

Blue International Holdings Limited
(formerly Joule International Holdings Limited)

Report And Financial Statements

30 June 2019



Blue International Holdings Limited

COMPANY INFORMATION

| | |
|-----------------------------|---|
| Directors | A Cavaghan K J Clark D Edward M Green G Newman |
| Registered number | 10638438 |
| Registered office | Cottons Centre 5th Floor West 47-49 Tooley Street London SE1 2QN |
| Independent auditors | Rees Pollock 35 New Bridge Street London EC4V 6BW |


BALANCE SHEET
As at 30 June 2019

| | Note | 2019 \$ | 2018 \$ |
|---|------|---------------------|---------------------|
| Fixed assets | | | |
| Investments | 4 | 1,058,170 | - |
| | | <u>1,058,170</u> | <u>-</u> |
| Current assets | | | |
| Debtors: amounts falling due within one year | 5 | 968,926 | 189,691 |
| | | <u>968,926</u> | <u>189,691</u> |
| Creditors: amounts falling due within one year | 6 | (25,945,610) | (25,129,226) |
| | | <u>(24,976,684)</u> | <u>(24,939,535)</u> |
| Net current liabilities | | | |
| | | <u>(24,976,684)</u> | <u>(24,939,535)</u> |
| Total assets less current liabilities | | <u>(23,918,514)</u> | <u>(24,939,535)</u> |
| Creditors: amounts falling due after more than one year | | (8,328,466) | - |
| | | <u>(32,246,980)</u> | <u>(24,939,535)</u> |
| Net liabilities | | | |
| | | <u>(32,246,980)</u> | <u>(24,939,535)</u> |
| Capital and reserves | | | |
| Called up share capital | 9 | 139 | 50 |
| Share premium account | 10 | 7,393,958 | 593,126 |
| Profit and loss account | | (39,641,077) | (25,532,711) |
| | | <u>(32,246,980)</u> | <u>(24,939,535)</u> |

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The Directors' Report and Statement of Comprehensive Income have not been delivered to the Registrar of Companies in accordance with the special provisions applicable to companies subject to the small companies regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13th August 2020



A Cavaghan
Director

The notes on pages 7 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

1. General information

Blue International Holdings Limited is a private company limited by shares, incorporated in the UK and registered in England & Wales. Its registered address is Cottons Centre 5th Floor West, 47-49 Tooley Street, London, SE1 2QN.

The company's principal activity is to act as a holding company.

2. Accounting policies

2.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention unless otherwise specified within these accounting policies and in accordance with Section 1A of Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

The company is the parent undertaking of a small group and as such is not required by the Companies Act 2006 to prepare group accounts. These financial statements therefore present information about the company as an individual undertaking and not about its group.

2.2 Going concern

The company has a contingent asset amounting to \$35,002,206 (2018: \$26,337,589) due from Joule Africa Limited ('JAL') recovery of which is dependent on the successful progression of the development projects it is working on. The directors have asserted their confidence that the projects will ultimately reach financial close and at that time sufficient funds will be received by JAL to enable it to repay the company in full. Accordingly, the directors continue to adopt the going concern basis in preparing the financial statements.

2.3 Foreign currency translation

Functional and presentation currency

The Company's functional and presentational currency is USD.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the spot exchange rates at the dates of the transactions.

At each period end foreign currency monetary items are translated using the closing rate. Non-monetary items measured at historical cost are translated using the exchange rate at the date of the transaction and non-monetary items measured at fair value are measured using the exchange rate when fair value was determined.

2.4 Finance costs

Finance costs are charged to the Statement of Comprehensive Income over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.5 Taxation

Tax is recognised in the Statement of Comprehensive Income, except that a charge attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

2.6 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

Investments in unlisted Company shares, whose market value can be reliably determined, are remeasured to market value at each balance sheet date. Gains and losses on remeasurement are recognised in the Statement of Comprehensive Income for the period. Where market value cannot be reliably determined, such investments are stated at historic cost less impairment.

Investments in listed company shares are remeasured to market value at each Balance Sheet date. Gains and losses on remeasurement are recognised in profit or loss for the period.

2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

2.8 Convertible loan notes

Convertible loan notes are regarded as compound financial instruments, consisting of a liability component and an equity component. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible loans. The difference between the proceeds of issue of the convertible loan notes and the fair value assigned to the liability component, representing the embedded option to convert the liability into equity of the company, is included in equity.

Issue costs are apportioned between the liability and equity components of the convertible loan notes based on their relative carrying amounts at the date of issue. The portion relating to the equity component is charged directly against equity.

The interest expense on the liability component is calculated by applying the prevailing market interest rate for similar non-convertible debt to the liability component of the instrument. The difference between this amount and the interest paid is added to the carrying amount of the convertible loan note.

2.9 Other financial instruments

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade debtors and creditors, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration expected to be paid or received.

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

2. Accounting policies (continued)

2.10 Advances for development expenditure

Loan advances made to Joule Africa Limited for development expenditure are immediately expensed. Principal and interest which is recoverable will be recognised as an asset only when the directors can estimate the timing and amount reliably and that recovery is virtually certain.

3. Employees

The average monthly number of employees, including directors, during the year was 5 (2018 - 5).

4. Fixed asset investments

| | Investments in subsidiary companies \$ |
|-----------------------|--|
| Cost | |
| Additions | 6,953,148 |
| At 30 June 2019 | <u>6,953,148</u> |
| Impairment | |
| Charge for the period | 5,894,978 |
| At 30 June 2019 | <u>5,894,978</u> |
| Net book value | |
| At 30 June 2019 | <u>1,058,170</u> |
| At 30 June 2018 | <u>-</u> |

5. Debtors

| | 2019 \$ | 2018 \$ |
|------------------------------------|----------------|----------------|
| Amounts owed by group undertakings | 646,488 | 189,220 |
| Other debtors | 315,938 | 471 |
| Prepayments and accrued income | 6,500 | - |
| | <u>968,926</u> | <u>189,691</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2019

6. Creditors: amounts falling due within one year

| | 2019 \$ | 2018 \$ |
|------------------------------------|-------------------|-------------------|
| Convertible loan notes | 22,789,975 | 25,023,279 |
| Other loans | 1,800,411 | - |
| Amounts owed to group undertakings | 494,352 | 95,947 |
| Corporation tax | 76,895 | - |
| Accruals and deferred income | 783,977 | 10,000 |
| | <u>25,945,610</u> | <u>25,129,226</u> |

During the financial year, US\$5.9 million of convertible loan notes ("CLNs") were converted, by their holders, into 797,987 B ordinary shares (of which 272,386 are held by directors). Following the financial year, a further US\$12.5 million of CLNs were converted by their holders into 1,649,801 B ordinary shares (of which 1,166,709 are held directly or indirectly by directors).

Outstanding CLNs subscribed for by investors in Blue International Holdings Limited totalling US\$8.9 million in principal are due to mature on 1 December 2020, with a further US\$6.2 million of CLNs due to mature at financial close of Joule Africa Limited's flagship project, the Bumbuna II hydroelectric power plant in Sierra Leone. Of these principal amounts, approximately US\$1.7 million and US\$4.6 million respectively had been invested by directors.

7. Creditors: amounts falling due after more than one year

| | 2019 \$ | 2018 \$ |
|------------------------|------------------|------------|
| Convertible loan notes | 7,275,938 | - |
| Other loans | 1,052,528 | - |
| | <u>8,328,466</u> | <u>-</u> |

NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended 30 June 2019
8. Loans

Analysis of the maturity of loans is given below:

| | 2019 \$ | 2018 \$ |
|--|-------------------|-------------------|
| Amounts falling due within one year | | |
| Convertible loan notes | 22,789,975 | 25,023,279 |
| Other loans | 1,800,411 | - |
| | <u>24,590,386</u> | <u>25,023,279</u> |
| Amounts falling due 1-2 years | | |
| Convertible loan notes | 7,275,938 | - |
| | <u>7,275,938</u> | <u>-</u> |
| Amounts falling due 2-5 years | | |
| Other loans | 1,052,528 | - |
| | <u>32,918,852</u> | <u>25,023,279</u> |

9. Share capital

| | 2019 \$ | 2018 \$ |
|---|------------|------------|
| Allotted, called up and fully paid | | |
| 8,000 (2018 - 8,000) Ordinary Class A shares of \$0.0001 each | 1 | 1 |
| 941,230 (2018 - 54,174) Ordinary Class B shares of \$0.0001 each | 94 | 5 |
| 436,549 (2018 - 436,549) Ordinary Class C shares of \$0.0001 each | 44 | 44 |
| | <u>139</u> | <u>50</u> |

During the prior year the company issued 54,174 Ordinary B shares of \$0.0001 each for aggregate consideration of \$521,740. The company also issued 436,549 Ordinary C shares of \$0.0001 each for aggregate consideration of \$71,436.

During the year the company issued 887,056 Ordinary B shares of \$0.0001 each for aggregate consideration of \$6,800,921.

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended 30 June 2019

10. Share premium

| | 2019 \$ | 2018 \$ |
|---|------------------|----------------|
| Share premium by class of share is as follows: | | |
| Ordinary A | - | - |
| Ordinary B | 7,322,567 | 521,735 |
| Ordinary C | 71,391 | 71,391 |
| | <u>7,393,958</u> | <u>593,126</u> |

11. Related party transactions

During the year, amounts of \$89,267 (2018: \$95,947) were paid by Joule Africa Limited (JAL), a company under common control incorporated in Mauritius, on behalf of the company. At year end the company owed \$257,752 (2018: \$95,947) to JAL.

The company also charged loan monitoring fees of \$350,000 (2018: \$nil) to JAL during the year. At the year end the company was due \$350,000 (2018: \$nil) from JAL.

Additionally, the company advanced loans of \$4,482,717 (2018: \$22,771,405) to JAL during the year. At year end the loan principal plus accrued interest of \$5,335,850 (2018: \$3,566,184) was due from JAL but has not been recognised as asset in these financial statements as recovery is contingent on the success of JAL's development projects.

12. Auditors' information

The auditors' report on the financial statements for the year ended 30 June 2019 was unqualified.

In their report, the auditors emphasised the following matter without qualifying their report:

The company has significant net liabilities at 30 June 2019. The company has a contingent asset amounting to \$35,002,206 due from Joule Africa Limited ('JAL') recovery of which is dependent on the successful progression of the development projects it is working on. The directors have asserted their confidence that the projects will ultimately reach financial close and at that time sufficient funds will be received by JAL to enable it to repay the company in full. As stated in note 2.2, these events or conditions, along with the other matters as set forth in note 2.2, indicate that a material uncertainty exists that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

The audit report was signed on 17 August 2020 by Phillip Vipond (Senior Statutory Auditor) on behalf of Rees Pollock.