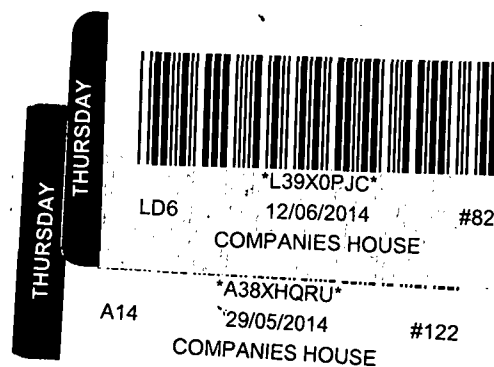


Company No: 03241871

SBS GROUP LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013



Jeffreys Henry LLP

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

SBS GROUP LIMITED

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SBS GROUP LIMITED

COMPANY DETAILS

FOR THE YEAR ENDED 31 AUGUST 2013

Company number

03241871

Registered Office

Finsgate
5-7 Cranwood Street
London
EC1V 9EE

SBS GROUP LIMITED

**CHAIRMAN'S STATEMENT
FOR THE YEAR ENDED 31 AUGUST 2013**

The audited results for the year ended 31 August 2013 showed that the Group incurred a loss, both before and after taxation, of £58,000 (2012 - loss £67,000).

In November 2011 a contract was exchanged, which completed in April 2012, for the purchase of land for £420,000, together with related improvement costs. The development of this assets is being pursued actively.

These accounts will be available from the Company's registered office at Finsgate, 5-7 Cranwood Street, London EC1V 9EE, for a period of 30 days from the date hereof.



W.N.V. Weller
Director

14 May 2014

SBS GROUP LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31 AUGUST 2013

The directors present their report and the financial statements for the year ended 31 August 2013.

Principal activities and fair review of the business

The principal activity of the group is that of property development. The principal activity of the company was that of a holding company. The group incurred a loss of £58,000 in the year.

Earnings per share on ordinary activities is a loss of 0.55p per share (2012 – Loss 0.63p per share).

Key risks and uncertainties

Whilst we realise that there is a minor cash burn after expensing the cost of an abortive acquisition, we appreciate the necessity to conclude a more positive direction for the company. The Directors have indicated that they will continue to support the group.

Key performance indicators

Since the Company had no turnover, there are no performance indicators relative to revenue and gross margin. There are non-financial performance indicators being used at present.

Future developments

The Company seeks to develop the land potential, to increase shareholder value.

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors and director's interests

The directors who held office during the year were as follows:

L E V Knifton
W N V Weller

The Directors have no direct interest in the shares of the Company. Through their ownership of Zerlina Assets Limited they own 1,434,988 shares in the Company.

A 12 month rolling contract is in place for both Directors.

Substantial shareholdings

Substantial shareholdings include Directors as at 14 May 2014 were as follows:

	% of shares issued
IRAJ Parvizi	14.17
Zerlina Assets Limited	13.56
HSBC Global Custody Nominee (UK) Limited	12.47
Atun Select Fund Limited	9.45
Lynchwood Nominees Limited	9.45
Clachan Nominees Limited	7.49
Shena Castelino	7.09
Mr Lynton Pereira	7.09
Fitel Nominees Limited	3.78
	84.55
Other shareholders holding less than 3% of the issued share capital	15.45
	100.00%

SBS GROUP LIMITED

DIRECTORS' REPORT *(continued)* FOR THE YEAR ENDED 31 AUGUST 2013

Post balance sheet events

Please refer to Note 17.

Creditor payment policy

The company policy, in relation to all of its suppliers, is to settle terms of payment when agreeing the terms of the transactions and to abide by those terms. The company does not follow any code or statement on payment policy. Creditor days at the end of the period were 19 days (2012 - 10).

Financial risk factors and management

The Company's principal financial instruments comprise cash and short-term deposits. The main purpose of these financial instruments is to provide working capital. The Company has various other financial instruments such as trade and other receivables and trade and other payables, which arise directly from its operations.

Interest rate risk

The main risk arising from the Company's financial instruments is changes in interest rates. The Board's policy toward cash deposits is to deposit cash short term interest bearing bank deposit accounts.

Credit risk

The Company's credit risk is minimal, upon repayment of the loan receivable. The maximum credit risk exposure of the Company comprises the amounts presented in the balance sheet that are stated net of provisions, where appropriate. A provision is made where there is an identified loss event which, based on previous experience, is evidence of a reduction in the recoverability of future cash flows.

Directors' Responsibilities

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

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare financial statements in accordance with the International Financial Reporting Standards as adopted for use in the European Union. The financial statements are required by law to give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that year. In preparing 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and to 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.

SBS GROUP LIMITED

**DIRECTORS' REPORT (*continued*)
FOR THE YEAR ENDED 31 AUGUST 2013**

Auditors

The Directors have taken advantage of section 477 and 479 of the Companies Act 2006 to claim exemption from having the group's financial statements audited.

The report of the directors was approved by the board on 14 May 2014 and signed on its behalf by



W.N.V. Weller.

Director

SBS GROUP LIMITED

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 AUGUST 2013**

	Notes	2013 £'000	2012 £'000
Administrative expenses		(58)	(61)
Operating loss	11	<u>(58)</u>	<u>(61)</u>
Finance income		-	-
Finance expenses		-	(6)
(Loss) before taxation		<u>(58)</u>	<u>(67)</u>
Taxation	12	-	-
(Loss) for the year		<u><u>(58)</u></u>	<u><u>(67)</u></u>
Since there is no other comprehensive income, the loss for the year is the same as the total comprehensive loss for the year.			
Attributable to:			
Equity holders of the Company		<u><u>(58)</u></u>	<u><u>(67)</u></u>
(Loss) per share attributable to the equity holders of the Company during the year (expressed in pence per share) prior to the exceptional item was:			
Basic	14	<u><u>(0.55p)</u></u>	<u><u>(0.63)</u></u>

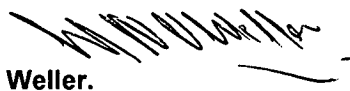
The notes on pages 13 to 24 form part of these financial statements

SBS GROUP LIMITED

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2013**

	Notes	2013 £'000	2012 £'000
ASSETS			
Non-current assets			
Tangible fixed assets	6	463	463
		<u>463</u>	<u>463</u>
Current assets			
Trade and other receivables	7	5	4
Cash at bank and in hand		2	10
		<u>7</u>	<u>14</u>
LIABILITIES			
Current liabilities			
Trade and other payables	9	(194)	(143)
		<u>(194)</u>	<u>(143)</u>
Net current assets/(liabilities)		(187)	(129)
Non-current liabilities			
Financial liabilities - borrowings and non-interest bearing loans	10	(69)	(69)
		<u>207</u>	<u>265</u>
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	8	421	421
Share premium		7,019	7,019
Equity element of non-interest bearing loans		38	38
Retained loss		(7,271)	(7,213)
		<u>207</u>	<u>265</u>

These financial statements were approved and authorised for issue by the Board of Directors on 14 May 2014 and were signed on its behalf by:


W.N.V. Weller.
Director

The notes on pages 13 to 24 form part of these financial statements

SBS GROUP LIMITED

**COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 AUGUST 2013**

	Notes	2013 £'000	2012 £'000
ASSETS			
Non-current assets			
Investments	5	-	-
		-	-
Current assets			
Trade and other receivables	7	470	469
Cash at bank and in hand		2	10
		472	479
LIABILITIES			
Current liabilities			
Trade and other payables	9	(194)	(142)
		(194)	(142)
Net current assets		278	337
Non-current liabilities			
Financial liabilities - borrowings and non- interest bearing loans	10	(69)	(69)
		209	268
EQUITY			
Capital and reserves attributable to equity holders of the Company			
Share capital	8	421	421
Share premium		7,019	7,019
Equity element of non-interest bearing loans		38	38
Retained loss		(7,269)	(7,210)
		209	268

For the year ending 31 August 2013 the company was entitled to exemption from audit under section 477 of the Companies Act 2006 relating to small companies.

The members have not required the company to obtain an audit in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibility for complying with the requirements of the Act with respect to accounting records and for the preparation of accounts.

These accounts have been prepared in accordance with the provisions applicable to companies subject to the small companies' regime.

SBS GROUP LIMITED

**COMPANY STATEMENT OF FINANCIAL POSITION.(continued...)
AS AT 31 AUGUST 2013**

These financial statements were approved and authorised for issue by the Board of Directors on 14 May 2013 and were signed on its behalf by:



W.N.V. Weller.
Director

14 May 2014

The notes on pages 13 to 24 form part of these financial statements

SBS GROUP LIMITED

**CONSOLIDATED STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2013**

	Notes	2013 £'000	2012 £'000
Cash flows from operating activities			
Loss before taxation		(58)	(67)
Adjustments for:			
Finance cost		-	6
Interest received		-	-
Net cash flows from operating activities before changes in working capital and provisions		(58)	(61)
(Decrease)/Increase in trade and other receivables	7	(1)	485
Increase/(decrease) in trade and other payables	9	51	40
Cash generated/(absorbed) by operating activities		(8)	464
Interest received		-	-
Interest paid		-	-
Net cash generated/(absorbed) by operating activities		(8)	464
Cash flow from investing activities			
Acquisition of tangible fixed assets		-	(463)
Cash absorbed by investing activities		-	(463)
Cash flows from financing activities			
Net proceeds from issue of convertible loan note		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(8)	1
Cash and cash equivalents at 31 August 2012		10	9
Cash and cash equivalents at 31 August 2013		2	10

The notes on pages 13 to 24 form part of these financial statements

SBS GROUP LIMITED

**COMPANY STATEMENT OF CASH FLOW
FOR THE YEAR ENDED 31 AUGUST 2013**

	Notes	2013 £'000	2012 £'000
Cash flows from operating activities			
Loss before taxation		(59)	(64)
Adjustments for:			
Finance cost		-	6
Interest received		-	-
Net cash flows from operating activities before changes in working capital and provisions		(59)	(58)
(Increase) in trade and other receivables	7	(1)	20
Increase in trade and other payables	9	52	39
Cash generated by/(absorbed in) operating activities		(8)	1
Interest received		-	-
Interest paid		-	-
Net cash generated/(absorbed) by operating activities		(8)	1
Cash flows from financing activities			
Net proceeds from issue of convertible loan note		-	-
Net cash from financing activities		-	-
Net increase/(decrease) in cash and cash equivalents		(8)	1
Cash and cash equivalents at 31 August 2012		10	9
Cash and cash equivalents at 31 August 2013		2	10

The notes on pages 13 to 24 form part of these financial statements

SBS GROUP LIMITED

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2013**

	Non- distributable Share Capital £'000	Non- distributable Share Premium £'000	Other Reserve £'000 Restated	Distributable Retained Losses £'000	Total Equity £'000
Balance at 31 August 2011 attributable to equity shareholders	421	7,019	38	(7,146)	332
Total comprehensive Income for the period	-	-	-	(67)	(67)
Balance at 31 August 2012 Attributable to equity shareholders	421	7,019	38	(7,213)	265
Total comprehensive income for the period	-	-	-	(58)	(58)
Balance at 31 August 2013 Attributable to shareholders equity	421	7,019	38	(7,271)	207

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Share options reserve relates to increases in equity for services received in equity-settled share based payment transactions.

Retained loss represents the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 13 to 24 form part of these financial statements

SBS GROUP LIMITED

**COMPANY STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 AUGUST 2013**

	Non- distributable Share Capital £'000	Non- distributable Share Premium £'000	Other Reserve £'000 Restated	Distributable Retained Losses £'000	Total Equity £'000
Balance at 31 August 2011 attributable to equity shareholders	421	7,019	38	(7,146)	332
Total comprehensive income for the period	-	-	-	(64)	(64)
Balance at 31 August 2012					
Attributable to equity shareholders	421	7,019	38	(7,210)	268
Total comprehensive income for the period	-	-	-	(59)	(59)
Balance at 31 August 2013 attributable to equity shareholders	421	7,019	38	(7,269)	209

Share capital is the amount subscribed for shares at nominal value.

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

Share options reserve relates to increases in equity for services received in equity-settled share based payment transactions.

Retained loss represents the cumulative loss of the Company attributable to equity shareholders.

The notes on pages 13 to 24 form part of these financial statements

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

1. General information

SBS Group Limited is a company incorporated in the United Kingdom under the Companies Act 2006. The address of the registered office is Finsgate, 5 – 7 Cranwood Street, London, EC1V 9EE. The nature of the company's operations and its principal activities are described in the Directors' Report.

The financial statements have been prepared on a going concern basis (see Note 18 below).

2. Basis of preparation and accounting policies

These financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), including IFRS 6 'Exploration for and Evaluation of Mineral Resources' and IFRIC interpretations issued by the International Accounting Standards Board (IASB) as adopted by the European Union and with those parts of the Companies Act 2006 applicable to companies reporting under IFRS. The financial statements have been prepared under the historical cost convention. The principal accounting policies adopted are set out below.

These policies have been consistently applied.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Those areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

Issued International Financial Reporting Standards (IFRS's) and interpretations (IFRICs) relevant to company operations

There are no IFRS or IFRIC interpretations that are effective for the first time in this financial period that would be expected to have a material impact on the Group.

Standards, interpretations and amendments to published standards that are not yet effective

There are no other IFRS or IFRIC interpretations that are not yet effective that would be expected to have a material impact on the group.

Basis of consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries, joint venture and associated undertakings.

Subsidiaries are all entities over which SBS Group Limited has the power to govern the financial and operating policies generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are de-consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognised directly in the income statement.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated but considered an impairment indicator of the asset transferred. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Group companies

The results and financial position of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
- (ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (iii) all resulting exchange differences are recognised as a separate component of equity. On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings and other currency instruments designated as hedges of such investments, are taken to shareholders' equity. When a foreign operation is partially disposed of or sold, exchange differences that were recorded in equity are recognised in the income statement as part of the gain or loss on sale.

2.1 Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (the functional currency).

The financial statements are presented in Pounds Sterling (£), which is the Company's functional and presentation currency.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

2.2 Receivables

Receivables are recognised and stated at fair value less any allowances for doubtful debts and provisions for impairment. Known bad debts are written off and doubtful debts are provided for based on estimates of possible losses which may arise from non-collection of certain receivables accounts.

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

2.3 Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.4 Share capital

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

2.5 Share premium

Share premium represents the excess of the amount subscribed for share capital over the nominal value of these shares net of share issue expenses.

2.6 Trade payables

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

2.7 Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the income statement over the period of the borrowings using the effective interest rate method.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.8 Taxation

Income Tax

Income 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 profit as reported in the same 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 Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding 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 goodwill or from the initial recognition (other than in a business combination).

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

2.9 Revenue recognition

Revenue is the consideration received or receivable from customers in the normal course of business.

2.10 Fair values

The carrying amounts of the financial assets and liabilities such as cash and cash equivalents, receivables and payables of the Group at the balance sheet date approximated their fair values, due to relatively short term nature of these financial instruments.

The Company provides financial guarantees to licensed banks for credit facilities extended to a subsidiary company. The fair value of such financial guarantees is not expected to be significantly different as the probability of the subsidiary company defaulting on the credit lines is remote.

2.11 Investments

Investments are stated at cost less provision for any impairment in value.

2.12 Financial instruments

A financial instrument is recognised in the financial statements when, and only when, the Group and the Company become a party to the contractual provisions of the instrument.

A financial instrument is recognised initially, at its fair value plus directly attributable transaction costs.

(a) Financial assets

The Group and the Company determine the classification of their financial assets as loans and receivables and they comprise debt instruments that are not quoted on an active market, trade and other receivables and cash and cash equivalents.

(i) Subsequent measurement

Financial assets categorised as loans and receivables are subsequently measured at amortised cost using the effective interest method.

(ii) Derecognition

A financial asset or part of it is derecognised when, and only when, the contractual right to receive cash flows from the asset has expired or the financial asset is transferred to another party without retaining control or substantially all risks and rewards of the asset.

(iii) Impairment of financial assets

At each reporting date the Group and the Company assess whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset or the group of financial assets and it can be reliably measured.

(b) Financial liabilities

The Group and the Company determine the classification of their financial liabilities as other financial liabilities and they comprise trade and other payables.

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

Other financial liabilities are subsequently measured at amortised cost.

A financial liability or part of it is derecognised when, and only when, the obligation specified in the contract is discharged or cancelled or expires. On de-recognition of a financial liability, the difference between the carrying amount of the financial liability extinguished or

transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in the Statement of Comprehensive Income.

2.13 Intangible assets

(a) Investments

These are held at cost, reviewable as per the following paragraph.

Impairment of non-financial assets

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that have suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

2.14 Tangible Fixed Assets

These relate to land that has been acquired for development and are included in the financial statements at cost.

Amortisation has not been provided, but the directors regularly review the carrying value to ensure that there has been no permanent diminution in value. It is not intended to upwardly revalue on review.

3. Risks and sensitivity analysis

The Company's activities expose it to a variety of financial risks: interest rate risk, liquidity risk, foreign currency risk and capital risk. The Company's activities also expose it to non-financial risks: market risk, regulatory and legislative risk, exploration and mining extraction risk. The Group's overall risk management programme focuses on unpredictability and seeks to minimise the potential adverse effects on the Group's financial performance. The Board, on a regular basis, reviews key risks and, where appropriate, actions are taken to mitigate the key risks identified.

3.1 Foreign currency risk

Currency fluctuations are unlikely to affect the Group's operating cash flows since its costs and potential future revenues are likely to be denominated in Pounds Sterling

3.2 Interest rate risk

The Group does not have formal policies on interest rate risk. However, the Company's exposure in these areas (as at the balance sheet date) was minimal.

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

3.3 Liquidity risk

The Group prepares periodic working capital forecasts for the foreseeable future, allowing an assessment of the cash requirements of the Company, to manage liquidity risk. Cash resources are managed in accordance with planned expenditure forecasts and the directors have regard to the maintenance of sufficient cash resources to fund the Group's immediate operating and exploration activities.

3.4 Capital risk

The successful exploration for, and commercial exploitation of, natural resources on any project will require very significant capital investment. The main sources of financing currently available to the Group are through the issue of additional equity capital or through bringing in partners to fund exploration and development costs. The Group's ability to raise funds will depend, *inter alia*, on the success of its strategy and operations.

4. Critical accounting estimates and judgements

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Impairment of receivables

The Group assesses at each Statement of Financial Position date whether there is objective evidence that trade receivables have been impaired. Impairment loss is calculated based on a review of the current status of existing receivables and historical collections experience. Such provisions are adjusted periodically to reflect the actual and anticipated impairment. The carrying amount of the Group's receivables at the reporting date is disclosed in Note 7.

Impairment of goodwill and investment in the Parent Company

The Group is required to test, at least annually, whether goodwill has suffered any impairment. The recoverable amount is determined based on value in use calculations. The use of this method requires the estimation of future cash flows and the choice of a suitable discount rate in order to calculate the present value of these cash flows. Actual outcomes could vary.

Impairment of intangibles (other than goodwill)

Intangible assets are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is determined based on value in use calculations prepared on the basis of management's assumptions and estimates.

Impairment of intergroup loan in the Parent Company

The Intergroup loans are reviewed for impairment if events or changes in circumstances indicate that the carrying amount may not be recoverable. When a review for impairment is conducted, the recoverable amount is dependent on the performance of the subsidiary concerned and its ability to repay the loans.

Share-based compensation

The fair value of options and warrants are determined by reference to the fair value of the options granted, excluding the impact of any non-market vesting conditions (for example, profitability and sales growth targets). Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. At each balance sheet date, the entity revises its estimates of the number of options that are expected to vest. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

SBS GROUP LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

5. Investments

Company	Shares in subsidiary undertakings £'000
Cost	
At 31 August 2012	-
Acquisition	-
At 31 August 2013	-
Impairment	
At 31 August 2012	-
Charge for the year	-
At 31 August 2013	-
Carrying Value	
At 31 August 2013	-
At 31 August 2012	-

In the opinion of the Directors, the aggregate value of the Company's investment in its subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Company	Country of incorporation	Principal activity	Class of share	% Held
Subsidiary undertaking				
Osprey Assets Corp	BVI	Property Company	Ordinary	100%

The results of the subsidiary are as follows:

	2013 £'000	2012 £'000
Aggregate capital and reserves	-	-
Result for the period	-	2

SBS GROUP LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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6. Tangible Fixed Assets

	Land and Improvements £'000
Group Cost	
At 31 August 2012	463
Acquisition in the year	-
At 31 August 2013	463
Depreciation	
At 31 August 2012	-
Charges for the year	-
At 31 August 2013	-
Carrying value	
At 31 August 2013	463
At 31 August 2012	463

7. Trade and other receivables

	2013 £'000	2012 £'000
Group		
Loan	-	-
Other debtors	5	4
Prepayments	-	-
	5	4
Company		
Loan	-	-
Other debtors	5	4
Due by Group company	465	465
Prepayments	-	-
	470	469

SBS GROUP LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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8. Share capital

	2013 £'000	2012 £'000
Authorised:		
268,471,881 ordinary shares of 1p each	2,685	2,685
643,431 deferred shares of 49p each	315	315
	<u>3,000</u>	<u>3,000</u>
Allotted, called up and fully paid:		
10,584,889 ordinary shares of 1p each	106	106
643,431 deferred shares of 49p each	315	315
	<u>421</u>	<u>421</u>

The deferred shares are non-voting

9. Trade and other payables

Group	2013 £'000	2012 £'000
Trade payables	8	-
Other payables	-	-
Accruals	186	143
	<u>194</u>	<u>143</u>
Company	2013 £'000	2012 £'000
Trade payables	8	-
Accruals	186	142
	<u>194</u>	<u>142</u>

SBS GROUP LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 2013**

10. Creditors: Amounts falling due after more than 1 year - Group and Company

	2013 £'000	2012 £'000
Creditors: Amounts falling due after more than one year:		
Issued	95	95
Transferred to equity portion of loan	(38)	(38)
Deemed finance charges on loan, accumulated	12	12
	<u>69</u>	<u>69</u>

On 19 August 2010, the company issued £95,000 of convertible loan notes to the directors or companies controlled by them, convertible anytime up to 31 December 2015. The note holders have the right to convert any amount into New Ordinary Shares at the exercise price of £0.001 per each £1.00 convertible loan note. The ordinary shares to be issued on conversion (assuming full conversion) would amount to 95,000,000 ordinary shares. The loans notes are freely transferable and may be transferred to new note holders who will then be able to exercise the conversion rights attaching to the loan notes. The notes are transferrable but bear no interest.

The net proceeds from the issue of the loan notes have been split between the liability element and an equity component, representing the fair value of the embedded option to convert the liability into equity of the Company.

11. Operating loss

	2013 £'000	2012 £'000
Operating loss is stated after charging:		
Directors' fees and emoluments	50	50
Auditors' fees: - Audit	-	3
- Other services	1	-
	<u>51</u>	<u>53</u>

Staff costs during the year.

	2013 £'000	2012 £'000
Directors' fees including consultancy fees	50	50
Wages and salaries	-	-
Total staff costs	<u>50</u>	<u>50</u>

The average number of people (including executive directors) employed during the year was:

	2013 No.	2012 No.
Total	<u>2</u>	<u>2</u>

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

12. Taxation

	2013 £'000	2012 £'000
Current tax expense	-	-
Deferred tax expense	-	-
	-	-
Reconciliation of effective tax rates	£	£
(Loss) before tax	(58)	(67)
Tax using domestic rates of corporation tax of 20.00% (2012: 20%)	(12)	(13)
Effect of:		
Expenses not deductible for tax purposes	-	-
Losses carried forward	12	13
	-	-

The Company has estimated excess management losses to carry forward of £490,000 (2012: £432,000). Deferred tax assets arising from these losses of £98,000 (2012: £54,000) have not been provided for in these financial statements as their recovery is not probable in the foreseeable future. The company has an estimated non-trading deficit of £181,000 (2012: £181,000) to carry forward.

13. Loss of parent company

As permitted by section 408 of the Companies Act 2006, the income statement of the parent Company, SBS Group Limited is not presented as part of these financial statements. The parent Company's loss for the financial period was £59,451 (2012: £64,636).

14. Losses per share

Losses per ordinary share have been calculated using the weighted average number of shares in issue during the relevant financial year. The weighted average number of shares in issue before the exceptional item was basic and fully diluted 10,584,889 (2012: 10,584,889). The loss for the financial year before exceptional income was £58,000 (2012: Loss £67,000).

15. Contingencies

The Company has no contingent liabilities in respect of legal claims arising from its ordinary course of business and it is not anticipated that any material liabilities will arise from any contingent liabilities.

16. Capital commitments

There is no capital commitment at the year-end that requires disclosure.

SBS GROUP LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 2013

17. Events after the reporting period

There were no events after the reporting period that are required to be disclosed.

18. Going concern

These financial statements have been prepared on the assumption that the Group is a going concern which the Directors believe to be appropriate. When assessing the foreseeable future, the Directors have considered a period of twelve months from the date of approval of these financial statements. The Directors acknowledge that the Group will be likely to continue making operating losses for the foreseeable future and therefore the Group and Company remain reliant upon their ability to raise finance through other means.

The support of the Group's shareholders has been evident in the recent past and continues to be of significant importance and, notwithstanding the aforementioned uncertainty, the Directors are confident that sufficient support will be received from existing shareholders and potential new investors to enable the funding requirement to 31 May 2015 to be satisfied. The Directors will continue to carefully manage the Group's existing resources and control costs at all times. Accordingly, the Directors are confident that the going concern basis is appropriate and are satisfied that new investment will be forthcoming in the period as and when required.

Were the Group to be unable to continue as a going concern, adjustments may have to be made to the balance sheet of the Group to reduce the balance sheet values of assets to their recoverable amounts, to provide for future liabilities that might arise and to reclassify non-current assets and long-term liabilities as current assets and liabilities.

19. Controlling party

At the date of the annual report and financial statements the directors controlled the company.

20. Related party transactions

During the year the company advanced £Nil (2012:£465,224) to Osprey Assets Corp by way of intercompany loans for the purchase of land.