–	<u>(169,772)</u>	<u>(832,033)</u>
Operating loss	<u>(634,965)</u>	–	<u>(169,772)</u>	<u>(804,737)</u>
Loss before and after taxation	<u><u>(634,965)</u></u>	–	<u><u>(169,772)</u></u>	<u><u>(804,737)</u></u>

The Ukraine segment is now discontinued.

The segments results for the year ended 31 March 2013 are as follows:

	Ukraine £	Mozambique £	Head office £	Group £
<b>Year ended 31 March 2013</b>				
Revenue	108,685	–	–	108,685
Administrative expenses	<u>(257,682)</u>	–	<u>(222,325)</u>	<u>(480,007)</u>
Operating loss	<u>(148,997)</u>	–	<u>(222,325)</u>	<u>(371,322)</u>
Loss before and after taxation	<u><u>(148,997)</u></u>	–	<u><u>(222,325)</u></u>	<u><u>(371,322)</u></u>

The segment assets and liabilities at 31 March 2014 for the year then ended are as follows:

	The Netherlands £	Mozambique £	Head office £	Group £
<b>Year ended 31 March 2014</b>				
Segment assets	–	–	2,564	2,564
Segment liabilities	–	<u>(53,191)</u>	<u>(1,088,543)</u>	<u>(1,141,734)</u>
Segment net assets/(liabilities)	<u>–</u>	<u><u>(53,191)</u></u>	<u><u>(1,085,979)</u></u>	<u><u>(1,139,170)</u></u>

The segment assets and liabilities at 31 March 2013 for the year then ended are as follows:

	The Netherlands £	Mozambique £	Head office £	Group £
Year ended 31 March 2013				
Segment assets	–	–	1,263,030	1,263,030
Segment liabilities	(174,557)	(115,247)	(1,473,104)	(1,762,908)
Segment net assets/(liabilities)	(174,557)	(115,247)	(210,074)	(499,878)

Geographical information of non-current assets, other than financial instruments:

	2014 £	2013 £
United Kingdom	–	–

## 6. LOSS BEFORE TAX

The loss for the year has been arrived at after charging / (crediting):

	2014 £	2013 £
Depreciation of property, plant and equipment (note 11)	–	–
Staff costs (note 8)	<b>71,289</b>	195,422
Net foreign exchange (gain)	<b>73,598</b>	(76,978)

## 7. AUDITORS' REMUNERATION

Amounts payable in respect of the audit of the Company's annual accounts were £8,000 (2013: £8,000). No other services were provided by Company's auditors.

## 8. STAFF COSTS

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

	2014 Number	2013 Number
Staff	<b>3</b>	4
Directors	<b>2</b>	3

Their aggregate remuneration comprised

	£	£
Wages and salaries	<b>66,826</b>	179,000
Social security costs	<b>4,463</b>	16,422
	<b>71,289</b>	195,422

Within wages and salaries, £34,486 (2013: £55,000) relates to Directors' remuneration for services rendered.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
**9 TAXATION**

No current or deferred tax charge arises on the loss for the year ( 2013: £nil).

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

	<b>2014</b>	2013
	£	£
<b>Loss before tax</b>	<b>(804,737)</b>	(371,222)
<b>Tax credit at the standard rate of tax in the UK 23% (2013: 24%)</b>	<b>(222,311)</b>	(89,117)
Tax effect of non-deductable expenses	-	50,372
Deferred tax asset not recognized	<b>222,311</b>	38,745
Tax expense for the year	-	-

**10 LOSS PER ORDINARY SHARE**

Basic loss per ordinary share is calculated by dividing the consolidated loss for the year attributable to ordinary equity holders of the parent company by the weighted average number of ordinary shares outstanding during the year. The calculation of the basic and diluted loss per share is based on the following data:

	<b>2014</b>	2013
	£	£
<b>Losses</b>		
Loss for the purposes of basic loss per share being consolidated net loss attributable to equity holders of the parent company		
– continuing operations	<b>(169,772)</b>	(222,325)
– discontinued operations	<b>(634,965)</b>	(148,997)
<b>Number of shares</b>		
Weighted average number of ordinary shares for the purposes of basic loss per share	<b>7,141,232</b>	7,141,232
	<b>2014</b>	2013
	£	£
<b>Loss per ordinary share</b>		
Basic and diluted continuing operations	<b>(2.38)p</b>	(3.11)p
Basic and diluted discontinued operations	<b>(8.89)p</b>	(2.09)p

There are no potentially dilutive ordinary share instruments in issue and therefore diluted and basic loss per ordinary share are the same.

## 11. PROPERTY, PLANT AND EQUIPMENT

### Group and Company

Cost	Office equipment £	Total £
<b>At 1 April 2012</b>	20,176	20,176
<b>At 1 April 2013</b>	20,176	20,176
<b>At 31 March 2014</b>	<b>20,176</b>	<b>20,176</b>
<b>Accumulated depreciation</b>		
<b>At 1 April 2012</b>	20,176	20,176
Charge for the year	–	–
<b>At 1 April 2013</b>	20,176	20,176
Charge for the year	–	–
<b>At 31 March 2014</b>	<b>20,176</b>	<b>20,176</b>
<b>Carrying amount</b>		
<b>At 31 March 2014</b>	–	–
<b>At 31 March 2013</b>	–	–

## 12. INVESTMENT IN SUBSIDIARIES

The Company had investments in the following subsidiary undertakings as at 31 March 2014:

	Country of incorporation £	Proportion of Voting interest %	Activity £
ESV - Ukraine Ltd (ceased 8 July 2014)	UK	100	Dormant
ESV - Biofuels Ltd (ceased 8 July 2014)	UK	100	Dormant
ESV- Bio- Africa Limitada	Mozambique	100	Bio- fuels

The investments have been fully written down and have nil value.

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
**13. CURRENT ASSETS**
**(due within one year)**

	<b>2014</b>	2013
	<b>£</b>	£
<b>Group</b>		
Other receivables	–	6,501
VAT recoverable	<b>937</b>	1,800
	<u><b>937</b></u>	<u>8,301</u>
	<b>2014</b>	2013
	<b>£</b>	£
<b>Company</b>		
Other receivables	–	6,501
VAT recoverable	<b>937</b>	1,800
	<u><b>937</b></u>	<u>8,301</u>

The fair value of trade and other receivables is not significantly different from the carrying value.

**Available for sale financial assets  
(Group and Company)**

	<b>2014</b>	2013
	<b>£</b>	£
Available for sale financial asset	<b>1,250,000</b>	1,250,000
Provision	<b>(1,250,000)</b>	(329,363)
	<u><b>–</b></u>	<u>920,637</u>

The available for sale financial asset relates to the contingent consideration of £1.14m (\$1.9m) receivable from the disposal of Jatropha plantations in 2009; that is contingent upon the issuance of farming rights. The Company has started legal proceedings in Mozambique to recover the consideration receivable. The Directors prudently provided for the amount (see Note 4).

**Cash and cash equivalents**

The Group's cash balance as at 31 March 2014 of £1,627 (2013: 4,729) comprise cash in hand and for 2013 bank overdraft.

The Company's cash and cash equivalents as at 31 March 2014 of £1,627 (2013: £4,729) comprise cash at bank and in hand.

The Directors consider that the carrying amount of these assets approximates their fair value.

**14. DEFERRED TAX**

Differences between IFRS and statutory tax rules (in the United Kingdom and elsewhere) give rise to temporary differences between the carrying values of certain assets and liabilities for financial reporting purposes and for income tax purposes.

At 31 March 2014, the Group has unrecognised deferred tax assets of £1,188,881 (2013: £966,570) in respect of UK and overseas tax losses. No deferred tax asset has been recognised in respect of this amount due to the unpredictability of future profit streams.

## 15. OTHER FINANCIAL LIABILITIES

### Trade and other payables (due within one year)

	2014	2013
	£	£
<b>Group</b>		
Trade payables	67,831	303,090
Other payables	823,903	1,405,150
Accruals	250,000	54,668
	<u>1,141,734</u>	<u>1,762,908</u>
	2014	2013
	£	£
<b>Company</b>		
Trade payables	67,831	85,917
Other payables	823,903	1,334,188
Accruals	250,000	52,999
	<u>1,141,734</u>	<u>1,473,104</u>

Trade payables and accruals principally comprise amounts outstanding for trade purchases and ongoing costs.

The fair value of payables is not significantly different from the carrying value.

## 16. SHARE CAPITAL

### Issued equity share capital

	2014		2013	
	Number	£	Number	£
<b>Issued and fully paid</b>				
Ordinary shares of £0.023 each	<u>7,141,232</u>	<u>164,249</u>	<u>7,141,232</u>	<u>164,249</u>

The Company has one class of ordinary shares which carry no right to fixed income.

### Reserves description and purpose

- Share capital - amount subscribed for share capital at nominal value
- Share premium – amounts subscribed for share capital in excess of nominal value
- Retained earnings – cumulative net gains and losses recognised in the consolidated statement of income
- Cumulative translation reserve – exchange gains/losses arising on retranslating of foreign operations into presentational currency

**NOTES TO THE FINANCIAL STATEMENTS (CONT'D)**
**17. FINANCIAL INSTRUMENTS**
**Capital risk management**

The Group seeks to manage its capital to ensure that entities in the Group will be able to continue as a going concern, while maximising the return to shareholders.

The capital resources of the Group consists of cash and cash equivalents arising from equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings as disclosed in the Consolidated Statement of Changes in Equity.

**Externally imposed capital requirements**

The Group is not subject to externally imposed capital requirements.

**Significant accounting policies**

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement, the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 3 to the Financial Statements.

**Categories of financial instruments**

	<b>2014</b>	2013
	£	£
<b>Group</b>		
<b>Financial assets</b>		
Cash and cash equivalents	<b>1,627</b>	4,729
Available for sale financial assets	–	1,250,000
Other receivables	<b>937</b>	1,800
	<u><b>2,564</b></u>	<u>1,256,529</u>
<b>Financial liabilities</b>		
Trade payables	<b>67,831</b>	303,090
Other payables	<b>823,903</b>	1,405,150
	<u><b>891,734</b></u>	<u>1,708,240</u>
<b>Company</b>		
<b>Financial assets</b>		
Cash and cash equivalents	<b>1,627</b>	4,729
Available for sale financial assets	–	1,250,000
Other receivables	<b>937</b>	1,800
	<u><b>2,564</b></u>	<u>1,256,529</u>
<b>Financial liabilities</b>		
Trade payables	<b>67,831</b>	85,917
Other payables	<b>823,903</b>	1,334,188
	<u><b>891,734</b></u>	<u>1,420,105</u>



### **Fair value of financial assets and liabilities**

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values.

### **Financial risk management objectives**

Management provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risks reports through which it analyses exposures by degree and magnitude of risk. These risks include foreign currency risk, credit risk, liquidity risk and cash flow interest rate risk.

The Group does not enter into or trade financial instruments, including derivative financial instruments, for speculative purposes.

As the Group has no committed borrowings, the Group is not exposed to any risks associated with fluctuations in interest rates on loans. Fluctuation in interest rates applied to cash balances held at the 2013 balance sheet date would have minimal impact on the Group.

### **Foreign exchange risk and foreign currency risk management**

The Group undertakes certain transactions denominated in foreign currencies. Hence, exposures to exchange rate fluctuations arise.

The Group to date has elected not to hedge its exposure to the risk of changes in foreign currency exchange rates.

The only significant non functional currency balances as at 31 March 2013 and 31 March 2012 were (1) US\$1.9 m available for sale asset, which is receivable by the Company for the sale of its Mozambican operations.

The carrying amounts of these foreign currency denominated financial assets and liabilities at the reporting date were as follows:

	<b>2014</b>	2013
	<b>£</b>	£
US dollar denominated assets (see note 4)	-	1,250,000
US dollar denominated liabilities	-	(149,487)
Euro denominated liabilities	-	(217,173)
Net exposure	<u>-</u>	<u>883,340</u>

### **Foreign currency sensitivity analysis**

The Group is exposed primarily to movements in GBP against the US dollar. Sensitivity analyses have been performed to indicate how the profit or loss would have been affected by changes in the exchange rate between the US dollar and GBP. The analysis is based on a weakening and strengthening of the US dollar by 10 per cent against the GBP in which the Group has assets and liabilities at the end of each respective period. A movement of 10 per cent reflects a reasonably possible sensitivity when compared to historical movements over a three to five year timeframe. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a ten per cent change in foreign currency rates.

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

A positive number below indicates an increase in profit where US dollar strengthens ten per cent against the GBP. For a ten per cent weakening of the US dollar against the GBP, there would be an equal and opposite impact on the profit, and the balance below would be negative.

The following table details the Group's sensitivity to a ten per cent strengthening in the US dollar against the GBP.

	<b>2014</b>	2013
	<b>£</b>	£
Increase in income statement and net assets	<u><u>-</u></u>	<u><u>110,513</u></u>

### Credit risk management

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group is exposed to credit risk in relation to the Mozambique receivable of \$1.9 million (2013: \$1.9 million). The Directors obtained legal advice and the Group has commenced legal proceedings in Mozambique to recover this amount (see note 4).

The Group makes allowances for impairment of receivables where there is an identified event which, based on previous experience, is evidence of a reduction in the recoverability of cash flows.

The credit risk on liquid funds (cash) is considered to be limited because the counterparties are financial institutions with high credit ratings assigned by international credit-rating agencies.

The carrying amount of financial assets recorded in the financial statements represents the Group's maximum exposure to credit risk.

### Liquidity risk management

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.

The Group aims to maintain appropriate cash balances in order to meet its liabilities as they fall due.

As disclosed in note 1, the Group is reliant on raising further funding in order to be able to meet its current obligations.

### Maturity analysis

	Total	On demand	in 1 month	Between 1 and 6 months	Between 6 and 12 months	Between 1 and 3 years
	£	£	£	£	£	£
<b>2014</b>						
Trade and other payables	<b>1,111,925</b>	<b>1,111,925</b>	-	-	-	-
	<u><u>1,111,925</u></u>	<u><u>1,111,925</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>
<b>2013</b>						
Trade and other payables	1,708,240	1,708,240	-	-	-	-
	<u><u>1,708,240</u></u>	<u><u>1,708,240</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

## 18. RELATED PARTY TRANSACTIONS

Transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note.

### Directors' transactions

#### Remuneration of key management personnel

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

	<b>2014</b>	2013
	<b>£</b>	£
Short-term employee benefits	<b><u>55,000</u></b>	<u>55,000</u>

## 19. EVENTS AFTER THE REPORTING DATE

In respect of the Mozambican operations, as described in the Chairman's review, the Company is seeking redress against the purchasers of the Jatropha plantation for recovery of £1.14m (US\$1.9 million) (see Note 4).

## NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at 10:00 a.m. on 30 September 2014 at 6 Derby Street, London W1J 7AD for the following purpose:

### Ordinary Business

To consider and if thought fit, to pass the following resolutions each of which will be proposed as an Ordinary Resolution:

1. To receive the Company's annual accounts for the financial year ended 31 March 2014 together with the directors' report and auditors' report on those accounts.
2. To appoint Cameron & Associates Limited as Auditors to hold office from the conclusion of the meeting to the conclusion of the next meeting at which the accounts are laid before the Company and to authorise the Directors to agree their remuneration.

### Special Business

To consider and, if thought fit, pass Resolution 3, which will be proposed as Ordinary Resolution, and Resolution 4 which will be proposed as a Special Resolutions.

The matter under 5 below is to consider what, if any, measures are being taken to deal with the serious loss of capital.

3. That, in accordance with section 551 of the Companies Act 2006 (the "2006 Act") the Directors of the Company be and are generally and unconditionally authorised to allot Relevant Securities (as defined in the notes to this resolution):
  - 3.1 comprising equity securities (as defined by section 560 of the 2006 Act) up to an aggregate nominal value of £15 million (such amount to be reduced by the nominal amount of any Relevant Securities allotted under paragraph 3.2 below) in connection with an offer by way of a rights issue:
    - (a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and
    - (b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary, but subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, record dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and
  - 3.2 in any other case, up to an aggregate nominal value of £15 million (such amount to be reduced by the nominal amount of any equity securities allotted under paragraph 3.1 above in excess of £15 million), provided that these authorities, unless duly renewed, varied or revoked by the Company, expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution, save that the Company may, before such expiry, make offers or agreements which

would or might require Relevant Securities to be allotted after such expiry and, the Directors may allot Relevant Securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

4. That, subject to the passing of Resolution 3, the Directors be given the general power to allot equity securities (as defined by section 560 of the 2006 Act) for cash, either pursuant to the authority conferred by Resolution 3 or by way of a sale of treasury shares, as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:

4.1 the allotment of equity securities in connection with an offer by way of a rights issue:

(a) to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

but subject to such exclusion or other arrangements as the Board may deem necessary or expedient in relation to treasury shares, fractional entitlements, records dates, legal or practical problems in or under the laws of any territory or the requirements of any regulatory body or stock exchange; and

4.2 the allotment (otherwise than pursuant to paragraph 4.1 above) of equity securities up to an aggregate nominal amount of £15 million.

The power granted by this resolution will expire on the date being fifteen months from the date of the passing of this resolution or, if earlier, the conclusion of the next annual general meeting of the Company to be held after the passing of this resolution (unless renewed, varied or revoked by the Company prior to or on such date), save that the Company may, before such expiry, make offers or agreements which would or might require equity securities to be allotted after such expiry and, the Directors may allot equity securities in pursuance of such an offer or agreement notwithstanding that the authority conferred by this resolution has expired.

5. To consider what, if any, measures should be taken to deal with the serious loss of capital.

Registered office  
6 Derby Street  
London W1J 7AD

By order of the Board  
M Alikhani  
1 September 2014

**Notes to the Notice of Annual General Meeting****Entitlement to attend and vote**

1. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those members registered on the Company's register of members at:
  - 6 p.m. on 28 September 2014; or,
  - if this Meeting is adjourned, at 6 p.m. on the day two days prior to the adjourned meeting shall be entitled to attend and vote at the Meeting.

**Appointment of proxies**

2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them.
4. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares. You may not appoint more than one proxy to exercise rights attached to any one share. To appoint more than one proxy please refer to the notes on the Form of Proxy.

**Appointment of proxy using hard copy proxy form**

5. The notes to the proxy form explain how to direct your proxy how to vote on each resolution or withhold their vote.

To appoint a proxy using the proxy form, the form must be:

- completed and signed;
- sent or delivered to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA; and
- received by Neville Registrars no later than 10.00 a.m. on 28 September 2014.
- or sent by facsimile transmission to 0121 585 1132 no later than 48 hours before the General Meeting i.e. by 10.00 a.m. on 28 September 2014. If the appointment of proxy is notified by facsimile transmission, the original appointment in the same form as received by facsimile transmission should be deposited at the place at which the facsimile transmission was received, or the Registered office of the Company, not less than 24 hours before the time appointed for the Meeting or adjourned meeting or the holding of a poll subsequently at which the vote is to be used

In the case of a member which is a company, the proxy form must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company.

Any power of attorney or any other authority under which the proxy form is signed (or a duly certified copy of such power or authority) must be included with the proxy form.

**Appointment of proxy by joint members**

6. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).

**Changing proxy instructions**

7. To change your proxy instructions simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see above) also apply in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change

the instructions using another hard-copy proxy form, please contact Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA.

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

### **Termination of proxy appointments**

8. In order to revoke a proxy instruction you will need to inform the Company using the following method:

By sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA

In the case of a member which is a company, the revocation notice must be executed under its common seal or signed on its behalf by an officer of the company or an attorney for the company. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice.

In either case, the revocation notice must be received by Neville Registrars Limited, Neville House, 18 Laurel Lane, Halesowen, West Midlands B63 3DA no later than 10.00 a.m. on 28 September 2014.

If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to the paragraph directly below, your proxy appointment will remain valid.

Appointment of a proxy does not preclude you from attending the Meeting and voting in person. If you have appointed a proxy and attend the Meeting in person, your proxy appointment will automatically be terminated.

### **Issued shares and total voting rights**

9. As at 11.30 a.m. on 1 September 2014, the Company's issued share capital comprised 7,141,232 ordinary shares of £0.023 each. Each ordinary share carries the right to one vote at a general meeting of the Company and, therefore, the total number of voting rights in the Company as at 11.30 a.m. on 1 September 2014 is 7,141,232.

### **Notes to Resolution 3**

In Resolution 3 "Relevant Securities" means:

- Shares in the Company other than shares allotted pursuant to:
  - an employee share scheme (as defined by section 1166 of the 2006 Act);
  - a right to subscribe for shares in the Company where the grant of the right itself constituted a Relevant Security; or
  - a right to convert securities into shares in the Company where the grant of the right itself constituted a Relevant Security.
- Any right to subscribe for or to convert any security into shares in the Company other than rights to subscribe for or convert any security into shares allotted pursuant to an employee share scheme (as defined by section 1166 of the 2006 Act). References to the allotment of Relevant Securities in the resolution include the grant of such rights.