

Report of the Directors and
Financial Statements
for the Year Ended 31 December 2013
for
Nesstra Services (UK) Limited

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Nesstra Services (UK) Limited

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for the Year Ended 31 December 2013

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Nesstra Services (UK) Limited

Company Information
for the Year Ended 31 December 2013

DIRECTORS:	A Hitti B Lichtenheldt M Hitti
SECRETARY:	G Oliver
REGISTERED OFFICE:	22/23 Progress Business Centre Whittle Parkway Slough Berkshire SL1 6DQ
REGISTERED NUMBER:	01678234 (England and Wales)
SENIOR STATUTORY AUDITOR:	Donald Roy Blackwell FCCA
AUDITORS:	PKB UK LLP Registered Auditors and Chartered Certified Accountants Beechey House 87 Church Street Crowthorne Berkshire RG45 7AW

Nesstra Services (UK) Limited

Report of the Directors **for the Year Ended 31 December 2013**

The directors present their report with the financial statements of the company for the year ended 31 December 2013

PRINCIPAL ACTIVITY

The principal activity of the company is to act as Trade Manufacturers Representations with focus on West Africa

REVIEW OF BUSINESS

We are pleased to report that in spite of adverse trading conditions during 2013, Nesstra was able to maintain its market positions and strengthen the business in readiness for future growth

Due to several reasons, sales of polyurethane chemicals were slightly down on the previous year. The causes included supply issues during the latter months, plus an economic downturn and currency problems in West Africa, for instance in Ghana. Nevertheless our market position has been maintained and we continue to derive a strong competitive advantage through our distinctive offering, which includes the following: a full product range along with detailed product knowledge, technical expertise and support which can be provided at short notice, excellent relationships with our suppliers (including the producers of machinery) and innovative, cost-effective logistics solutions. At the end of the year we signed a new three-year distribution agreement with our largest supplier, and have also started working with another leading global producer to supply their product in Southern Africa.

Plastics sales saw a threefold increase during the year (from \$5m to \$15m). This followed the appointment of an experienced sales manager, and the establishment of an office in South Africa, along with warehouse facilities and a local team. The Ghana market also grew strongly in spite of the local economic difficulties.

Our Technical Sales Department increased their sales by 20% in 2013, making it the third year in a row with high growth. The results might have been even better, however economic factors have played a role in this area as well, leading to delays in investment projects by mines and utilities. Taking these factors into account, we feel that there is potential for much greater growth in the future, and we are confident that by continuing to invest in this section this potential will be realized.

During 2013 we entered into three new distribution agreements with the producers of safety equipment, building chemicals, and glue (used in foaming businesses). We are in discussions to expand our distribution portfolio further in 2014.

Our financial base was strengthened by the injection of a further \$4m in subordinated shareholder loans during the year. This helped to finance the Plastics expansion, and along with focused credit management enabled us to improve our year-end overdraft position considerably compared to 2012.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2013.

Nesstra Services (UK) Limited

Report of the Directors **for the Year Ended 31 December 2013**

FUTURE DEVELOPMENTS

In view of the market situations in West Africa, which are not yet fully resolved, the directors do not now foresee a major leap in annual sales until 2015. Therefore, although we still expect to see some growth in 2014 (particularly in the Plastics division), our main focus will again be on consolidation, so that we can be fully prepared for the next stage in Nesstra's expansion.

This will include the recruitment of new staff in sales and support roles, a process which has already begun. Also, the company's financial base will be strengthened further, and we will review our current information systems to ensure that the company is fully prepared to meet the challenges of the next few years.

We will continue to strengthen our position in the African polyurethane market by building tank farms in strategic locations. We will also continue to build strong links with the market leaders in those products to ensure a stable supply for years to come. At the same time, we are in discussions to enter new markets, which if successful will mark the beginning of a new phase in Nesstra's development.

Meanwhile, we are very pleased with the growth in our plastics sales, and expect that this will be the biggest growth area during the next few years.

Overall, we feel that Nesstra has built a very healthy foundation from which it can achieve rapid but stable expansion over the coming years, and we remain very confident about the future.

DIRECTORS

The directors shown below have held office during the whole of the period from 1 January 2013 to the date of this report.

A Hitti
B Lichtenheldt
M Hitti

COMPANY'S POLICY ON PAYMENT OF CREDITORS

The company follows the following payment policy in regards to the settlement of approved purchase invoices.

Default payment terms will be end of month following the date of invoice unless no credit account exists or other supplier terms have been agreed.

PRINCIPAL RISKS AND UNCERTAINTIES

The Company's principal risks are customer credit risk, raw material costs and exposure to exchange rate movements. All risks are monitored by the directors.

Nesstra Services (UK) Limited

Report of the Directors
for the Year Ended 31 December 2013

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Report of the Directors and the 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 the financial statements in accordance with International Financial Reporting Standards as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are 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 each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, PKB UK LLP, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:


G Oliver - Secretary

Date 20th March 2014

**Report of the Independent Auditors to the Members of
Nesstra Services (UK) Limited**

We have audited the financial statements of Nesstra Services (UK) Limited for the year ended 31 December 2013 on pages seven to twenty five. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

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 directors and auditors

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

Scope of the audit of the financial statements

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

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2013 and of its profit for the year then ended,
- have been properly prepared in accordance with IFRSs as adopted by the European Union, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

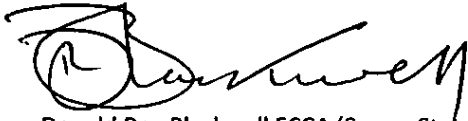
In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

**Report of the Independent Auditors to the Members of
Nesstra Services (UK) Limited**

Matters on which we are required to report by exception

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

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



Donald Roy Blackwell FCCA (Senior Statutory Auditor)
for and on behalf of PKB UK LLP
Registered Auditors and
Chartered Certified Accountants
Beechey House
87 Church Street
Crowthorne
Berkshire
RG45 7AW

Date 20.03.2014

Nesstra Services (UK) Limited**Statement of Profit or Loss**
for the Year Ended 31 December 2013

	Notes	31 12 13 \$	31 12 12 \$
CONTINUING OPERATIONS			
Revenue		111,482,869	115,953,540
Cost of sales		(104,903,791)	(109,466,921)
GROSS PROFIT		<u>6,579,078</u>	<u>6,486,619</u>
Administrative expenses		(4,078,526)	(4,232,516)
OPERATING PROFIT		<u>2,500,552</u>	<u>2,254,103</u>
Finance costs	3	(1,182,992)	(768,876)
Finance income	3	<u>54</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	4	<u>1,317,614</u>	<u>1,485,227</u>
Income tax	5	(308,792)	(333,504)
PROFIT FOR THE YEAR		<u><u>1,008,822</u></u>	<u><u>1,151,723</u></u>

The notes form part of these financial statements

Nesstra Services (UK) Limited

Statement of Profit or Loss and Other Comprehensive Income
for the Year Ended 31 December 2013

	31 12 13 \$	31 12 12 \$
PROFIT FOR THE YEAR	1,008,822	1,151,723
OTHER COMPREHENSIVE INCOME		
Item that will not be reclassified to profit or loss:		
New subordinated loans in the year	4,000,000	5,038,790
Income tax relating to item of other comprehensive income	-	-
OTHER COMPREHENSIVE INCOME FOR THE YEAR, NET OF INCOME TAX	4,000,000	5,038,790
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	5,008,822	6,190,513

The notes form part of these financial statements

Nesstra Services (UK) Limited (Registered number: 01678234)

Statement of Financial Position

31 December 2013

	Notes	31 12 13 \$	31 12 12 \$
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	6	92,442	129,244
Trade and other receivables	8	19,187	18,844
Deferred tax	16	10,502	-
		<hr/> 122,131	<hr/> 148,088
CURRENT ASSETS			
Inventories	7	3,413,196	1,994,304
Trade and other receivables	8	43,879,329	45,777,325
Cash and cash equivalents	9	156,493	165,050
		<hr/> 47,449,018	<hr/> 47,936,679
TOTAL ASSETS		<hr/> 47,571,149	<hr/> 48,084,767
EQUITY			
SHAREHOLDERS' EQUITY			
Called up share capital	10	870,568	870,568
Subordinated shareholders loan	11	10,594,000	6,594,000
Retained earnings	11	5,865,788	4,856,966
		<hr/> 17,330,356	<hr/> 12,321,534
TOTAL EQUITY		<hr/> 17,330,356	<hr/> 12,321,534
LIABILITIES			
CURRENT LIABILITIES			
Trade and other payables	12	27,217,347	30,378,494
Financial liabilities - borrowings			
Bank overdrafts	13	2,704,152	5,051,235
Tax payable		319,294	333,504
		<hr/> 30,240,793	<hr/> 35,763,233
TOTAL LIABILITIES		<hr/> 30,240,793	<hr/> 35,763,233
TOTAL EQUITY AND LIABILITIES		<hr/> 47,571,149	<hr/> 48,084,767

The financial statements were approved by the Board of Directors on
were signed on its behalf by

20th March 2014 and

The notes form part of these financial statements

Nesstra Services (UK) Limited (Registered number: 01678234)

Statement of Financial Position - continued

31 December 2013

A handwritten signature in black ink, appearing to read 'B. Lichtenheldt', written in a cursive style.

B Lichtenheldt - Director

The notes form part of these financial statements

Nesstra Services (UK) Limited**Statement of Changes in Equity
for the Year Ended 31 December 2013**

	Called up share capital \$	Retained earnings \$	Subordinated shareholders loan \$	Total equity \$
Balance at 1 January 2012	870,568	3,705,243	1,555,210	6,131,021
Changes in equity				
Total comprehensive income	-	1,151,723	5,038,790	6,190,513
Balance at 31 December 2012	870,568	4,856,966	6,594,000	12,321,534
Changes in equity				
Total comprehensive income	-	1,008,822	4,000,000	5,008,822
Balance at 31 December 2013	870,568	5,865,788	10,594,000	17,330,356

The notes form part of these financial statements

Nesstra Services (UK) Limited**Statement of Cash Flows
for the Year Ended 31 December 2013**

		31 12 13 \$	31 12 12 \$
Cash flows from operating activities			
Cash generated from operations	1	2,943,953	(3,511,706)
Interest paid		(1,182,992)	(768,876)
Tax paid		(333,504)	(493,312)
Net cash from operating activities		<u>1,427,457</u>	<u>(4,773,894)</u>
Cash flows from investing activities			
Purchase of tangible fixed assets		-	(77,578)
Interest received		54	-
Net cash from investing activities		<u>54</u>	<u>(77,578)</u>
Cash flows from financing activities			
Loans in year to/from related companies		2,170,329	5,038,790
Loans repaid by related companies		-	4,649
Loans repaid to related companies		(230,227)	(347,573)
Amount withdrawn by directors		(1,029,087)	(7,717)
Net cash from financing activities		<u>911,015</u>	<u>4,688,149</u>
Increase/(decrease) in cash and cash equivalents			
Cash and cash equivalents at beginning of year	2	<u>(4,886,185)</u>	<u>(4,722,862)</u>
Cash and cash equivalents at end of year	2	<u><u>(2,547,659)</u></u>	<u><u>(4,886,185)</u></u>

The notes form part of these financial statements

Nesstra Services (UK) Limited**Notes to the Statement of Cash Flows
for the Year Ended 31 December 2013****1 RECONCILIATION OF PROFIT BEFORE INCOME TAX TO CASH GENERATED FROM OPERATIONS**

	31 12 13	31 12 12
	\$	\$
Profit before income tax	1,317,614	1,485,227
Depreciation charges	36,801	58,759
Finance costs	1,182,992	768,876
Finance income	(54)	-
	<hr/>	<hr/>
	2,537,353	2,312,862
(Increase)/decrease in inventories	(1,418,892)	158,675
Decrease/(increase) in trade and other receivables	3,727,324	(14,428,466)
(Decrease)/increase in trade and other payables	(1,901,832)	8,445,223
	<hr/>	<hr/>
Cash generated from operations	2,943,953	(3,511,706)
	<hr/>	<hr/>

2 CASH AND CASH EQUIVALENTS

The amounts disclosed on the statement of cash flow in respect of cash and cash equivalents are in respect of these statement of financial position amounts

Year ended 31 December 2013

	31 12 13	1 1 13
	\$	\$
Cash and cash equivalents	156,493	165,050
Bank overdrafts	(2,704,152)	(5,051,235)
	<hr/>	<hr/>
	(2,547,659)	(4,886,185)
	<hr/>	<hr/>

Year ended 31 December 2012

	31 12 12	1 1 12
	\$	\$
Cash and cash equivalents	165,050	244,309
Bank overdrafts	(5,051,235)	(4,967,171)
	<hr/>	<hr/>
	(4,886,185)	(4,722,862)
	<hr/>	<hr/>

The notes form part of these financial statements

1 ACCOUNTING POLICIES

Basis of preparation

These financial statements have been prepared in accordance with International Financial Reporting Standards and IFRIC interpretations 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.

Revenue recognition

Revenue represents sales of goods net of VAT and trade discounts. Turnover is recognised when the risks and rewards of ownership of goods have been transferred to the customer. The risks and rewards of ownership of goods are deemed to have been transferred when the goods are shipped to, or are picked up by, the customer.

Property, plant and equipment

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Fixtures and fittings	- 33% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 33% on cost

Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Trade and other receivables

Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses.

Trade and other payables

Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost is determined on an average cost basis. Net realisable value represents estimated selling price less costs to complete or sell. Provision is made for slow moving, obsolete or damaged stock where the net realisable value is less than the cost.

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

1 ACCOUNTING POLICIES - continued

Taxation

Current taxes are based on the results shown in the financial statements and are calculated according to local tax rules, using tax rates enacted or substantially enacted by the statement of financial position date

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all evidence, it can be regarded as likely that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a undiscounted basis, at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the income statement on a straight line basis over the period of the lease

Foreign exchange

These financial statements are presented in US Dollars, the Company's main functional currency. Monetary assets and liabilities denominated in foreign currencies are translated into US Dollars at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transaction. All differences are taken to the profit and loss account

The year end rates used were \$1 =	£0 6040
	€0 7260
	10 4738 South African Rand
	6 0669 Norwegian Krone
	6 4226 Swedish Krona
	0 8894 Swiss Franc
	7030 00 French Guinea Franc
	4328 00 Leone
	676 00 Rwandan Franc
	476 038 CFA Franc
	38 0750 Gambia Dalasi
	2 3650 Ghana Cedi
	86 30 Kenyan Shilling
	30 01 Mozambique Metical
	5 5450 Zambia Kwacha
	8 1621 Moroccan Dirham

Employee benefit costs

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to the income statement in the period to which they relate.

Nesstra Services (UK) Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013****2 EMPLOYEES AND DIRECTORS**

	31 12 13	31 12 12
	\$	\$
Wages and salaries	876,850	504,280

The average monthly number of employees during the year was as follows

	31 12 13	31 12 12
Directors	3	3
Accounts and administration	4	4
Logistics	5	4
Chemical sales	1	1
Technical sales	3	2
	<u>16</u>	<u>14</u>

	31 12 13	31 12 12
	\$	\$
Directors' fees	98,252	125,153

3 NET FINANCE COSTS

	31 12 13	31 12 12
	\$	\$
Finance income		
Interest received	54	-
	<u>54</u>	<u>-</u>
Finance costs		
Interest	1,182,992	768,876
	<u>1,182,992</u>	<u>768,876</u>
Net finance costs	<u>2,059,788</u>	<u>1,273,156</u>

4 PROFIT BEFORE INCOME TAX

The profit before income tax is stated after charging/(crediting)

	31 12 13	31 12 12
	\$	\$
Cost of inventories recognised as expense	104,903,791	109,466,921
Other operating leases	133,454	151,749
Depreciation - owned assets	36,802	58,758
Auditors' remuneration	31,258	26,909
Other non-audit services	869	14,745
Realised currency variance	99,987	(675)

Nesstra Services (UK) Limited**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013****5 INCOME TAX****Analysis of tax expense**

	31 12 13	31 12 12
	\$	\$
Current tax		
Tax	319,294	333,504
Deferred tax	(10,502)	-
Total tax expense in income statement	<u>308,792</u>	<u>333,504</u>

Factors affecting the tax expense

The tax assessed for the year is higher (2012 - lower) than the standard rate of corporation tax in the UK. The difference is explained below

	31 12 13	31 12 12
	\$	\$
Profit on ordinary activities before income tax	<u>1,317,614</u>	<u>1,485,227</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 23.250% (2012 - 24.500%)	306,345	363,881
Effects of		
Expenses not deductible for tax purposes	8,015	8,539
Income not subject to tax	(13,719)	(39,062)
Depreciation in excess of capital allowances in respect of previous periods	3,977	79
Other adjustments	14,676	67
Deferred tax adjustment	(10,502)	-
Tax expense	<u>308,792</u>	<u>333,504</u>

Tax effects relating to effects of other comprehensive income

	31 12 13	
	Gross	Net
	\$	\$
New subordinated loans in the year	<u>4,000,000</u>	<u>4,000,000</u>
	<u>4,000,000</u>	<u>4,000,000</u>

Nesstra Services (UK) Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

5 INCOME TAX - continued

	Gross \$	31 12 12 Tax \$	Net \$
New subordinated loans in the year	5,038,790	-	5,038,790
	<u>5,038,790</u>	<u>-</u>	<u>5,038,790</u>

6 PROPERTY, PLANT AND EQUIPMENT

	Fixtures and fittings \$	Motor vehicles \$	Computer equipment \$	Totals \$
COST				
At 1 January 2013 and 31 December 2013	145,244	194,337	54,180	393,761
DEPRECIATION				
At 1 January 2013	91,362	118,975	54,180	264,517
Charge for year	17,961	18,841	-	36,802
At 31 December 2013	109,323	137,816	54,180	301,319
NET BOOK VALUE				
At 31 December 2013	<u>35,921</u>	<u>56,521</u>	<u>-</u>	<u>92,442</u>
At 31 December 2012	<u>53,882</u>	<u>75,362</u>	<u>-</u>	<u>129,244</u>

7 INVENTORIES

	31 12 13 \$	31 12 12 \$
Raw materials	<u>3,413,196</u>	<u>1,994,304</u>

Nesstra Services (UK) Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

8 TRADE AND OTHER RECEIVABLES

	31 12 13 \$	31 12 12 \$
Current		
Trade debtors	39,208,936	41,815,756
Bad debts	(88,205)	(55,944)
Amounts owed by participating interests	2,998,333	1,168,662
Other debtors	69,977	87,204
VAT	1,072,221	790,251
Prepayments	618,067	1,971,396
	<u>43,879,329</u>	<u>45,777,325</u>
Non-current		
Other debtors	<u>19,187</u>	<u>18,844</u>
Aggregate amounts	<u>43,898,516</u>	<u>45,796,169</u>

9 CASH AND CASH EQUIVALENTS

	31 12 13 \$	31 12 12 \$
Cash in hand	5,661	8,024
Bank accounts	<u>150,832</u>	<u>157,026</u>
	<u>156,493</u>	<u>165,050</u>

10 CALLED UP SHARE CAPITAL

Allotted, issued and fully paid			31 12 13	31 12 12
Number	Class	Nominal value	\$	\$
500,000	Ordinary	£1	<u>870,568</u>	<u>870,568</u>

Nesstra Services (UK) Limited

**Notes to the Financial Statements - continued
for the Year Ended 31 December 2013**

11 RESERVES

	Retained earnings \$	Subordinated shareholders loan \$	Totals \$
At 1 January 2013	4,856,966	6,594,000	11,450,966
Profit for the year	1,008,822		1,008,822
New loans in the year	-	4,000,000	4,000,000
At 31 December 2013	<u>5,865,788</u>	<u>10,594,000</u>	<u>16,459,788</u>

12 TRADE AND OTHER PAYABLES

	31 12 13 \$	31 12 12 \$
Current		
Trade creditors	23,258,376	23,117,057
Amounts owed to group undertakings	924,874	1,155,101
Social security and other taxes	54,382	29,602
Other creditors	40,667	30,117
Accruals and deferred income	911,658	2,990,140
Directors' current accounts	2,027,390	3,056,477
	<u>27,217,347</u>	<u>30,378,494</u>

13 FINANCIAL LIABILITIES - BORROWINGS

	31 12 13 \$	31 12 12 \$
Current		
Bank overdrafts	<u>2,704,152</u>	<u>5,051,235</u>
Terms and debt repayment schedule		
		1 year or less \$
Bank overdrafts		<u>2,704,152</u>

Nesstra Services (UK) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

14 LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows

	31 12 13	31 12 12
	\$	\$
Within one year	101,738	99,886
Between one and five years	45,378	81,125
	<u>147,116</u>	<u>181,011</u>

The company leases its business premises at a rent of \$37,252 per annum. At the year end there were 2 years remaining on the lease.

The company also leases two flats, which are on a year's rolling contract.

15 FINANCIAL INSTRUMENTS

Fair values of financial instruments

Trade and other receivables

The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Trade and other payables

The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the balance sheet date if the effect is material

Cash and cash equivalents

The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the balance sheet date

Credit Risk

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was

Carrying Amount	2013	2012
Trade and other receivables	\$43,711,748	\$45,796,169
Cash and cash equivalents	\$156,493	\$165,050
Trade and other payables	\$27,217,348	\$30,378,494

Exposure to credit, liquidity and market risk arises in the normal course of the company's business

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the company's receivables from customers

Financial instruments that may subject the company to concentrations of credit and liquidity risk consist primarily of cash, cash equivalents and trade receivables. The company continually monitors its position with, and the credit quality of, the financial institutions, which are counterparts to its financial instruments, and does not anticipate non-performance

The company's policy in respect of credit risk is to visit customer's premises prior to granting terms, to follow up payments closely whenever (or before) they fall due, to monitor credit limits and terms in relation to payment performance. All sales to Nigeria are made on a secured basis e.g. letters of credit confirmed by first class European banks

Nesstra Services (UK) Limited

Notes to the Financial Statements - continued **for the Year Ended 31 December 2013**

The ageing of trade receivables at the reporting date was

	Gross 2013	Impairment 2013	Gross 2012	Impairment 2012
Not past due	\$24,691,711	Nil	\$27,206,624	Nil
Past due 0 to 30 days	\$4,595,489	Nil	\$5,241,649	Nil
Past due 31 to 60 days	\$3,597,392	Nil	\$2,777,395	Nil
More than 61 days	\$5,264,290	Nil	\$4,745,846	Nil

The split of the trade debtors above relates purely to the amount per the aged listing report at the year end and does not take into account negative balances that have been grossed up in the balance sheet or provisions for bad debts

Liquidity Risk

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

The company has cash balances at year end totalling \$156,493 (2012 \$165,050) and also has access to funds from its parent company. As such, liquidity is not seen as a significant risk for the business

Market Risk

Market risk is the risk that changes in market prices of items such as foreign exchange rates, will affect the value of its holdings of financial instruments

However the Directors are of the opinion that the value of the provision is fairly stated at the Balance Sheet date and no material changes in the carrying amount are anticipated

16 DEFERRED TAX

	31 12 13 \$	31 12 12 \$
Decelerated capital allowances	(10,502)	-
Balance at 31 December	<u>(10,502)</u>	<u>-</u>

17 PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost and charge represents contributions payable by the company to the fund and amounted to \$50,227 (2012 \$43,794)

Nesstra Services (UK) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

18 RELATED PARTY DISCLOSURES

During the year to 31 December 2013 transactions were entered into with the following related parties at normal commercial rates

<u>Related Party Name</u>	<u>Transaction Type and Amount</u>	<u>Debtor Balances as at 31 December 2013</u>
Ashanti Foam Factory Limited	Sales \$15,861,160	\$8,935,239
Promousse Niger	Sales \$1,658,521	\$779,283
Promousse Benin	Sales \$619,713	\$564,378
Duraplast Niger	Sales \$1,456,626	\$578,945
Duraplast Ghana	Sales \$1,608,342	\$604,395
Nesstra Ghana	Sales \$4,488,739	\$4,058,276
Qualiplast	Sales \$1,582,980	\$739,760
Nesstra Services South Africa	Sales \$251,020	\$251,020

Mr A Hitti is a director and shareholder of all the above companies

Consultancy fees and commissions were paid to the following related parties in the year

	<u>2013</u>	<u>2012</u>
B Lichtenheldt - Director	\$98,252	\$125,153
Tracmaco S A - Immediate Parent Company	\$2,449,258	\$4,479,208

During the year Mr A Hitti introduced funds into the company totalling \$25,446,916 and was repaid \$26,476,003 At the year end Mr A Hitti was owed \$2,027,390 by the company and this is included in creditors

During the year Nesstra Services (UK) Limited paid for expenses on behalf of Nesstra Ghana Limited, a group company of which Mr A Hitti is a director and shareholder, totalling \$1,531,893 At the balance sheet date Nesstra Ghana Limited owed Nesstra Services (UK) Limited \$2,700,555 and this is included in debtors

At the year end Tracmaco S A , the immediate parent company, were owed \$924,874 by Nesstra Services (UK) Limited and this is included in creditors

Nesstra Services (UK) Limited

Notes to the Financial Statements - continued
for the Year Ended 31 December 2013

During the year expenses were incurred on behalf of Nesstra Services South Africa. At the year end, amounts totalling \$297,778 were owed to Nesstra Services (UK) Limited and this is included in debtors.

19 ULTIMATE CONTROLLING PARTY

The immediate parent company is Tracmaco S A a company incorporated in Panama. Tracmaco S A controls 100% of the issued share capital.

Tracmaco S A is a 100% owned subsidiary of Nesstra Services (Cyprus) Limited, a company incorporated in Cyprus, which is 100% controlled by Montbel Holdings, a company incorporated in Lebanon. The ultimate controlling party is Mr A Hitti and members of his close family, by virtue of their 100% interest in Montbel Holdings.

20 DEBENTURE

A debenture has been registered at Companies House for the bank overdraft with the Bank of Beirut with the following particulars:

Fixed and floating charge over the undertaking and all property and assets present and future, including goodwill, book debts, uncalled capital, plant and machinery and share capital.

21 SUBORDINATED LOAN

The subordinated shareholder loan is unsecured and is repayable as follows:

\$6,594,000 - 30 June 2022

\$4,000,000 - 28 February 2023