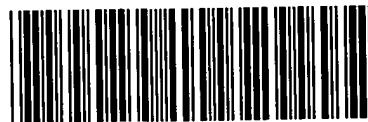


**STRATEGIC REPORT, REPORT OF THE DIRECTOR AND AUDITED
FINANCIAL STATEMENTS FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014
FOR
HIGHGROVE OSPREY PLC**

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HIGHGROVE OSPREY PLC

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HIGHGROVE OSPREY PLC

**COMPANY INFORMATION
FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014**

DIRECTORS: S T Whittley
Highgrove Dragon Limited

SECRETARY: S T Whittley

REGISTERED OFFICE: 1 Royal Exchange Avenue
London
EC3V 3LT

REGISTERED NUMBER: 08293224 (England and Wales)

BANKERS: Clydesdale Bank
35 Regent Street
London
SW1Y 4ND

AUDITORS: Moore Stephens LLP
Chartered Accountants and Statutory Auditor
Russell Square House
10/12 Russell Square
London
WC1B 5LF

HIGHGROVE OSPREY PLC

STRATEGIC REPORT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

The director presents his strategic report for the period 14 November 2012 to 31 March 2014.

Company Overview

Highgrove Osprey PLC is a niche private investment business, specialising in creating financial solutions to meet funding requirements for specific investment and development opportunities. The Company has developed an innovative funding model that has been designed to mitigate the investment risk inherent in the investment opportunity where financing is required. The funding solutions that we create are built to finance investment opportunities for in house group activities either by way of outright investment or by way of a joint venture with existing shareholders/stakeholders in the project via special purpose companies.

Highlights

- Completion of the construction of our proprietary risk-mitigated funding model for multiple funding applications.
- Strengthening of the Team: Development and augmentation of specific professional counterparties' working relationships instrumental in delivering project finance solutions.
- Funding contracts in place for four investment opportunities
- Relocation to our new offices in the City of London
- Completion of round one financing and successful launch of round two.

Report from the Chief Executive

This year has seen the consolidation of the business and it has been highly rewarding to see the model validated in terms of existing transactions that the Company has entered into and the volume of potential transactions in the pipeline. I would like to take opportunity to thank all of our key staff members and our counterparties for all the hard work they have undertaken to put the solid foundations in place enabling us to focus now on transactional business.

Notwithstanding the above we have faced and overcome significant challenges over the course of the year that have had a significant impact on the early stage growth and profitability of the Company, but as a result we have strengthened key areas in the business to mitigate against future set-backs that were unforeseen in the early stages.

The Company operates in the international financial markets and is not immune from the continuing malaise affecting the banking sector post the banking crisis in 2008. Whilst the Company does not rely purely on bank debt to create capital structures access to short term liquidity solutions is nonetheless useful in certain circumstances. We believe the outlook for the banking sector's recovery will continue to be hampered by the Banks necessity to comply with Basel III capital requirements and the subsequent credit tightening and further regulatory reforms. To combat any liquidity issues the Company will continue to strengthen its ties with alternative finance providers such as hedge funds and family offices.

These liquidity issues and the time taken to identify alternative suppliers of short term liquidity providers has impacted on our performance this year however we have taken decisive action to build up a database of financial counterparties that will enable us to develop the business more in line with our projected growth targets in subsequent years. I am confident that our time to complete projects will shorten considerably as a result of the work undertaken in this area.

The Business identified four key strategic priorities for implementation in 2013/2014.

1. Focus on four specific industrial sectors and build a reputation as a sector specialist; Aviation and Transport, Real Estate, Alternative Energy and Commodity Supply Chain Financing.
2. Development on an internal capital markets trading team to manage the cash components within the capital structures designed and implemented for each investment project.
3. Develop an overriding investment policy and implement a dedicated investment committee to approve and regularly monitor all investment transactions.
4. Build the core professional counterparty team

HIGHGROVE OSPREY PLC

STRATEGIC REPORT - CONTINUED FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

Sector Specific Activity

The Company decided to limit its investment activities to four key sectors to increase efficiency by means of creating standard financial model templates and to develop a reputation as sector funding specialists within each industrial group. The Company has strong existing ties in each of these four sectors and our strategy is to capitalise on the existing level of management expertise within these groups.

Internal Proprietary Trading Team

The core factor in each of the capital structures that the Company builds for project specific funding is risk mitigation. One of the key risks whose mitigation is fundamental to the overall success of each model is systematic capital markets risk. Liquidity generated within each capital structure needs to be managed to generate investment returns, which in turn provide an element of project capital and meet the costs of running the capital models. The team have identified a low risk trading model and plan to bring an identified team of ex-investment bank investment managers and dealers to implement the strategy.

Investment Policy and Committee Development

The Company will develop an overriding and sector specific investment policy overseen and implemented by an Investment Committee. The Company has made approaches to several experienced senior investment professionals in the regard.

Core Professional Team

The Company experienced deficiencies in some of the key consultants employed the early stage of its implementation. It became necessary to introduce a more experienced, professional counterparties and specialists to undertake key tasks in the creation of the funding models. The objective here is to create a one stop shop of experienced counterparties who can be relied upon for the efficient creation of the capital models.

Environmental Concerns

The Company has a strong policy of investing in ethical businesses and where we can make a positive contribution to low carbon emissions. This is evidenced by our commitment to supporting low carbon 'green energy' generation via our proposed investment into solar pv and waste to energy plants, the LEED accreditation and net-zero living across our real estate development activities and best in class fuel efficiency across our proposed aviation investments.

Summary

I believe that by implementing the above key objective over the course of the year the business will be able to operate on a more efficient basis and meet its performance targets at an earlier stage at a reduced cost. We do not anticipate experiencing delays in identifying key skill sets and will reduce exposure to counterparty risk by exerting greater risk control particularly with regards to capital deployed and capital markets trading risks, enhanced counterparty and consultant due diligence.

Highgrove Osprey plc has developed a unique capital funding model that once implemented permits the Company to generate strong revenues from investment into specific projects on a risk-mitigated basis. We believe that this will allow us to rapidly grow the business across our selected sectors and create strong and sustainable long term growth in the value of our shares. We remain confident that our model is robust enough to withstand market volatility and continue to provide long term financing to our proprietary investments.

HIGHGROVE OSPREY PLC

STRATEGIC REPORT - CONTINUED FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

Market Overview

The macroeconomic outlook for 2013/14 remains weak with modest growth forecast across developed economies. Whilst market generated opinion would suggest that optimism is slightly higher than in 2012 it still remains a challenging environment to conduct private equity business. It is reported also that the uncertain economic outlook will be the principle driver for M&A activities as opposed to outright expansion, with Germany and the UK expecting to see a 4.3% and 3.3% rise in activity in comparison to 2012. Recent surveys by a number of leading commentators such as PwC and Roland Berger draw similar conclusions as to where most private equity managers feel investment opportunities exist and these are broadly in line with our own preferences for investment activity and proposed sector allocations, namely energy, logistics and financing, real estate and transport.

The trends tend to support our investment strategy to concentrate our activities into distressed companies and riskier start up financing as well as turn-around opportunities. There is also a recognition that traditional funding sources – pension funds and banks, will continue to present challenges owing to the effects of the Volcker Rule, Basel III and Solvency II, the Banks in particular being reluctant to agree on recapitalisations and leveraged buy-outs.

Given the above factors we believe that the continuing challenges facing the private investment areas will create opportunities for the Company and allow us to access deals that would under normal conditions would be excluded to us to the benefit of our more established peer group. The very core of our model, being Investee Company off balance sheet risk management also allows us to offer more competitive pricing to investee company management teams: This gives the company more ability to offer acceptable equity sacrifice terms to our target companies.

The significant challenge as identified earlier in this report and recognised by various industry surveys is the lack of availability or reluctance of traditional bank debt financing to seed capital structures. This in turn will lead to competition in accessing non-traditional PE funding but should benefit the companies activities due to the risk protection applied to principal investment.

Business Model and Business Outlook

The Company has a clearly defined business model aimed at producing secure investment returns to finance the business, facilitate expansion plans, generate long term added value to developed assets and to protect the assets of the business.

The business identifies suitable investment opportunities that meet the initial ROCE parameters priced for the particular investment opportunity under consideration. We would look for a minimum IRR of 30% and an equity position of at least 75% at entry. This majority equity position will be subject to an earn back by the existing shareholder management team against agreed performance milestones.

Risk is mitigated by building an off balance sheet levered capital structure for a period of ten years with an inbuilt sinking fund provision to provide a return of our capital at the end of the ten year financing period. Free cash flow is generated against hedged collateral/ assets held within the structure and used to generate returns to meet project finance commitments and structure running costs.

The business makes extensive use of financial insurances such as credit default, residual value, and political risk to enhance the covenant strength of the capital structure to reduce risk and financing costs.

The outlook for business development is considered to be positive for 2013/14 as indicated by the demand for the Companies services. We will continue to remain conservative in the selection of potential funding opportunities and rigorously apply our screening filters to determine where we will seek to invest.

The Company is pursuing four large proprietary investments in real estate, green energy generation, transport and structured refinancing at the present time and would expect realisation of revenue during the course of the year.

Financial Results

The Company achieved an income of £1,795,638 in the year and costs of £2,130,517, after loan interest this resulted in a loss of £521,105. The results were disappointing but not unexpected given the significant challenges faced in the early stages of the business development. This has been further compounded by the lengthy delays in completing project financing as a result of delays in the issuance of supporting collateral in the form of sovereign guarantees, enhanced banking due diligence and seed capital raising.

HIGHGROVE OSPREY PLC

STRATEGIC REPORT - CONTINUED FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

Key Performance Indicators

The Company has developed four financial Key Performance Indicators to measure performance year on year:

1. Profit before tax
2. Equity net assets per share
3. Ratio of Revenue to operating expenses
4. Gearing

These Key performance indicators will form the base year for benchmarking in subsequent years and will be monitored by the Board on a periodic and regular basis throughout the year.

Non Financial KPIs

- (i) **Build an investor base.** We seek to increase our exposure in the private equity market and benefit from greater potential deal flow from both new joint venture investment opportunities and existing businesses via expansion plans. Progress has been made over the course of the period and to the date of signing to achieve greater recognition within the private equity sector and a growing referral network.
- (ii) **Increase operational efficiency** - reduce operating expenses in both procuring potential investment opportunities and management costs seek to improve on the return of capital employed and risk/return ratios.

Greater emphasis has been placed on improving project cost budgeting and to identify more efficient forms of hedging financial risks. Staffing numbers have been reduced and the Firm will seek to make greater use of external consultants for specialist skill sets required for specific projects.

- (iii) **Deliver shareholder returns** - aim to generate sustainable growth in dividends and shareholder returns.

The objective of the Group is to build a strong balance sheet by investing across our preferred sectors into businesses that offer the opportunity to generate stable and consistent revenues and increases in asset values.

Principal Risks and Uncertainties

Economic and Market Risk

Changes in the global economic outlook could have a negative impact on the Companies underlying performance.

Mitigation

Investing across more than one jurisdiction dilutes the impact of an economic down turn on the Company's portfolio.

Sector and cyclical/non-cyclical industrial diversification spreads risk across our four main investment areas

Proactive asset management to achieve greater than market utilisation of assets.

Failure to secure future investment opportunities

Absolute return investment management and trading strategy within the funding model negates downside capital loss risk. The Directors have developed a referral network over many years of operating.

The Company has identified projects in real estate that provide large land banks for future development.

Financial Collapse of a Joint Venture Partner

The off balance sheet funding solution implemented by the Company will revert fully to the Company in the event of a failure of the investment.

Investments cannot be realised

The Company is a long term value investor and does not set out to exit investments in the short to medium term. The funding model is run to produce investment returns irrespective of the Project returns for a minimum period of 10 years.

HIGHGROVE OSPREY PLC

STRATEGIC REPORT - CONTINUED FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

Principal Risks and Uncertainties – continued

Financial Risk

Lack of Funding causing lack of liquidity that impacts on borrowing levels

The Company has established alternative sources of funding outside of the traditional lending sources, (hedge funds, retail bond issues, family offices)

Re-occurring income from capital models and real estate rental and hotel operations income, land sales.

Financial headroom in leveraged structures to increase liquidity.

Detailed cash flow planning and regular monitoring of performance and future cash flows.

Unforeseen operation significant changes to cash flow from underlying investments

Human Resources Risk and Organisational Risk

Loss of key personnel leading to business disruption

Succession planning regularly monitored at Board level

Key employee delinquency

Targeted recruitment to bring in key skill sets.

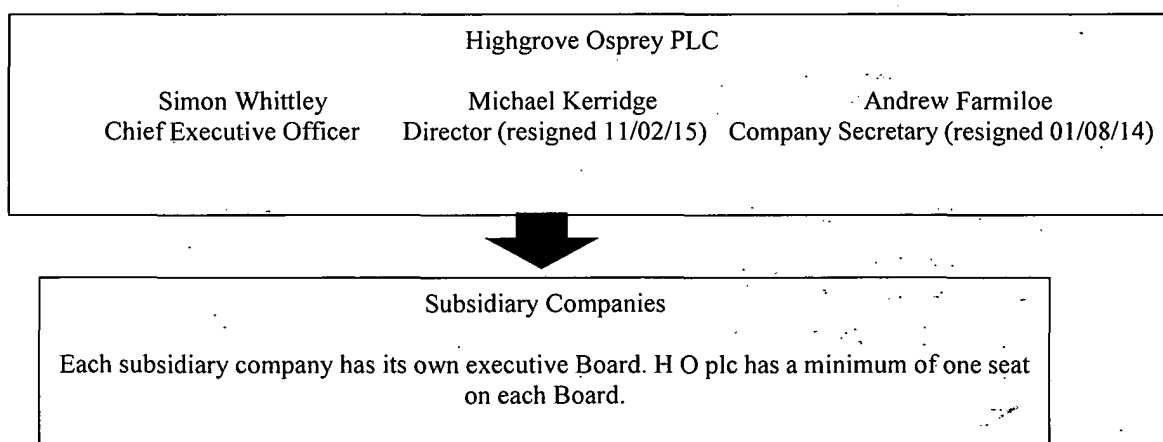
Regular monitoring of key staff and consultant performance

– Professional Counter Party Risk

– Regular monitoring and performance assessment against contract terms and capability

Corporate Governance

Board Composition and Structure during the financial period was as follows:



HIGHGROVE OSPREY PLC

STRATEGIC REPORT - CONTINUED FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

The Board are responsible for stewardship of the business and for maintaining high standards of corporate governance. It is collectively responsible and accountable to our shareholders and stakeholders for the long term success of the Company. It further sets the strategy for the Company and monitors performance and risks to determine appropriate measures to achieve delivery of the Companies objectives.

Corporate Governance - continued

The Board meets on a monthly basis throughout the year to attend to its specific schedule of matters which include long term financial and commercial strategy, annual operating and capital budgets, risk management, investment policy, dividend policy and the appointment of Directors.

The Company is not large enough to implement Board sub-committees such as Audit, Nomination and Remuneration however the Board is mindful that as the Company grows these will need to be established.

Directors Remuneration

The directors were not remunerated by the Company in the period under review.

Other Governance and Statutory Disclosures

Share Capital

The Company has one class of share and all shares rank equally, have equal voting rights and are partially paid. The issued Share Capital of the Company is set out under note 10 in the Financial Statements.

Rights and Obligations of Shareholders

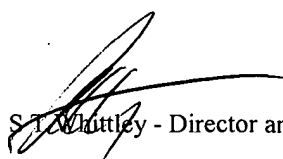
The holders of ordinary shares in the Company are entitled to receive dividends when declared, to receive the Company's annual and half year reports, to attend and speak at general meetings of the Company, to appoint proxies and to exercise voting rights.

Substantial Shareholders

As at 31 March 2014 the Company has one substantial shareholder.

Shareholder	—	—	% Issued Shares	—
Highgrove Alternative Assets Ltd	±	±	100	±

ON BEHALF OF THE BOARD:


S. T. Whittle - Director and Chief Executive

Date: 3 June 2015

HIGHGROVE OSPREY PLC

REPORT OF THE DIRECTORS FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

The director presents his report with the financial statements of the company for the period 14 November 2012 to 31 March 2014.

INCORPORATION

The company was incorporated on 14 November 2012 and commenced trading at that date, consequently no comparatives are presented in the financial statements.

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the business of developing and delivering financial structuring activities on behalf of associated companies. Highgrove Osprey PLC is a niche private investment business specialising in creating financial solutions to meet funding requirements for specific investment and development opportunities.

DIVIDENDS

No dividends will be distributed for the period ended 31 March 2014.

EVENTS SINCE THE END OF THE PERIOD

Information relating to events since the end of the period is given in note 13 in the accompanying financial statements.

DIRECTORS

S T Whittle has held office during the whole of the period from 14 November 2012 to the date of this report.

Other changes in directors holding office are as follows:

MJ Kerridge was appointed on 14 November 2012, and ceased to be a director after 31 March 2014, on 11 February 2015.

On 20 March 2015 Highgrove Dragon Limited was appointed as a Corporate Director.

The director who is eligible offers himself for election at the forthcoming first Annual General Meeting.

INFORMATION INCLUDED IN THE STRATEGIC REPORT

The company's directors have chosen to disclose information regarding the future developments and risk exposure of the company within their Strategic Report on page 2 to 7 of these financial statements.

The business review and financial objectives and risks are located in the strategic report.

RESULTS FOR THE PERIOD

The results for the period are shown on page 11 onwards.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

The director is responsible for preparing the Report of the Director and the financial statements in accordance with applicable law and regulations.

Company law requires the director to prepare financial statements for each financial year. Under that law the director has 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 director must not approve the financial statements unless he is satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The director is 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 him to ensure that the financial statements comply with the Companies Act 2006. He is 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.

HIGHGROVE OSPREY PLC

**REPORT OF THE DIRECTORS
FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014**

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the director is aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and he has taken all the 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.

AUDITORS

Moore Stephens LLP were appointed as first auditor of the company on 1 May 2015.

Moore Stephens LLP will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:



S. J. Whittley - Director

03/06/2015

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF HIGHGROVE OSPREY PLC

We have audited the financial statements of Highgrove Osprey plc for the period ended 31 March 2014 on pages eleven to twenty-one. 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).

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 a Report of the Auditors 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 director and auditors

As explained more fully in the Statement of Director's Responsibilities set out on page three, the director is 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 director; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Director 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 March 2014 and of its loss for the period 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 Report and the Report of the Director 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 director's remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.



MARK LAMB FCA (Senior Statutory Auditor)
For and on behalf of MOORE STEPHENS LLP
Chartered Accountants and Statutory Auditor
Russell Square House
10/12 Russell Square
London
WC1B 5LF

Date: 3 June 2015

HIGHGROVE OSPREY PLC

PROFIT AND LOSS ACCOUNT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

	Notes	£
TURNOVER		1,795,638
Administrative expenses		<u>2,130,517</u>
OPERATING LOSS	3	(334,879)
Interest payable and similar charges	4	<u>186,226</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(521,105)
Tax on loss on ordinary activities	5	<u>-</u>
LOSS FOR THE FINANCIAL PERIOD		<u>(521,105)</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period.

TOTAL RECOGNISED GAINS AND LOSSES

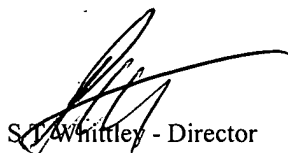
The company has no recognised gains or losses other than the loss for the current period.

HIGHGROVE OSPREY PLC (REGISTERED NUMBER: 08293224)

**BALANCE SHEET
AS AT 31 MARCH 2014**

	Notes	£
FIXED ASSETS		
Fixed asset Investments	6	2
CURRENT ASSETS		
Debtors – due in more than 1 year	7	2,457,179
Cash at bank		<u>98,625</u>
		2,555,804
CREDITORS		
Amounts falling due within one year	8	<u>(3,026,911)</u>
NET CURRENT LIABILITIES		<u>(471,107)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u><u>(471,105)</u></u>
CAPITAL AND RESERVES		
Called up share capital	10	50,000
Profit and loss account	11	<u>(521,105)</u>
SHAREHOLDERS' FUNDS	14	<u><u>(471,105)</u></u>

The financial statements were approved and authorised for issue by the director on 3 June 2015 and were signed by:


S. T. Whitley - Director

The notes form part of these financial statements

HIGHGROVE OSPREY PLC**CASH FLOW STATEMENT****FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014**

	Notes	£	£
Net cash outflow from operating activities	1		(306,649)
Returns on investments and servicing of finance	2		(186,226)
Financing	2		<u>591,500</u>
Increase in cash in the period			<u>98,625</u>
<hr/>			
Reconciliation of net cash flow to movement in net debt	3		
Increase in cash in the period		98,625	
Cash outflow from increase in debt		(3,016,909)	
Change in net debt resulting from cash flows			(2,918,284)
Movement in net debt in the period			(2,918,284)
Net debt at 15 November			<u>-</u>
Net debt at 31 March			<u>(2,918,284)</u>

The notes form part of these financial statements

HIGHGROVE OSPREY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

1. RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	£
Operating loss	(334,879)
Increase in debtors	(2,419,679)
Increase in creditors	<u>2,447,909</u>
Net cash outflow from operating activities	<u>(306,649)</u>

The increase in debtors and creditors relates to transactions during the period with the related entity Highgrove Securities LLP. See note 12 for disclosure of the transactions that occurred during the period.

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	£
Returns on investments and servicing of finance	
Interest paid	<u>(186,226)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(186,226)</u>
Financing	
Share issue	12,500
Receipts from the issuing of bonds	964,000
Repayments of amounts borrowed from bonds	<u>(385,000)</u>
Net cash inflow from financing	<u>591,500</u>

3. ANALYSIS OF CHANGES IN NET DEBT

	At 15.11.12 £	Cashflow £	At 31.3.14 £
Net cash:			
Cash at bank	<u>-</u>	<u>98,625</u>	<u>98,625</u>
	<u>-</u>	<u>98,625</u>	<u>98,625</u>
Debt:			
Debts falling due within one year	<u>-</u>	<u>(3,016,909)</u>	<u>(3,016,909)</u>
	<u>-</u>	<u>(3,016,909)</u>	<u>(3,016,909)</u>
Total	<u>-</u>	<u>(2,918,284)</u>	<u>(2,918,284)</u>

The notes form part of these financial statements

HIGHGROVE OSPREY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

1. ACCOUNTING POLICIES

Basis of preparation

The Company's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Review. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are also set out in the Strategic Review. In addition, the Financial Statements include the Company's policies and procedures for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

Basis of Consolidation

The financial statements contain information about Highgrove Osprey PLC as an individual company and do not include consolidated financial information as the parent of a subsidiary company as the subsidiary company was dormant in the period to 31 March 2014. Consequently no consolidated financial statements are prepared.

Going Concern

As explained in the Strategic Report and the Director's Report, the company has faced delays in the realisation of certain opportunities and projects that were planned to be developed in this period.

The directors are satisfied that the debt due from Highgrove Securities LLP (see note 7) is recoverable. The members of the LLP had uncovered a potential fraud in relation to ex-associates of the LLP. The members estimate that the fraud may be as much as £1.54 million. Investigations are continuing including working with the FBI on part of the above amount; this amounts to a potential sum of £250,000.

The LLP works closely with Highgrove Osprey PLC and the sum of £1.54 million referred to above is reflected in the amount owing to that company. Action has been taken to recover the sums in question and it is ongoing.

However, the LLP has become more operational and has been increasing the level of commercial activity. The LLP incurred a loss of £ 2,277,743 in the period to March 2014, which the directors are confident will be covered by anticipated future income from one identified source amounting to £18.4million during the coming years to 31 March 2016.

This will more than cover the losses that have arisen to date and will also enable the partnership to repay its debt due to Highgrove Osprey PLC. The income will ensure the financial viability of the partnership and its potential to seek further projects on which it will be able to generate further substantial income thereby securing the trading relationship between the two entities

The company holds obligations, in the form of redeemable bonds for £3,016,919 which fall for redemption in less than one year from the balance sheet date. Bonds have expired and rolled over and remain outstanding at the date of signing. Note 9 explains the financial risk associated with these bonds (see note 13).

Subsequent to the year end, the Company has taken steps to mitigate against setbacks that were unforeseen in the early stages of the Company. Such measures include the following key aspects (more detail is provided in the Strategic Report):

- the acquisition of equity shareholdings in two foreign subsidiaries whose principle activities are that of Commercial Property Development (see note 13). Whilst the cost of acquisition is modest, the company is in control of total assets at a value of \$25million with significant revenue and capital opportunities forecast to be achieved over the next 3 years of approximately £14million.
- The transfer of assets comprising five yachts for sale at a value of approximately £500,000. Transfer was at nil cost to the company.
- Realisation of significant commissions arising from the discounting of a listed bond issue undertaken by associated companies.
- Realisation of fees due in the region of £10.78 million from financing transactions entered into by associated companies after the year end.
- The contracting with a specialist trade finance commodity finance company in order to introduce capital to facilitate transactions. The fixed fee per million capital deployed is 6% per month – the magnitude of opportunity is up to \$150million. The Company is in two final stage discussions with two family offices to invest up to \$22.5million

HIGHGROVE OSPREY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

- Contract to realise fees of 1.5% arising through the placement of a financial package amounting to \$1billion.

Consequently the Director believes that the Company is well placed to manage its business risks successfully. Accordingly, he continues to adopt the going concern basis in preparing of the Financial Statements.

Accounting convention

The Financial Statements are prepared on the historical cost basis except that the following asset and liabilities are stated at their fair value: derivative financial instruments. As this is the first period of trading, there are no comparative figures presented.

Turnover

Turnover comprises introduction fees in association with financing operations undertaken by associated companies and are exclusive of value added tax. Turnover is recognised at varying stages of each project and by agreement by the counterparties. Turnover arises in one geographical location being the UK.

Financial instruments

Financial assets and financial liabilities are recognised on the company's balance sheet when the company becomes a party to the contractual provisions of the instrument.

Interest-bearing borrowings

Interest-bearing borrowings are recognised initially at fair value less attributable transaction costs which are written off over the period to the date of redemption (364 days). Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost with any difference between cost and redemption value being recognised in the Profit and Loss Account over the period of the borrowings on an effective interest basis. Coupon is repaid quarterly with capital redeemed annually unless there is agreement to roll the debt for a further 364 days.

Corporation tax

Tax on the profit or loss for the year comprises current and deferred taxation. Tax is recognised in the Profit and Loss Account except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

- Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred taxation is provided using the balance sheet liability method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The amount of deferred taxation provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates that are expected to apply when the temporary difference reverses, based on rates that have been enacted or substantively enacted at the balance sheet date. A deferred taxation asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised. Deferred taxation assets are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Foreign Currencies

Assets and liabilities in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Use of accounting estimates

Estimates and judgements are continually evaluated and based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The company makes estimates and assumptions concerning the future. The resulting accounting estimates may differ from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed as follows:

Accrual estimates at the period-end have been based on work completed or goods received but not invoiced.

Liquid resources

The liquid resources of the entity are considered by the directors to be those funds held within cash at bank. Liquid resources are accounted for on an accruals basis.

HIGHGROVE OSPREY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

2. STAFF COSTS

There were no staff costs for the period ended 31 March 2014.

The average monthly number of employees for the period are as follows:

	2014
Directors	<u>2</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	£
Auditors' remuneration	10,000
Commission payable	572,191
Directors' remuneration	-
Foreign exchange gain/loss	<u>-</u>

In the first period of trading from the issue of bonds to undertake the principal activity the company incurred commission costs which have been recognised within administrative expenses in these financial statements.

4. INTEREST PAYABLE AND SIMILAR CHARGES

	£
Interest on redeemable bonds	<u>186,226</u>

5. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose on ordinary activities for the period ended 31 March 2014.

The tax charge on the losses on ordinary activities for the year was as follows:

	2014 £
Current tax:	
UK corporation tax	-
Deferred tax	<u>-</u>
Tax on loss on ordinary activities	<u>-</u>

Factors affecting the tax charge

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2014 £
Loss on ordinary activities before tax	<u>(521,105)</u>
Loss on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20%	104,221
Utilisation of tax losses	<u>(104,221)</u>
Current tax charge	-

HIGHGROVE OSPREY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

6. FIXED ASSET INVESTMENTS

£

Shares in Group Undertakings

On incorporation	-
Acquired in period	<u>2</u>
As at 31 March 2014	<u>2</u>

Investments in group undertakings are stated at cost being the nominal value of the relevant number of the company's shares. On the 17 January 2013 the company acquired 100% of the Ordinary share capital of Highgrove Yachts Limited

Subsidiary undertakings are as follows:

Name	Shareholding	Nature of Business	Place of Registration	Capital and reserves at 31.03.2014
Highgrove Yachts Limited	100%	Dormant	England and Wales	£2

7. DEBTORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	£
Amounts due from associated undertakings (note 12)	2,417,687
Amounts due from subsidiary undertakings (note 12)	1,992
Unpaid share capital	<u>37,500</u>
	<u>2,457,179</u>

The first date of repayment of debt due from associated undertakings was scheduled for May 2015, but has been rescheduled to May 2016.

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	£
Redeemable bonds (see note 9)	3,016,909
Accruals and deferred income	<u>10,002</u>
	<u>3,026,911</u>

9. LOANS

An analysis of the maturity of loans is given below:

Amounts falling due within one year or on demand:

Redeemable Bonds	<u>3,016,909</u>
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Bondholders who have subscribed for a bond at 8.25% redeemable 364 days after issue. Bonds can be redeemed in whole at an earlier date by the holders at their principal amount including accrued interest at the option of the issuer at any time in the event of certain events described within the terms and conditions of the bond holder agreement.

HIGHGROVE OSPREY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

During the period under review the company incurred issuance costs of £572,191 payable in the form of commissions. There were no premiums or discounts applied on these financial liabilities.

The notes constitute direct, unconditional and, subject to the provision of the negative pledge, unsecured obligations of the Issuer and shall at all times rank pari passu, without preference amount themselves, with all other present and future unsecured and unsubordinated obligations of the Issuer, but in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

The conditions contain a negative pledge provision pursuant to which the Issuer may not create, assume or permit to subsist any security over their present or future undertaking, assets or revenues to secure any debt without securing the Notes equally and rateably within, subject to certain exceptions.

The maximum exposure to credit risk at the end of the reporting period is £3,016,909. There are no related credit derivatives or similar instruments in use by the company to mitigate this risk. The company has a cross guarantee with associated entity Highgrove Securities LLP in relation to a bank guarantee of 50MEUR held by them. The bank guarantee is an unconditional and irrevocable guarantee to pay to the beneficiary the principal amount upon maturity on 7 September 2014. The bank guarantee is transferable and divisible if this is not rated by rating agencies.

At the balance sheet date the fair value of the redeemable bonds are considered by the directors to be equal to their cost.

The bank guarantee expired on 29 September 2014 and was not replaced. Security for the bonds is assured through the acquisition of equity shareholdings in subsidiaries with a commensurate control of assets at a value of \$25 million.

10. CALLED UP SHARE CAPITAL

On the 14 November 2012 the company allotted 1 Ordinary share at a nominal value of £1 per share. On the 9 December 2012 the company allotted a further 49,999 of Ordinary shares at a nominal value of £1 per share. Of the 50,000 £1 ordinary shares that have been issued during the period, £12,500 were fully paid up.

Allotted, issued and fully paid:		Nominal value:	£
Number:	Class:		
12,500	Ordinary	£1.00	<u>12,500</u>
Allotted, issued and unpaid:		Nominal value:	£
Number:	Class:		
37,500	Ordinary	£1.00	<u>37,500</u>

All shares rank equally and have equal voting rights. The holders of Ordinary shares in the company are entitled to receive dividends when declared.

11. RESERVES

	Profit and loss account £
On incorporation	-
Deficit for the period	<u>(521,105)</u>
At 31 March 2014	<u>(521,105)</u>

HIGHGROVE OSPREY PLC

NOTES TO THE CASH FLOW STATEMENT FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

12. RELATED PARTY DISCLOSURES

During the year the following transactions subsisted between related parties as follows:

Highgrove Securities LLP

Mr S Whitley is a designated member of the LLP. During the period the company delivered services to Highgrove Securities LLP amounting to £1,795,638.

Highgrove Securities LLP is an internal advisory business to the company and the company procured such services amounting to £1.50 million in the year. Additionally, redeemable bonds at a cost of £1.86 million and other ancillary costs amounting to £0.26 million were novated to the company from Highgrove Securities LLP. At the 31 March 2014, amounts due from Highgrove Securities LLP amounted to £2,417,687.

Highgrove Yachts Limited

During the period, initial expenses relating to the acquisition of yachts, in respect of transactions concluding after 31 March 2014 was recharged by the company to Highgrove Osprey PLC. At the 31 March 2014, amounts due from Highgrove Yachts amounted to £1,992.

13. POST BALANCE SHEET EVENTS

The company is in the process of acquiring a controlling interest in two subsidiaries as follows:

i. Nature Resorts Limited

The company acquired a 70% equity shareholding for \$1.

The company is registered in Trinidad and Tobago and has activities in hotel and resort development.

ii. INN Developments Limited

The company acquired a 70% equity shareholding for \$1.

The company is registered in Trinidad and Tobago and has activities in hotel and resort development.

iii. Fluricca Resources Ltd

On the 26 November 2014 the company provided a contingent advance of \$47m to Fluricca Resources Ltd. An initial advance had been made of \$5m from Highgrove Osprey PLC, with the remaining \$42m available to be drawn down from Highgrove Osprey PLC. Per the agreement there is no shareholding %, and Fluricca Resources Ltd trade precious commodities. As at the date of the signing of these financial statements the investment in Fluricca Resources Ltd is contingent on the decision by the Company Directors to go ahead with the investment agreement.

On 21 May 2014 the company acquired 100% of the ordinary share capital of Highgrove Dragon Limited.

£3,559,408 of redeemable bonds were reissued at par on the date of their redemption. It is the company's intention to redeem the noteholders ahead of term from the first significant tranche of revenue generated by ongoing projects.

HIGHGROVE OSPREY PLC

PROFIT AND LOSS ACCOUNT

FOR THE PERIOD 14 NOVEMBER 2012 TO 31 MARCH 2014

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Ordinary Share Capital	Profit and Loss Reserve	Total
	£	£	£
On incorporation	50,000	-	50,000
Deficit for the period	-	(521,105)	(521,105)
Shareholders' funds at 31 March 2014	<u>50,000</u>	<u>(521,105)</u>	<u>(471,105)</u>

15. ULTIMATE CONTROLLING PARTY

As at the signing date, the immediate and ultimate controlling party is Highgrove Alternative Assets Limited, a company in which Mr ST Whittle holds a 50% beneficial interest in the ordinary share capital. Mr M Kerridge holds a 50% beneficial interest in the company. Mr M Kerridge was a director during the financial period to 31 March 2014 and resigned on 20 March 2015.

Highgrove Alternative Assets Limited was incorporated on 7 March 2014 and acquired 100% of the ordinary share capital of Highgrove Osprey PLC on the same date. Highgrove Alternative Assets Limited is the smallest and largest undertaking for which the company is a member and for which consolidated financial statements are prepared. Copies of these consolidated financial statements can be obtained from the company's registered office, being Brookingbury Stud Roast Green, Clavering Saffron Walden, CB11 4SQ United Kingdom.

Highgrove Alternative Assets Limited is controlled by Mr S R Whittle and Mr M Kerridge.