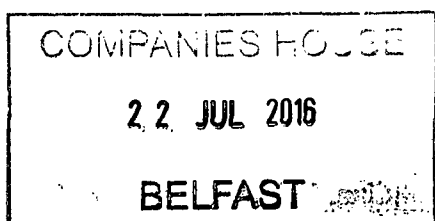


# **Bombardier Aerospace Europe Limited**

## **Annual Report and Financial Statements**

For the year ended 31 December 2015

*Registered No. 2403482*



# Bombardier Aerospace Europe Limited.

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Registered No. 2403482

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# Bombardier Aerospace Europe Limited

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Registered No. 2403482

## **DIRECTORS**

David Hendron  
Michael Ryan

## **SECRETARY**

Jordan Company Secretaries Limited

## **AUDITORS**

Ernst & Young LLP  
Bedford House  
16 Bedford Street  
Belfast  
BT2 7DT

## **BANKERS**

Bank of America  
5 Canada Square  
London  
E14 5AQ  
UK

## **REGISTERED OFFICE**

20-22 Bedford Row  
London  
WC1R 4JS

# Bombardier Aerospace Europe Limited

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Registered No. 2403482

## STRATEGIC REPORT

The Directors present their Strategic Report for the year ended 31 December 2015.

### **Principal activity**

The company acts as a holding company for Bombardier Inc. Group activities in the Aerospace industry in the UK. The company receives funding from Bombardier Inc. which is then channelled to subsidiary entities to fund their operating activities.

### **Results**

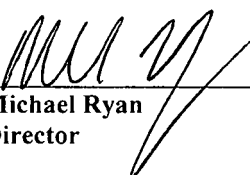
The profit and loss account on page 8 of the financial statements shows a loss for the year, after taxation, of \$(1,000) (2014: \$(1,000)). The directors do not recommend the payment of a final dividend (2014: \$Nil).

The operating transactions and cash flows of the company's subsidiary undertakings are primarily denominated in the US Dollar and consequently those companies local currency is the US Dollar. Since the financing of the company and the transactions undertaken by it are closely linked to the local currency of its subsidiary undertakings, the US Dollar is also the functional currency of the company. The US Dollar is also the company's presentation currency.

### **Principal risks and uncertainties**

There are no material risks and uncertainties facing the company due to the nature of the company's principal activity.

By order of the board

  
\_\_\_\_\_  
**Michael Ryan**  
**Director**

**Date: 5 July 2016**

# Bombardier Aerospace Europe Limited

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Registered No. 2403482

## DIRECTORS' REPORT

The Directors present their report for the year ended 31 December 2015.

### **Directors of the company**

The current directors are shown on page 3. No other persons held office as a director at any time during the year.

The articles of association of the company do not require the directors to retire by rotation.

### **Dividends**

The directors do not recommend the payment of a final dividend (2014: \$Nil).

### **Future developments**

The directors do not anticipate any changes in the activities of the company in the foreseeable future.

### **Strategic report**

The company has chosen in accordance with section 414C(11) of the Companies Act 2006 (Strategic Report and Directors' Report) Regulations 2013 to set out in the company's strategic report information required by Schedule 7 of the Large and Medium sized Companies and Groups (Accounts and Reports) Regulations 2008.

### **Going concern**

The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report.

Bombardier Inc. have provided written confirmation that they will continue to provide the company with the necessary funding to channel to subsidiary entities to fund their operating activities. The directors, having discussed with the directors of Bombardier Inc., have no reason to believe that a material uncertainty exists that may cast significant doubt about the ability of Bombardier to continue as a going concern or its ability to continue with the current banking arrangements.

On the basis of their assessment of the company's financial position and the principal risks and uncertainties facing the company, and furthermore of the enquiries made of the directors of Bombardier Inc., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

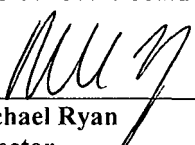
### **Auditors**

A resolution to re-appoint Ernst & Young LLP as auditor of the company will be proposed at the Annual General Meeting.

### **Directors' statement as to disclosure of information to the auditors**

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

By order of the board

  
Michael Ryan  
Director

Date: 5 July 2016

## STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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

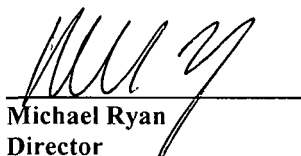
Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006.

They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

  
**Michael Ryan**  
Director

**Date: 5 July 2016**

## AUDITOR'S REPORT

### INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOMBARDIER AEROSPACE EUROPE LIMITED

We have audited the financial statements of Bombardier Aerospace Europe Ltd for the year ended 31 December 2015 which comprise the Profit and Loss Account, the Statement of Comprehensive Income, the Balance Sheet, the Statement of Changes in Equity and the related notes 1 to 9. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are prepared using Financial Reporting Standard 101 'Reduced Disclosure Framework'.

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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 6, 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 Ethical Standards for Auditors.

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

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the annual report and financial statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

#### Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2015 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

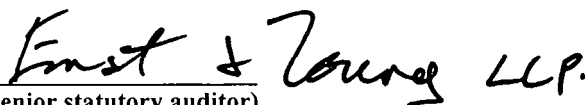
#### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic and 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, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; 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.



Keith Jess (Senior statutory auditor)  
for and on behalf of Ernst & Young LLP, Statutory Auditor  
Belfast  
Date: 5 July 2016

# Bombardier Aerospace Europe Limited

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Registered No. 2403482

## PROFIT AND LOSS ACCOUNT for the year ended 31 December 2015

		2015 \$'000	2014 \$'000
	<i>Note</i>		
Interest payable and similar charges	3	(26,669)	(22,025)
Interest receivable and similar income	4	26,669	22,025
		<u>          </u>	<u>          </u>
<b>PROFIT BEFORE TAXATION</b>		-	-
Income tax expense	5	(1)	(1)
		<u>          </u>	<u>          </u>
<b>LOSS FOR THE YEAR</b>		<u>          </u> <u>          </u>	<u>          </u> <u>          </u>

## STATEMENT OF COMPREHENSIVE INCOME

There is no comprehensive income other than the loss for the year of \$(1,000) (2014: \$(1,000)).




# Bombardier Aerospace Europe Limited

Registered No. 2403482

## BALANCE SHEET as at 31 December 2015

		2015 \$'000	2014 \$'000
	<i>Note</i>		
<b>Fixed assets</b>			
Investments	6	58,590	58,590
		<u>58,590</u>	<u>58,590</u>
<b>Current assets</b>			
Debtors	7	816,026	714,901
		<u>816,026</u>	<u>714,901</u>
<b>Creditors: amounts falling due within one year</b>	8	(7,288)	(6,162)
		<u></u>	<u></u>
<b>Net current assets</b>		808,738	708,739
		<u></u>	<u></u>
<b>Total assets less current liabilities</b>		867,328	767,329
		<u></u>	<u></u>
<b>Creditors: amounts falling due after one year</b>	8	(802,000)	(702,000)
		<u></u>	<u></u>
<b>Net assets</b>		<u>65,328</u>	<u>65,329</u>
		<u></u>	<u></u>
<b>Capital and reserves</b>			
Called up share capital	9	29,365	29,365
Redeemable shares	9	13,513	13,513
Retained earnings	9	22,450	22,451
		<u>65,328</u>	<u>65,329</u>
		<u></u>	<u></u>

The financial statements were approved and authorised for issue by the Board on 5 July 2016 and were signed on its behalf by:

  
\_\_\_\_\_  
Michael Ryan  
Director

# Bombardier Aerospace Europe Limited

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Registered No. 2403482

## STATEMENT OF CHANGES IN EQUITY as at 31 December 2015

	<i>Share capital \$'000</i>	<i>Redeemable shares \$'000</i>	<i>Retained earnings \$'000</i>	<i>Total \$'000</i>
<b>At 1 January 2014</b>	29,365	13,513	22,452	65,330
Loss for the year	-	-	(1)	(1)
<b>At 31 December 2014</b>	<u>29,365</u>	<u>13,513</u>	<u>22,451</u>	<u>65,329</u>
Loss for the year	-	-	(1)	(1)
<b>At 31 December 2015</b>	<u>29,365</u>	<u>13,513</u>	<u>22,450</u>	<u>65,328</u>

# Bombardier Aerospace Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

### 1. ACCOUNTING POLICIES

#### *Corporate information*

The financial statements of the company for the year ended 31 December 2015 were authorised for issue on 5 July 2016. Bombardier Aerospace Europe Limited is a limited company incorporated and domiciled in the United Kingdom. The registered office of the company is 20-22 Bedford Row, London, WC1R 4JS. The principal activities of the company are described on page 4.

The company's immediate parent undertaking is Bombardier Aerospace (Investments) Sweden AB. The company's ultimate parent undertaking and controlling party is Bombardier Inc., a company incorporated in Canada, which is the parent company of the largest and smallest group for which consolidated financial statements are prepared that include the company. Copies of the consolidated financial statements of Bombardier Inc., which include the company, can be obtained from Bombardier Inc., 29<sup>th</sup> Floor, 800 Rene-Levesque Blvd. West, Montreal, Quebec, Canada, H3B 1Y8.

#### *Basis of preparation*

These financial statements were prepared in accordance with Financial Reporting Standard 101 Reduced Disclosure Framework.

A summary of the disclosure exemptions adopted are presented below. Equivalent disclosures for share-based payments and financial instruments are included in the group consolidated financial statements allowing the exemptions to be applied.

<i>Area</i>	<i>Disclosure exemptions</i>
Cash flow statement	Complete exemption from preparing a cash flow statement.
IFRSs issued but not effective	Disclosure regarding the impact of standards issued but not effective is exempt.
Financial instrument disclosures	Exemption from disclosure requirements of IFRS 7 Financial Instruments and IFRS 13 Fair Value Measurement.
Related party disclosures	Exemption from disclosure requirements of IAS 24 Related Party Disclosures. Transactions entered into between two or more members of a group, provided that any subsidiary which is party to a transaction is wholly owned by such a member. Exemption from disclosure of key management personnel compensation.
Presentation of financial statements	Exemption from statement of compliance with IFRS, cashflow information, capital management policy.

The financial statements have been prepared on a historical cost basis.

The operating transactions and cash flows of the company's subsidiary undertakings are primarily denominated in the US dollar and consequently those companies functional currency is the US Dollar. Since the financing of the company and the transactions undertaken by it are closely linked to the functional currency of its subsidiary undertakings, the US Dollar is also the functional currency of the company. The US Dollar is also the company's presentation currency. The financial statements are presented in US Dollars and all values are rounded to the nearest thousand (\$'000) except when otherwise indicated.

# Bombardier Aerospace Europe Limited

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## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

### 1. ACCOUNTING POLICIES (continued)

The company is not required to prepare group financial statements under Section 401 of the Companies Act 2006 as it is a wholly owned subsidiary of Bombardier Aerospace (Investments) Sweden AB, which in turn is a wholly owned subsidiary of Bombardier Inc., a company registered in Canada and it is included in that company's consolidated financial statements. The financial statements therefore present information about the company as an individual undertaking and not about its group.

#### *Going concern*

The company's business activities, together with the factors likely to affect its future development and position, are discussed in the Strategic Report.

On the basis of their assessment of the company's financial position and the principal risks and uncertainties facing the company, and furthermore of the enquiries made of the directors of Bombardier Inc., the company's directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### *Changes in accounting policies and disclosures*

The following new and amended standard became mandatory during the year unless otherwise stated, and the impact of adoption is described below. There are no other changes to IFRS effective during the year which have a material impact for the company.

#### *IAS 24 Related Party Disclosures*

The amendment is applied retrospectively for periods beginning on or after 1 July 2014 and clarifies that a management entity (an entity that provides key management personnel services) is a related party subject to the related party disclosures. In addition, an entity that uses a management entity is required to disclose the expenses incurred for management services. This amendment is not relevant for the company as it does not receive any management services from other entities.

#### *IFRS 13 Fair Value Measurement*

The amendment is applied prospectively for accounting periods beginning on or after 1 July 2014 and clarifies that the portfolio exception in IFRS 13 can be applied not only to financial assets and financial liabilities, but also to other contracts within the scope of IAS 39. The company does not apply the portfolio exception in IFRS13.

#### *Revenue recognition*

##### *Interest income*

Interest income is recognised as interest accrued using the effective interest rate method and is included as interest receivable in the profit and loss account.

#### *Income taxes*

Current tax assets and liabilities are measured at the amount expected to be recovered or paid, based on tax rates and laws that are enacted or substantially enacted by the balance sheet date.

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

### 1. ACCOUNTING POLICIES (continued)

#### *Financial instruments*

A financial instrument is any contract that gives rise to a financial asset of one party and a financial liability or equity instrument of another party. Financial assets of the company include cash and cash equivalents, and amounts due from related parties. Financial liabilities of the company include amounts due to related parties.

##### *a) Initial recognition and measurement*

Financial assets and liabilities are recognised in the balance sheet when the company becomes a party to the contractual obligations of the instrument. Financial assets within the scope of IAS 39 'Financial Instruments: Recognition and Measurement' are classified as financial assets at fair value through profit or loss, or loans and receivables, as appropriate. Financial liabilities are classified as other financial liabilities at fair value through profit or loss. The company determines the classification of its financial assets and liabilities at initial recognition.

Initially, financial assets and liabilities are recognised at fair value less any costs directly attributable to the acquisition or issue of the financial instrument.

##### *b) Subsequent measurement*

Subsequent to recognition, financial assets and liabilities are measured according to the category to which they are classified. The financial asset and liability categories listed below are measured at amortised cost.

##### *i) Loans and receivables*

Amounts due from related parties are classified as loans and receivables. Financial assets classified as loans and receivables are measured at amortised cost using the effective interest rate method less any impairment losses.

##### *ii) Other financial liabilities*

Amounts due to related parties are classified as other financial liabilities and are measured at amortised cost using the effective interest rate method.

##### *c) Derecognition*

A financial asset is derecognised when the rights to receive cash flows from the asset have expired or the company has transferred its rights to receive cash flows from the asset.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit and loss account.

##### *d) Impairment of a financial asset*

The carrying values of financial assets are reviewed for impairment on an annual basis or when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Significant accounting judgements, estimates and assumptions*

In the preparation of the company's financial statements, management considers it made no significant accounting judgements, estimates and assumptions which would have a significant effect on the amounts recognised in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

**2. DIRECTORS REMUNERATION, EMPLOYEES AND AUDITORS REMUNERATION**

Remuneration was paid to the directors of the company by other related parties. The directors do not believe that it is practical to apportion the emoluments between their services as directors of the company and their services as directors of other related parties.

The average weekly number of employees, including directors, employed by the company during the year was 2 (2014: 2).

Auditors' remuneration in the current and previous period has been borne by other related parties.

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<i>2015</i> <i>\$'000</i>	<i>2014</i> <i>\$'000</i>
Interest on inter-group loans	<u>26,669</u>	<u>22,025</u>

**4. INTEREST RECEIVABLE AND SIMILAR INCOME**

	<i>2015</i> <i>\$'000</i>	<i>2014</i> <i>\$'000</i>
Interest on inter-group loans	<u>26,669</u>	<u>22,025</u>

# Bombardier Aerospace Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS as at 31 December 2015

### 5. TAXATION

	2015 \$'000	2014 \$'000
<b>(a) Tax charged in the profit and loss account</b>		
<i>Current income tax:</i>		
UK corporation tax on profits in the year	1	1
Total tax expense in the profit and loss account	<u>1</u>	<u>1</u>

#### **(b) Reconciliation of the total tax charge**

The tax expense in the profit and loss account is higher than (December 2014: higher than) the blended statutory rate of corporation tax in the UK of 20.25% (December 2014: 21.5%).

The differences are reconciled below:

	2015 \$'000	2014 \$'000
Profit on ordinary activities before tax	-	-
Accounting loss multiplied by the blended statutory rate of corporation tax in the UK of 20.25% (December 2014: 21.5%)	-	-
Effects of:		
Foreign exchange on tax balance	1	1
Total tax expense in the profit and loss account	<u>1</u>	<u>1</u>

The corporation tax rate in the UK reduced from 21% to 20% with effect from 1 April 2015, and will be further reduced until it reaches 18% on 1 April 2020. The 18% statutory rate of corporation tax was enacted in full on 26 October 2015.

# Bombardier Aerospace Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

### 6. INVESTMENTS

*Subsidiary  
undertakings  
\$'000*

**Investments at cost less provisioning:**

Net investment at 31 December 2015 and 31 December 2014 58,590

Details of the principal investments in which the company or its subsidiary undertakings hold more than 10% of the nominal value of any class of share capital are as follows:

<i>Name of company</i>	<i>Country of registration (or incorporation) and operation</i>	<i>Holding</i>	<i>Proportion shares held</i>	<i>Nature of business</i>
<b><i>Principal subsidiary undertakings</i></b>				
All held by the company unless indicated below:				
Bombardier Aerospace U.K. Limited	Great Britain	Ordinary shares	100%	Holding company
Short Brothers PLC *	Northern Ireland	Ordinary shares	100%	Design and manufacture of aircraft components
Bombardier Services (UK) Limited *	Great Britain	Ordinary shares	100%	Non trading company

\* Held by the subsidiary undertaking Bombardier Aerospace (UK) Limited



# Bombardier Aerospace Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

### 7. DEBTORS

	2015 \$'000	2014 \$'000
<b>Amounts falling due within one year</b>		
Amounts due from group undertakings	14,033	12,907
Income tax	15	16
	<u>14,048</u>	<u>12,923</u>
<b>Amounts falling due after one year</b>		
Amounts due from group undertakings	801,978	701,978
	<u>816,026</u>	<u>714,901</u>

There is no provision for estimated irrecoverable amounts included in 'amounts due from group undertakings' as the directors believe all amounts to be recoverable. The directors consider that the carrying value of amounts due from group undertakings equates to fair value.

#### *Amounts due from group undertakings*

Loan balances due from group undertakings are unsecured and bear interest at the rate of 3 month US LIBOR plus 2% to 4% per annum.

### 8. CREDITORS

	2015 \$'000	2014 \$'000
<b>Amounts falling due within one year</b>		
Amounts due to group undertakings	7,288	6,162
	<u>7,288</u>	<u>6,162</u>
<b>Amounts falling due after one year</b>		
Amounts due to group undertakings	802,000	702,000
	<u>802,000</u>	<u>702,000</u>

The directors consider that the carrying amount of amounts due to group undertakings equates to fair value.

#### *Amounts due to group undertakings*

Loan balances due to group undertakings are unsecured and bear interest at the rate of 3 month US LIBOR plus 2% to 4% per annum.

# Bombardier Aerospace Europe Limited

## NOTES TO THE FINANCIAL STATEMENTS

as at 31 December 2015

### 9. SHARE CAPITAL

	2015 \$'000	2014 \$'000
<b>Called Up Share Capital</b>		
<i>Authorised shares:</i>		
100,000,000 ordinary shares of £1 each	147,777	147,777
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid:</i>		
44,158,410 ordinary shares of £0.45 each	29,365	29,365
	<u>          </u>	<u>          </u>

The company's Sterling denominated called up share capital has been translated at a rate of £1 = US\$1.47777, a composite of the rate applied to convert the balance sheet of the company from sterling on adoption of the US dollar as the functional and presentation currency on 1 February 2004 and the spot rate at the date of the subsequent issue of shares on 4 February 2009.

	2015 \$'000	2014 \$'000
<b>Redeemable Shares</b>		
<i>Authorised shares:</i>		
14,000,000 ordinary shares of £0.53 each	13,513	13,513
	<u>          </u>	<u>          </u>
<i>Allotted, called up and fully paid:</i>		
14,000,000 ordinary shares of £0.53 each	13,513	13,513
	<u>          </u>	<u>          </u>

The company's Sterling denominated redeemable share capital has been translated at a rate of £1 = US\$1.82116, the rate applied to convert the balance sheet of the company on adoption of the US Dollar as the functional and presentation currency on 1 February 2004.

These shares are redeemable at any time subject to a seven day notice period from the company, at nil premium.

#### **Retained earnings stated in the statement of changes in equity**

Retained earnings contain accumulated profits as at the reporting date, net of tax.