

BROAD STREET PRINCIPAL INVESTMENTS EUROPE LTD

ANNUAL REPORT

**FOR THE 45 WEEK PERIOD FROM 18 FEBRUARY 2016 (DATE OF INCORPORATION)
TO 31 DECEMBER 2016**

FRIDAY



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COMPANIES HOUSE

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the period ended 31 December 2016. A strategic report has not been prepared as the company is entitled to the small companies exemption under section 414B of the Companies Act 2006.

1. Introduction

The principal activity of Broad Street Principal Investments Europe Ltd is to hold private equity investments.

The company's ultimate parent undertaking and controlling entity is The Goldman Sachs Group, Inc. ('Group Inc.'). Group Inc. is a bank holding company and a financial holding company regulated by the Board of Governors of the Federal Reserve System ('Federal Reserve Board'). Group Inc., together with its consolidated subsidiaries, form 'the group'. The group is a leading global investment banking, securities and investment management firm that provides a wide range of financial services to a substantial and diversified client base that includes corporations, financial institutions, governments and individuals.

The company primarily operates in a U.S. dollar environment. Accordingly, the company's functional currency is the U.S. dollars and these financial statements have been prepared in that currency.

2. Financial overview

The financial statements have been drawn up for the 45 week period ended 31 December 2016. Comparative information has not been presented as this is the first accounting period of the company.

The results for the period are shown in the profit and loss account on page 6. Loss before taxation for the period was US\$6,902,122.

The company had total assets of US\$47,616,296.

3. Post balance sheet event

Subsequent to period end, the company transferred its equity investment (see note 11) to a fellow group undertaking at fair value for US\$47.3m.

4. Future outlook

The directors consider that the period end financial position of the company was satisfactory and do not anticipate any significant changes in its activities in the forthcoming year.

5. Dividends

The directors do not recommend the payment of a dividend in respect of the 45 week period ended 31 December 2016.

6. Exchange rate

The British pound / U.S. dollar exchange rate at the balance sheet date was £ / US\$ 1.2337. The average rate for the 45 week period ended 31 December 2016 was £ / US\$ 1.3366.

7. Financial risk management

The company's financial risk management objectives and policies as well as its risk exposures, are described in note 17 to the financial statements. The determination by the U.K. to exit the E.U. could affect the manner in which the company conducts its business.

8. Disclosure of information to auditors

In the case of each of the persons who are directors of the company at the date when this report was approved:

- so far as each of the directors is aware, there is no relevant audit information of which the company's auditors are unaware; and
- each of the directors has taken all the steps that he / she ought to have taken as a director to make himself / herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

9. Independent auditors

PricewaterhouseCoopers LLP was appointed as auditors of the company by the directors the company on 17 March 2017.

10. Directors

The directors of the company who served throughout the period and to the date of this report, except where noted, were:

Name	Appointed	Resigned
S. Agnew	18 February 2016	
M. Furth	18 February 2016	
P. McSpadden	18 February 2016	19 May 2016

No director had, at the period end, any interest requiring note herein.

11. Statement of directors' responsibilities

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial period, which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for the period. In preparing those financial statements, the directors are required to:

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

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

Broad Street Principal Investments Europe Ltd

12. Date of authorisation of issue

The financial statements were authorised for issue by the Board of Directors on **27 June** 2017.

ON BEHALF OF THE BOARD



Director

SAM AGNEW

Independent auditors' report to the members of Broad Street Principal Investments Europe Ltd

Report on the financial statements

Our opinion

In our opinion, Broad Street Principal Investments Europe Ltd's financial statements (the "financial statements"):

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the 45 week period ("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.

What we have audited

The financial statements, included within the Annual Report, comprise:

- the Balance Sheet as at 31 December 2016;
- the Profit and Loss account for the period then ended;
- the Statement of Changes in Equity for the period then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies and other explanatory information.

The financial reporting framework that has been applied in the preparation of the financial statements is United Kingdom Accounting Standards, comprising FRS 101 "Reduced Disclosure Framework", and applicable law (United Kingdom Generally Accepted Accounting Practice).

In applying the financial reporting framework, the directors have made a number of subjective judgements, for example in respect of significant accounting estimates. In making such estimates, they have made assumptions and considered future events.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Directors' Report for the financial period for which the financial statements are prepared is consistent with the financial statements; and
- the Directors' Report has been prepared in accordance with applicable legal requirements.

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified any material misstatements in the Directors' Report. We have nothing to report in this respect.

Other matters on which we are required to report by exception

Adequacy of accounting records and information and explanations received

Under the Companies Act 2006 we are required to report to you if, in our opinion:

- we have not received all the information and explanations we require for our audit; or
- 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.

We have no exceptions to report arising from this responsibility.

Directors' remuneration

Under the Companies Act 2006 we are required to report to you if, in our opinion, certain disclosures of directors' remuneration specified by law are not made. We have no exceptions to report arising from this responsibility.

Independent auditors' report to the members of Broad Street Principal Investments Europe Ltd

Responsibilities for the financial statements and the audit

Our responsibilities and those of the directors

As explained more fully in the Statement of Directors' Responsibilities set out on page 2, 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) ("ISAs (UK & Ireland)"). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

This report, including the opinions, has been prepared for and only for the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

What an audit of financial statements involves

We conducted our audit in accordance with ISAs (UK & Ireland). 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.

We primarily focus our work in these areas by assessing the directors' judgements against available evidence, forming our own judgements, and evaluating the disclosures in the financial statements.

We test and examine information, using sampling and other auditing techniques, to the extent we consider necessary to provide a reasonable basis for us to draw conclusions. We obtain audit evidence through testing the effectiveness of controls, substantive procedures or a combination of both.

In addition, we read all the financial and non-financial information in the Annual Report 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. With respect to the Directors' Report, we consider whether this report includes the disclosures required by applicable legal requirements.

John Wei (Senior Statutory Auditor)
for and on behalf of PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London

27 June 2017

Broad Street Principal Investments Europe Ltd

PROFIT AND LOSS ACCOUNT

For the 45 week period ended 31 December 2016

		45 Week Period Ended 31 December 2016
	Note	US\$
Net revenues	5	(5,383,705)
Interest payable and similar expenses	6	(1,499,148)
Administrative expenses	7	(19,269)
LOSS BEFORE TAXATION		(6,902,122)
Tax on loss	10	-
LOSS FOR THE FINANCIAL PERIOD		(6,902,122)

The loss of the company is derived from continuing operations in the current period.

The company has no recognised gains and losses other than those included in the profit and loss account for the period shown above and therefore no separate statement of other comprehensive income has been presented.

The accompanying notes are an integral part of these financial statements.

Broad Street Principal Investments Europe Ltd

BALANCE SHEET

as at 31 December 2016

		31 December 2016
	Note	US\$
CURRENT ASSETS		
Investments	11	47,383,993
Debtors	12	232,303
		<u>47,616,296</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	<u>(14,000)</u>
NET CURRENT ASSETS		<u>47,602,296</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		47,602,296
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	<u>(19,254,417)</u>
NET ASSETS		<u>28,347,879</u>
CAPITAL AND RESERVES		
Called up share capital	15	35,250,001
Profit and loss account		<u>(6,902,122)</u>
TOTAL SHAREHOLDERS' FUNDS		<u>28,347,879</u>

The financial statements were approved by the Board of Directors on 27 June 2017 and signed on its behalf by:



Director
SAM AGNEW

The accompanying notes are an integral part of these financial statements.
Company number: 10014029

Broad Street Principal Investments Europe Ltd

STATEMENT OF CHANGES IN EQUITY

for the 45 week period ended 31 December 2016

		Called up share capital US\$	Profit and loss account US\$	Total shareholders' funds US\$
Balance at 18 February 2016		-	-	-
Share capital issued during the period	15	35,250,001	-	35,250,001
Loss for the financial period		-	(6,902,122)	(6,902,122)
Balance at 31 December 2016		<u>35,250,001</u>	<u>(6,902,122)</u>	<u>28,347,879</u>

The accompanying notes are an integral part of these financial statements.

Broad Street Principal Investments Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

1. GENERAL INFORMATION

The company is a limited liability company and is incorporated and domiciled in England and Wales. The address of its registered office is Peterborough Court, 133 Fleet Street, London, EC4A 2BB, United Kingdom.

The immediate parent undertaking is BSPI Holdings, L.L.C., an exempted limited liability company incorporated and domiciled in the United States of America.

The ultimate parent undertaking and the parent company of the largest group for which consolidated financial statements are prepared is The Goldman Sachs Group, Inc., a company incorporated in the United States of America. Copies of its consolidated financial statements can be obtained from Investor Relations, 200 West Street, New York, NY 10282, United States of America, or at www.goldmansachs.com/shareholders/.

2. ACCOUNTING POLICIES

a. Basis of preparation

These financial statements have been prepared on the going concern basis, under the historical cost convention (except as modified in note 2e) and in accordance with FRS 101 'Reduced Disclosure Framework' (FRS 101) and the Companies Act 2006.

The following exemptions from disclosure requirements of International Financial Reporting Standards (IFRS) as adopted by the E.U. have been applied in the preparation of these financial statements in accordance with FRS 101:

- (i) IFRS 2 'Share-based Payment' paragraph 45(b) and 46 to 52. These disclosures are provided in the consolidated financial statements of Group Inc.;
- (ii) IAS 1 'Presentation of Financial Statements' paragraph 38 to present comparative information in respect of IAS 1 'Presentation of Financial Statements' paragraph 79(a)(iv);
- (iii) IAS 1 'Presentation of Financial Statements' paragraphs 10(f), 16 and 40A-D;
- (iv) IAS 7 'Statement of Cash Flows';
- (v) IAS 8 'Accounting Policies, Changes in Accounting Estimates and Errors' paragraphs 30 and 31;
- (vi) IAS 24 'Related Party Disclosures' paragraph 17; and
- (vii) IAS 24 'Related Party Disclosures' requirements to disclose transactions with companies also wholly owned within the group.

b. Revenue recognition

Net revenues have been disclosed instead of turnover as this more meaningfully reflects the nature and results of the company's activities.

Net revenues from equity investments include dividend income, changes in fair value and gains and losses on sale of investments. Dividends receivable are recognised as income when the right to receive the payment has been established.

c. Dividends

Final equity dividends are recognised as a liability and deducted from equity in the period in which the dividends are approved by the company's shareholder. Interim equity dividends are recognised and deducted from equity when paid.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

d. Foreign currencies

The company's financial statements are presented in U.S. dollars, which is also the company's functional currency.

Transactions denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling on the date the transaction occurred. Monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at rates of exchange ruling at the balance sheet date. Foreign exchange gains and losses are recognised in loss before taxation.

e. Financial assets and financial liabilities

(i) Recognition and derecognition

Financial assets and financial liabilities, are recognised when the company becomes party to the contractual provisions of the instrument.

A financial asset is derecognised when the contractual rights to the cash flows from the financial asset expire or if the company transfers the financial asset and substantially all the risks and rewards of ownership of that financial asset. A financial liability is derecognised only when it is extinguished (i.e. when the obligation specified in the contract is discharged, is cancelled or expires).

(ii) Classification and measurement

Financial assets comprise all of the company's current assets, and financial liabilities comprise all of the company's creditors.

The company classifies its financial assets and financial liabilities into the below categories. The classification, which is determined at initial recognition, depends on the purpose for which they were acquired or originated.

- Financial assets designated at fair value through profit or loss

Financial assets designated at fair value through profit or loss comprise an equity investment in associate undertaking. Investment in associate undertaking is recorded at fair value in line with IAS 39: "Financial instruments: Recognition and Measurement", as permitted by IAS 28 "Investments in Associate and Joint Ventures". These investments are designated at fair value as they are managed and their performance is evaluated on a fair value basis. Financial assets and financial liabilities designated at fair value through profit or loss are initially recognised at fair value with transaction costs expensed in profit or loss. They are measured in the balance sheet at fair value and all subsequent gains or losses are recognised in the profit and loss account.

- Loans and receivables and financial liabilities measured at amortised cost

Loans and receivables and financial liabilities measured at amortised cost are initially recognised at fair value and are subsequently remeasured at amortised cost, with finance income and expense recognised on an accruals basis. All finance income and expense is recognised in the profit and loss account.

Broad Street Principal Investments Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

2. ACCOUNTING POLICIES (continued)

e. Financial assets and financial liabilities (continued)

(iii) Offsetting financial assets and financial liabilities

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet where there is:

- (i) currently a legally enforceable right to set off the recognised amounts; and
- (ii) intent to settle on a net basis or to realise the asset and settle the liability simultaneously.

Where these conditions are not met, financial assets and financial liabilities are presented on a gross basis on the balance sheet.

f. Current and deferred taxation

The tax expense comprises current and deferred tax. Tax is recognised in the profit and loss account.

Current tax is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the company operates and generates taxable income.

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

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not 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 an undiscounted basis at the tax rates that are expected to apply in the years in which timing differences reverse, based on tax rates and laws enacted or substantively enacted or substantively enacted at the balance sheet date.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires management to make judgements, estimates and assumptions that affect the amounts recognised in these financial statements. The nature of estimation means that actual outcomes could differ from those estimates. In the opinion of management, significant judgement has been applied in the valuation of investments (see note 18).

4. SEGMENTAL REPORTING

The directors manage the company's activities as a single business in the same geographical region and accordingly no segmental analysis has been provided.

5. NET REVENUES

	45 Week Period Ended
	31 December 2016
	US\$
Net revenue from equity investment	<u>(5,383,705)</u>
	<u>(5,383,705)</u>

Broad Street Principal Investments Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

6. INTEREST PAYABLE AND SIMILAR EXPENSES

	45 Week Period Ended 31 December 2016 US\$
Interest on loans from group undertakings (see note 14)	1,499,148
	<u>1,499,148</u>

7. ADMINISTRATIVE EXPENSES

	45 Week Period Ended 31 December 2016 US\$
Foreign exchange gains	(311)
Auditors' remuneration - audit services	14,000
Other expenses	5,580
	<u>19,269</u>

8. STAFF COSTS

The company has no employees. All persons involved in the company's operations are employed by group undertakings and no costs are borne by the company.

9. DIRECTORS' EMOLUMENTS

	45 Week Period Ended 31 December 2016 US\$
Aggregate emoluments	689
Company pension contributions to money purchase schemes	19
	<u>708</u>

In accordance with the Companies Act 2006, directors' emoluments above represent the proportion of total emoluments paid or payable in respect of qualifying services only. This total only includes the value of cash and benefits in kind, and does not include the value of equity awards in accordance with the provision of schedule 5 of Statutory Instrument 2008/410. Directors also receive emoluments for non-qualifying services which are not required to be disclosed.

All directors were members of a defined contribution pension scheme and two directors were members of a defined benefit pension scheme during the period. All directors have received or are due receipt of Group Inc. shares under a long term incentive scheme during the period. No directors have exercised options during the period.

Broad Street Principal Investments Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

10. TAX ON LOSS

**45 Week Period Ended
31 December 2016
US\$**

Current tax:

UK corporation tax 20%

Total current tax

	-
	-

The table below presents a reconciliation between tax on loss and the amount calculated by applying the weighted average rate of U.K. corporation tax applicable to the company for the period of 20.00% to the loss before taxation.

**45 Week Period Ended
31 December 2016
US\$**

Loss before taxation

Loss multiplied by the weighted average rate in the U.K. of 20.00%

Permanent differences

Tax losses surrendered to group undertakings for nil consideration

Total tax on loss

	(6,902,122)
	(1,380,424)
	1,076,741
	303,683
	-

11. CURRENT ASSET INVESTMENTS

Current asset investments, which are stated at fair value (see note 18), comprises an equity investment.

**31 December 2016
US\$**

Equity investment

	47,383,993
	47,383,993

The current asset investment at the period end is:

Name of company	Nature of business	Proportion of nominal value held	Class of shares held
Harvest Topco GP S.A.R.L.	Consumer staples	33 %	Ordinary shares

Subsequent to period end, the company transferred its equity investment to a fellow group undertaking at fair value for US\$47.3m (see note 19).

Broad Street Principal Investments Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

12. DEBTORS

	31 December 2016
	US\$
Amounts due from group undertakings	232,302
Other debtors	1
	232,303

Amounts due from group undertakings includes US\$232,302 in cash balances held on account by a fellow group undertaking.

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 December 2016
	US\$
Accruals	14,000
	14,000

14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	31 December 2016
	US\$
Long-term loan due to group undertaking	17,755,269
Accrued interest on loan due to group undertaking	1,499,148
	19,254,417

Long-term loan due to group undertaking represents a long-term facility with a final maturity of 16 June 2036. Interest accrued during the period is within a range of 1.50% to 3.30% in accordance with the policy of the group on intercompany loans.

15. CALLED UP SHARE CAPITAL

At 31 December 2016 share capital comprised:

	31 December 2016	
	Number	US\$
<u>Allotted, called up and unpaid</u>		
Ordinary shares of GBP £1 each	1	1
<u>Allotted, called up and fully paid</u>		
Ordinary share of USD \$1 each	35,250,000	35,250,000
		35,250,001

16. FINANCIAL COMMITMENTS AND CONTINGENCIES

The company had no financial commitments or contingencies outstanding at the period end.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

17. FINANCIAL RISK MANAGEMENT

The company monitors its capital on an ongoing basis. The company's objective is to be prudently capitalised in terms of the amount and composition of its equity base compared to the company's risk exposures. The appropriate level and composition of equity capital is determined by considering multiple factors including the business environment, conditions in the financial markets and assessments of potential future losses due to adverse changes in market environments.

The company is not subject to any externally imposed capital requirements.

The directors consider that the most important components of the company's financial risk are market risk, credit risk and liquidity risk. The company, as part of a global group, adheres to global risk management policies and procedures.

a. Market risk

Market risk is the risk of loss in value of investments, as well as certain other financial assets and financial liabilities, due to changes in market conditions. Risks are monitored and controlled through strong firmwide oversight and independent control and support functions across the company's business. Relevant market risks for the company are interest rate risk, currency risk and equity price risk.

Interest rate risk results from exposures to changes in level, slope and curvature of yield curves, volatilities of interest rates and credit spreads.

Currency risk results from exposures to changes in spot prices, forward prices and volatilities of currency rates.

The company manages its interest rate and currency risks as part of the group's risk management policy.

Equity price risk arises from exposures to changes in prices and volatilities of individual investments. The sensitivity analysis below has been determined based on the company's exposure to equity price risk at the balance sheet date. If equity values had been 10 per cent higher/lower, loss before taxation for the period ended 31 December 2016 would increase/decrease by \$4.74 million as a result of the changes in fair value.

b. Credit risk

Credit risk represents the potential for loss due to the default or deterioration in the credit quality of a counterparty. Credit risk is managed by reviewing the credit quality of the counterparties and reviewing, if applicable, the underlying collateral against which the financial assets are secured. The company's maximum exposure to credit risk is equivalent to the carrying value of its financial assets as at 31 December 2016.

The investment and debtors on the company's balance sheet represent the gross credit quality of a counterparty. The company monitors and manages the credit risk of its investments within market risk above, such that, the investment and debtors on the company's balance sheet represent the net credit risk.

c. Liquidity risk

Liquidity risk is the risk that the company does not have sufficient cash or collateral to make payments to its counterparties or customers as they fall due. The company manages its liquidity risk in accordance with the group's comprehensive and conservative set of liquidity and funding policies to address both company specific and broader industry or market liquidity events.

Broad Street Principal Investments Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES

a. Financial instrument by category

The table below presents the carrying value of the company's financial assets and liabilities by category.

	Designated at fair value	Amortised cost	Total carrying value
Financial assets			
Equity investment	47,383,993	-	47,383,993
Debtors	-	232,303	232,303
	47,383,993	232,303	47,616,296
Financial liabilities			
Creditors: amounts falling due within one year	-	(14,000)	(14,000)
Creditors: amounts falling due after more than one year	-	(19,254,417)	(19,254,417)
Total financial liabilities	-	(19,268,417)	(19,268,417)

b. Fair value hierarchy

FRS 101 has a three level fair value hierarchy for disclosure of fair value measurements. The fair value hierarchy prioritises inputs to the valuation techniques used to measure fair value, giving the highest priority to level 1 inputs and lowest priority to level 3 inputs. A financial instrument's level in the fair value hierarchy is based on the lowest level of any input that is significant to its fair value measurement.

The fair value hierarchy is as follows:

- Level 1 Inputs are unadjusted quoted prices in active markets to which the group has access at the measurement date for identical, unrestricted assets or liabilities.
- Level 2 Inputs to valuation techniques are observable, either directly or indirectly.
- Level 3 One or more inputs to valuation techniques are significant and unobservable.

The fair value for the company's financial asset is based on observable prices and inputs and is classified in level 2 of the fair value hierarchy. Certain level 2 and level 3 financial assets and financial liabilities may require appropriate valuation adjustments that a market participant would require to arrive at fair value for factors such as counterparty and the group's credit quality, funding risk, transfer restrictions, liquidity and bid/offer spreads. Valuation adjustments are generally based on market evidence.

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

c. Valuation techniques and significant inputs

Equity investment

Valuation techniques and significant inputs for each level of the fair value hierarchy include:

- Level 1 financial instruments are valued using quoted prices for identical unrestricted instruments in active markets. The company defines active markets for financial instruments based on both average daily trading volume and number of days with trading activity.
- Level 2 financial instruments can be verified to quoted prices, recent trading activity for identical or similar instruments, broker or dealer quotations or alternative pricing sources with reasonable levels of price transparency. Consideration is given to the nature of the quotations (e.g. indicative or firm) and the relationship of recent market activity to the prices provided from alternative pricing sources.

Valuation adjustments are typically made to level 2 financial instruments (i) if the financial instrument is subject to transfer restrictions and/or (ii) for other premiums and liquidity discounts that a market participant would require to arrive at fair value. Valuation adjustments are generally based on market evidence.

- Level 3 financial instruments have one or more significant valuation inputs that are not observable. Absent evidence to the contrary, level 3 financial instruments are initially valued at transaction price, which is considered to be the best initial estimate of fair value. Subsequently, the company uses other methodologies to determine fair value, which vary based on the type of instrument. Valuation inputs and assumptions are changed when corroborated by substantive observable evidence, including values realised on sales of financial assets.

d. Fair value of financial assets and financial liabilities by level

The table below present, by level within the fair value hierarchy, financial assets measured at fair value on a recurring basis.

	31 December 2016			
	Level 1	Level 2	Level 3	Total
	US\$	US\$	US\$	US\$
Financial assets at Fair Value				
Investments	-	47,383,993	-	47,383,993

e. Fair value of financial assets and financial liabilities not measured at fair value

The company has US\$232,303 of current financial assets and US\$14,000 of current financial liabilities that are not measured at fair value. Given the short-term nature of these instruments, their carrying amounts in the balance sheet are a reasonable approximation of fair value.

The company has US\$19,254,417 of financial liabilities due after more than one year that are not measured at fair value and predominantly relate to long-term intercompany borrowings. The interest rate associated with such borrowings is variable in nature and approximates prevailing market interest rates for instruments with similar terms and characteristics. As such, the carrying amount in the balance sheet is a reasonable approximation of fair value.

Broad Street Principal Investments Europe Ltd

NOTES TO THE FINANCIAL STATEMENTS - 31 DECEMBER 2016

18. FINANCIAL ASSETS AND FINANCIAL LIABILITIES (continued)

f. Maturity of financial liabilities

The tables below present the undiscounted cash flows of the company's financial liabilities by contractual maturity including interest that will accrue.

	<u>Less than 3</u> <u>months</u> <u>US\$</u>	<u>3 months to</u> <u>1 year</u> <u>US\$</u>	<u>1-5 years</u> <u>US\$</u>	<u>5+ years</u> <u>US\$</u>	<u>Total</u> <u>US\$</u>
Long-term loan due to group undertaking	-	-	-	28,572,964	28,572,964
Accrued interest on loan due to group undertaking	-	-	-	1,499,148	1,499,148
Other liabilities	14,000	-	-	-	14,000
Total - on balance sheet	14,000	-	-	30,072,112	30,086,112

19. POST BALANCE SHEET EVENTS

Subsequent to period end, the company transferred its equity investment (see note 11) to a fellow group undertaking at fair value for US\$47.3m.