Flying Brands Limited

Annual report and financial statements for the year ended 31 December 2015

Registered number: 2044

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To the members of Flying Brands Limited

Chief Executive's Statement

It is with pleasure that I present the annual financial statements to shareholders for the year ended 31 December 2015.

I was appointed to the Board on 13 February 2015, following the resignation of Stephen Cook and Paul Davidson. Following these Board changes, the Board called an Extraordinary General Meeting on 11 March 2015 (the "EGM"). At the EGM, shareholders voted in favour of increasing both the authorised share capital of the Company and the Directors' ability to allot shares without rights of pre-emption.

Following the passing of all resolutions at this EGM, Peterhouse Corporate Finance Limited raised £300,000 before expenses by way of the issue of unsecured Convertible Loan Notes convertible into Units at a price of £0.011 per Unit. In November we raised an additional £100,000 by way of issue of further unsecured Convertible Loan Notes which convert into Units at a price of £0.015 per Unit, and at the same time Dr Qu Li was appointed to the Board to replace Michael Murphy. The proceeds of both sets of Convertible Loan Notes are being used to provide the Company with working capital to allow it to continue to review and implement its on-going strategy, with a view to increasing shareholder value.

The Board, through its extensive network of contacts, hopes to identify potentially interesting investment opportunities. The Company may be either an active investor and acquire control of a single company or it may acquire non-controlling shareholdings. The proposed investments to be made by the Company may be in either quoted or unquoted securities and made by direct acquisition of interest in companies, partnerships or joint ventures, or direct interests in projects and can be at any stage of development. Accordingly, the Company's equity interest in a proposed investment may range from a minority position to 100 per cent ownership.

Over the past year detailed explorations have taken place concerning a number of potential investment projects and in one particular case we are hopeful of concluding a transaction in the near future. A separate announcement concerning this opportunity will be made to shareholders should we be successful.

We announced on 5th April 2016, that a fraud had been committed on the Company's bank account amounting to £78,000. Whilst the investigation is on-going, some of these funds have already been recovered. Consequently the maximum cash loss to the Company now stands at £65,000. We remain hopeful of recovering further sums over time though there can be no certainty in this.

Despite this loss of cash, the Board feels the Group has sufficient liquid funds to cover anticipated operating costs over the next 12 months.

I look forward to providing further news as appropriate and thank you for your continued support.

Trevor Brown
Chief Executive Officer

Business Review

Cautionary statement

This business review has been prepared solely to provide additional information to shareholders to assess the Company's strategies and the potential for those strategies to succeed.

The business review contains certain forward looking statements. These statements are made by the Directors in good faith based on the information available to them up to the time of their approval of this report and such statements should be treated with caution due to the inherent uncertainties, including both economic and business risk factors, underlying any such forward looking information.

This business review has been prepared for the Group as a whole and therefore gives greater emphasis to those matters which are significant to Flying Brands Limited and its subsidiary undertakings when viewed as a whole.

The Group's future business model

The Company is now an Investment Company. It aims to find investments where the businesses have one or more of the following characteristics:

(i) strong management with a proven track record;

(ii) ready for investment without the need for material re-structuring by the Company;

(iii) generating positive cash flows or imminently likely to do so;

(iv) via an injection of new finance or specialist management, the Company can enhance the prospects and therefore the future value of the investment;

(v) able to benefit from the directors existing network of contacts; and/or

(vi) the potential to deliver significant returns for the Company;

The Company will focus on opportunities in the technology and logistics sectors;

The Company will principally focus on making investments in private businesses, but will not rule out investment in listed businesses if this presents, in the director's judgment, the best opportunity for shareholders;

The Company intends to be an active investor in situations where the Company can make a clear contribution to the progress and development of the investment. In respect of other, more substantial investment opportunities, the Company expects to be a passive investor;

The Company will rely on its directors' broad collective experience together with their extensive network of contacts to identify and evaluate appropriate investment opportunities. When necessary, other external professionals will be engaged to assist in the due diligence on prospective targets and their management teams. The Company may appoint additional directors with relevant experience if required;

There will be no limit on the number of projects into which the Company may invest, and the Company's financial resources may be invested in a number of propositions or in just one investment, which may be deemed to be a reverse takeover. Where the Company builds a portfolio of related assets it is possible that there may be cross-holdings between such assets. The Company does not currently intend to fund any investments with debt or other borrowings but may do so if appropriate; and

The Company's primary objective is that of securing for its shareholders the best possible value consistent with achieving, over time, both capital growth and income for shareholders through developing profit coupled with dividend payments on a sustainable basis.

Review of the Group's progress

The aim of the Directors is to find a suitable investment or investments to increase shareholder value. There is no guarantee that any of these investments will come to fruition.

Results for the 2015 financial period

The summary results are found in the primary statements of the Group, primarily being the Statement of Comprehensive Income.

Business Review (continued)

Interest
The net interest cost for the Group for the period was £0.03m (2014: £0.1m).

Loss before tax
Group loss before tax from continuing operations for the period was £0.15m (2014: £0.4m). The overall Group loss before tax for the period was £0.15m (2014: £1.8m).

Taxation
Taxation charge was £nil for the period (2014: £nil).

Earnings per share
Basic and diluted loss per share from continuing and discontinued operations for the period was 0.52p (2014: 6.40p loss).

Dividend and dividend policy
The Directors will not be proposing a final dividend with respect to the year ended 31 December 2015 (2014: nil). During the course of this financial period no interim dividend was paid (2014: nil).

Financial Position
The summary position is found in the primary statements of the Group, being the Statement of Financial Position, found below.

The main movements in net assets during the period were as follows:

Capital structure
The Group has no bank debt (2014: nil). At the present time the Group retains clearing facilities with the bank.

On 13 February 2015, the Company raised £300,000 by the way of the issue of unsecured Convertible Loan Notes. The notes are convertible into Units at a price of £0.011 per Unit. £150,000 of the Convertible Loan Note proceeds were subscribed for by Trevor Brown, a Director and the Chief Executive of the Company. £125,000 was subscribed for by Free Association Books Limited ("FAB"), a company in which Trevor Brown was also a Director during the period and is interested in 100 per cent of the shares by way of his immediate family. The remaining £25,000 was subscribed for by independent investors.

On 20 November 2015, the Company raised £100,000 by the way of the issue of unsecured Convertible Loan Notes. The notes are convertible into Units at a price of £0.015 per Unit. All of these November Convertible Loan Notes were subscribed for by FAB.

The proceeds of these Convertible Loan Notes will be used to provide the Company with working capital to allow it to continue to review and implement its on-going strategy.

Capital expenditure
During the period, the Group did not invest in any capital expenditure (2014: £nil). Nor did the Group make any investment in research and development during the period (2014: £nil).

Cash flow
Net cash inflow for 2015 was £0.1m (2014: £0.4m outflow).

This inflow reflects the disposal of business assets and trade of the subsidiaries by the Group during the current and previous period. This reduction in trade has resulted in a decrease in creditors of £0.2m (2014: £0.1m decrease).

Interest paid resulted in a net outflow of £0.03m (2014: £0.1m). Disposal of the trade and assets of the discontinued operations were £nil (2014: £1.6m).

Business review (continued)

Liquidity and investments

In the prior year the Group repaid the Acorn Loan from the proceeds of the disposal of the investment property. The Group reached a settlement agreement with Flying Flowers Pty Ltd ("FFA") in 2013, which requires the Company to make a payment in full by 31 January 2015. The Group used the proceeds of the disposal of the Retreat Farm to repay the £0.15m to FFA on 17 November 2014.

During the year the Company raised £400,000 before costs through the issue of 2 tranches of unsecured Convertible Loan notes. This has provided sufficient liquidity for the business to continue in 2015 and beyond.

Liquidity risk arises from the Group's management of working capital. It is the risk that the Group will encounter difficulty in meeting its financial obligations as they fall due.

The directors consider that there is no significant liquidity risk faced by the Group. The Group maintains sufficient balances in cash to pay accounts payable and accrued expenses.

The Board receives forward looking cash flow projections at periodic intervals during the year as well as information regarding cash balances. At the balance sheet date the Group had cash balances of £322,000 (2014: £410,000) and the financial forecasts indicated that the Group expected to have sufficient liquid resources to meet its obligations under all reasonably expected circumstances and will not need to establish overdraft or other borrowing facilities.

Principal risks and uncertainties

This section describes the principal risk factors that the Directors believe could materially affect the Group Risk and Performance.

Interest rate risk

As the Group has no borrowings, it only has limited interest rate risk. The impact is on income and operating cash flow and arises from changes in market interest rates. Cash resources are held in current, floating rate accounts.

Market risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Group's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate.

Events after the reporting period

On 21 March 2016 Retreat Nurseries Limited was dissolved.

On 5 April 2016 the Company announced that there had been fraudulent activity on the Company's bank account resulting in a loss up to £78,000. At the time of signing the accounts the investigation was on-going. No adjustment was made to the results to, or the position at, 31 December 2015, as this was an isolated incident and occurred entirely post period end.

There were no other material events.

Principal risks and uncertainties (continued)

Risk Table

The following table, whilst is not an exhaustive list as other risks may arise or existing risks my materially increase in the future. These are listed in no order of priority, and beneath the description of each risk is a note of the main mitigating factors and actions the Group is taking to address that particular risk.

Risks/uncertainties to the continuing Group		
Issue	**Risk/Uncertainty**	**Mitigation**
Identifying a suitable investment	The Group is dependent upon the ability of the Directors to identify suitable investment opportunities and to implement its investing policy. If the Directors are unable to identify further opportunities in line with the Company's investing policy for creating value, then the Company may not be able to invest its cash in a manner which accomplishes its objectives. There is no guarantee that the Company will be able to acquire further identified opportunities, or indeed complete the investment. The Group's ability to ascertain the merits or risks of the operations of a target company or business. The Group's ability to deploy the net proceeds on a timely basis. The availability and cost of equity or debt capital for future transactions.	The Group has formal investment criteria to identity suitable, earnings-enhancing acquisition targets and employs experienced professionals to drive the acquisition process.
Raising emergency funding	In the event of a significant issue arising for which the Group is required to access substantial liquid funds in excess of its available cash balances, it may not be easy to obtain additional funds as and when required.	The Group monitors its cash requirements carefully and in the need of significant additional funds would look to increase its financing.
Loss of key personnel	Due to the restructuring and downsizing, the Group comprises of a few key individuals. Any unforeseen loss of these key personnel would be damaging to the Group	The Group has a continuity program in place to ensure that Directors would be able to minimise the disruption of the loss of key personnel.
The Group may be adversely affected by the enforcement of and changes in legislation and regulation affecting its business	Compliance with various laws and regulations does impose compliance costs and restrictions on the Group, with fines and/or sanctions for non-compliance.	The Group monitors legislative and regulatory changes and alters its business practices where appropriate.
The Group relies on the experience and talent of its senior management and on its ability to recruit and retain key employees	The successful management and operations of the Group are reliant upon the contributions of senior management and directors. In addition, the Group's future success depends in part on its ability to continue to recruit, motivate and retain highly experienced and qualified management and directors.	The Group offers incentives in the form of share options or Warrants to incentivise its Directors.

Principal risks and uncertainties (continued)

Key performance indicators

The main KPI for the Group is achieving its cash flow forecasts whilst efforts continue to implement the new investing policy.

The Board monitors its cash flow carefully to ensure that it has the funds necessary to meet its on-going requirements. Detailed forecasts are produced and reported against on a regular basis.

Future developments

As outlined earlier in this report, the Directors are working to explore new investment opportunities and the implementation of their investing policy.

Going concern basis

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this review. The financial position of the Group, its cash flows and liquidity position are described in this business review. In addition, notes 2 and 21 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk. As highlighted in note 21 to the financial statements, the Group meets its day to day working capital requirements through its on-going cash flows.

The Directors have prepared detailed working capital projections for the Group, taking into account reasonable possible changes in trading performance, to support the decision to prepare the financial statements on the going concern basis.

At this stage the financial impact of these cases should they be successful cannot be quantified. The Group has sufficient working capital to meet its liabilities as they fall due, however there is no certainty that suitable investments can be found which could have an impact on the longer term viability of the Group.

The Group's forecasts and projections, taking into account the uncertainties above, show that the Group has a reasonable expectation of maintaining sufficient working capital to enable the Group to meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of this report.

Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements

By order of the Board

Mr T Brown
Director

19 April 2016
Flying Brands Limited,
P. O. Box 264, Forum 4
Grenville Street
St Helier, Jersey
Channel Islands, JE4 8TQ

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report, for the year 31 December 2015.

Principal activities

The principal activities in the year ended 31 December 2015 comprise that of an investment Company.

The subsidiary and associated undertakings principally affecting the profits or net assets of the Group in the year are listed in note 15 to the financial statements.

Business review

The Group's loss from continuing operations before taxation was £0.15m (2014: loss £0.4m). Information about the use of financial instruments by the Company and its subsidiaries is given in note 21 to the financial statements.

Details of significant events after the reporting period are contained in note 23 to the financial statements.

Incorporation

The Company is incorporated in Jersey, Channel Islands.

Future prospects

A commentary on the Group's future prospects and a description of principal risks and uncertainties are set out in the Chief Executive Officer's statement and business review.

Capital structure

During 1996 the Group created a twinned share structure to enable UK based shareholders to receive a UK dividend and thereby avoid being double taxed on the Jersey dividend.

Consequently all shareholders hold in addition to their shares in Flying Brands Limited an equivalent number of shares in Flying Brands Holdings (UK) plc.

Although the results for the year ended 31 December 2015 of Flying Brands Holdings (UK) plc are included in the consolidated financial statements of Flying Brands Limited, in accordance with UK Company Law a separate set of financial statements for Flying Brands Holdings (UK) plc will be sent to shareholders.

Dividend

No interim dividend was paid in 2015 (2014: £nil). The Directors do not propose a final dividend for the financial year ended 31 December 2015 (2014: nil).

Statement of Directors' responsibilities

The Directors are responsible for preparing the annual report and the Group financial statements in accordance with applicable law and regulations. Company law requires the Directors to prepare Group financial statements for each financial year. Under UK listing rules the directors are required to prepare the Group financial statements in accordance with IFRSs as adopted by the EU. The Group financial statements are required by law and IFRSs as adopted by the EU to present fairly the state of affairs of the Group and the profit or loss for that period.

Statement of Directors' responsibilities (continued)
In preparing these financial statements, International Accounting Standard 1 requires the directors to:

- properly select and apply accounting policies;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the entity's financial position and financial performance; and
- make an assessment of the company's ability to continue as a going concern.

The Directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the Group and enable them to ensure that its financial statements comply with the Companies (Jersey) Law 1991. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

Under applicable law and regulations, the Directors are also responsible for preparing a Directors' report, Directors' remuneration report and corporate governance statement that comply with that law and those regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the UK and Jersey governing the preparation and dissemination of the financial statements may differ from legislation in other jurisdictions.

The Directors of the Company prior to the audit report date were as listed below:

Mr P R Davidson	Non-Executive Chairman (resigned 13 February 2015)
Mr S S Cook	Chief Executive Officer (resigned 13 February 2015)
Mr T Brown	Chief Executive Officer (appointed 13 February 2015)
Mr M Murphy	Non-Executive Chairman (appointed 13 February 2015, resigned 20 November 2015)
Dr Qu Li	Non-Executive Chairman (appointed 20 November 2015)

The service contracts of all Directors are noted in the Remuneration Committee report on pages 18 to 21. Dr Qu Li who was appointed to the Board on 20 November 2015 retires at the AGM and, being eligible, offers herself for re-election.

Biographical details of the Directors are given on page 17.

Although an overseas Company, the Directors have sought to ensure that the financial statements of the Company and the Group comply with the disclosure requirements of Jersey Company Law and the listing requirements of the UK Listing Authority.

Share capital
Details of the share capital of the Company and the movements during the period are set out in note 17 to the financial statements.

The Ordinary shares carry equal rights to dividends, voting and return of capital on the winding up of the Company. There are no restrictions on the transfer of securities in the Company and there are no restrictions on any voting rights or deadlines, other than those prescribed by law, nor is the Company aware of any arrangements between holders of its shares which may result in restrictions on the transfer of securities or on voting rights. Participants in employee share schemes have no voting or other rights in respect of the shares subject to those awards until the allocations are exercised, at which time the shares rank pari passu in all respects with shares already in issue. No such schemes have any rights with regard to control of the Company.

Share capital (continued)

There are no Directors' interests in share options and awards. Apart from service contracts none of the Directors had a material interest in any contract of significance to which the Company or any of its subsidiaries was a party during the financial period.

The Company has set up an Employee share option trust for the settlement of awards that may vest in future periods. The trustees of this trust exercise the voting rights and these shares do not attract dividends.

Share issuing

At the Extraordinary General Meeting held on 11 March 2015, the shareholders gave the Company permission to allot additional equity securities on a non pre-emptive basis up to 35,838,914 Ordinary Shares, including the maximum number of Units that could be issued pursuant to the Convertible Loan Notes (assuming full conversion), to allow the Convertible Loan Notes to become unconditional. The balance of approximately 3,043,459 Ordinary Shares, to be used for the issue of and for any allotment of equity securities for cash.

The Company's previous authorities to issue Ordinary Shares have expired.

The Board will be seeking the approval of the shareholders to have the authority to purchase and allot Ordinary shares at the forthcoming AGM. The Company held 452,323 Ordinary shares of 1p each (2014: 452,323) in an ESOP trust. For further information see note 18 to the financial statements.

Charitable and political donations

The Company did not make any political or charitable donation during the financial period (2014: £nil).

Substantial shareholdings

As at 2 April 2016, other than the Directors' holdings, the Company has been advised of the following interests in 3% or more of its issued share capital:

Shareholder	Number of shares 2.04.2016	Percentage of Issued Unit Capital 2.04.2016
West Coast Capital Trading Limited	7,559,934	24.45%
River & Mercantile	2,667,005	8.64%
Silenus Investments Limited (Stephen Cook)	1,615,000	5.23%
Sunningdale Investments Limited	1,580,000	5.12%
Artemis Investment Management	1,122,949	3.64%
P Fraser	1,096,941	3.55%
Trevor Hunt	1,010,655	3.27%
Trevor Brown	483,364	1.57%

Significant agreements/takeovers directive

There are a number of agreements that take effect, alter or terminate upon a change of control of the Group such as commercial contracts and employee share option/award schemes. None of these are deemed to be significant in terms of their potential impact on the business of the Group as a whole.

Memorandum and Articles of Association

The Company's Articles of Association (the Articles) give the Board the power to appoint Directors, but require Directors to retire and submit themselves for election at the first AGM following their appointment.

The Board of Directors may exercise all the powers of the Company subject to the provisions of relevant statutes, the Company's Memorandum of Association and the Articles. The Articles, for instance, contain specific provisions and restrictions regarding the Company's power to borrow money. Powers relating to the issuing and buying back of shares are also included in the Articles and such authorities are renewed by shareholders each year at the AGM.

Memorandum

The Company's capacity

There is no doctrine of ultra vires in Jersey law and accordingly the memorandum confirms that the capacity of the Company is not limited by anything in its memorandum and articles or by any act of its members.

Par value company

The memorandum states that the Company is a par value company under Jersey law.

Liability of members limited

The memorandum confirms that the liability of each member in respect of their holding of a share is limited to the amount (if any) unpaid on it.

Articles

Issue of shares

Subject to the provisions of Jersey law and the pre-emption rights described below, the Directors are generally authorised to allot or otherwise dispose of shares in the Company as they think fit (including the grant of options over and warrants in respect of, shares). The Company may issue redeemable shares and may pay commissions either in cash or by the allotment of shares or the grant of options or warrants.

The Company shall not allot any shares unless they are first offered to members (on the same or more favourable terms as the proposed allotment) in proportion to their existing shareholdings. Such an offer must state a period of not less than 21 days during which it may be accepted. These pre-emption rights shall not apply where shares are paid otherwise than in cash or if they are allotted or issued pursuant to an employee share scheme. Notwithstanding these pre-emption rights, the Directors may be given by special resolution (passed by a majority of not less than two-thirds of the members who vote at a general meeting) the power to allot shares either generally or specifically so that the pre-emption provisions do not apply, or apply with such modifications as the Directors may determine.

Un-certificated shares

The articles allow full advantage to be taken of Jersey legislation permitting shares to be held in un-certificated form.

Disclosure of interests in shares

The articles also require that the Company and its members comply with the UK Listing Authority's Disclosure and Transparency Rule 5 (Vote Holder and Issuer Notification Rules) as if the Company were a UK company.

Electronic communications

Notices may be served by the Company on a member by means of electronic communication to an address notified by the member to the Company for that purpose, in accordance with Jersey law. Proxies may be appointed by electronic communication as permitted by Jersey law.

Directors' fees

The limit on the aggregate fees payable to Directors each year is set at £300,000, to allow for the appointment and remuneration of a sufficient number of non-executive directors. The limit does not apply to the remuneration payable to executive directors.

Directors' service contracts

The maximum length a service contract may be granted to a director without the approval of members in general meeting is two years.

Age limit for Directors

There no requirements for a director to retire based upon age.

Employees

The Company's policy is to provide equal opportunities to all present and potential employees, including, where practical, those who are disabled.

The Group believes in respecting individuals and their rights in the workplace. With this in mind, specific policies are in place covering harassment and bullying, whistle blowing, equal opportunities and data protection.

Auditor

Each of the persons who is a Director at the date of approval of this annual report confirms that:

- so far as the Director is aware, there is no relevant audit information of which the Company's auditor is unaware; and
- the Director 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 auditor is aware of that information.

A resolution to re-appoint Welbeck Associates as auditor of the Company will be proposed at the AGM.

Corporate governance

As the Company has a standard listing within the UK, it is not required to comply with the Financial Conduct Authority's requirements to report on compliance with, and application of, the UK Corporate Governance Code. The disclosures below are required by Disclosure and Transparency Rule 7.

The Board is committed to ensuring the highest standards of corporate governance, and complies with, subject to a small number of exceptions listed below, the supporting principles and provisions set out in the Combined Code on Corporate Governance of the Financial and Reporting Council ("the Code") which was updated in June 2008 and which came into effect for financial years beginning after June 2009.

The Company has regularly updated its corporate governance policies and procedures to reflect the changes made to corporate governance guidelines in the last few years. The following describes the ways in which the Company complies with the detailed provisions of the Code. It includes full disclosure of the limited number of areas in which the Company is non-compliant and explanations why this is so.

The two areas of non-compliance with the Code are;

- neither the Chairman, nor the other member of the Audit Committee has any relevant accounting experience; and
- the Audit Committee is not made up of at least three independent non-executive Directors.
- there are only two members in the audit committee

Annual general meeting

The Directors consider that all the resolutions to be put to the AGM to be held in May 2016 are in the best interests of the Company and its shareholders as a whole. The Board will be voting in favour of them and unanimously recommends that shareholders do also.

Meetings of the Board of Directors

3 Board meetings were held during the year. The Directors' attendance record during the year are as follows:

	Attendance at Board Meetings
T Brown	4
Dr Q Li	1
M Murphy	3
S S Cook	1
P R Davidson	1

The terms of appointment of the Non-Executive Director is made available for inspection at the AGM, along with the service contracts for the Executive Director. The Non-Executive does not have a fixed term of office in her letter of appointment.

Re-election

The articles of association require each director to retire and submit himself for re-election every three years, but also that at least one third of the Directors must be submitted for re-election every year.

On an annual basis, the Chairman considers the performance of the Board and discusses with the Company Secretary the re-election process. Given the performance of the Company the Chairman has confirmed that the Directors being submitted for election in 2016 continue to be highly effective, qualified and committed to their respective roles.

Insurance cover

The Company maintains insurance with a limit of £5m to cover its Directors and officers against the cost of defending themselves against civil legal proceedings taken against them. To the extent permitted by law the Company also indemnifies its Directors and officers. Neither protection applies in the event of fraud or dishonesty.

Board objectives and operation

The key objectives of the Board are as follows:

- The agreement of strategy.
- The agreement of the detailed set of objectives and policies that facilitate the achievement of strategy.
- Monitoring the performance of executive management in the delivery of objectives and strategy.
- Monitoring and safeguarding the financial position of the Company and Group to ensure that objectives and strategy can be delivered.
- Approval of major capital expenditure and other expenditure that is not part of the defined objectives or strategic plan.
- Approving corporate transactions - this includes any potential acquisition or disposal.
- Delegating clear levels of authority to the Executive management team. This is represented by the defined system of internal controls which is reviewed by the Audit Committee.
- Providing the appropriate framework of support and remuneration structures to encourage and enable Executive management to deliver the objectives and strategies of the Company.
- Monitoring the risks being entered into by the Company and ensuring that all of these are properly evaluated.
- Approval of all external announcements.

Board objectives and operation (continued)

A schedule is maintained of matters reserved to the Board for decision.

The Board met three times in 2015, the Executive Directors attended every meeting during the year while in office and the Non-Executive Directors' attendance is summarised on page 13.

For each Board meeting, each Board member receives a pack of information, including financial reports, project updates and a formal agenda together with any relevant documentation.

Nominations Committee

The committee consists of the Chairman and the Chief Executive. The committee meets as required to fulfil its duties of reviewing the Board structure and composition and identifying and nominating candidates to fill Board vacancies as they arise.

No formal induction process exists for new Directors, but the Chairman ensures that each individual is given a tailored introduction to the Company and fully understands the requirements of the role.

Appraisal of Executive Directors

The Chief Executive normally carries out an annual formal appraisal of the performance of the other Executive Director which takes into account the objectives set in the previous year and the individual's performance in the fulfilment of these objectives. A formal annual appraisal of the Chief Executive is carried out by the Chairman. All the appraisals of the Executive Directors are provided to the Remuneration Committee.

Remuneration Committee

The report of the Remuneration Committee is included in this annual report. Formal terms of reference for the Remuneration Committee have been documented and are made available for review at the AGM.

Audit Committee

Formal terms of reference for the committee have been documented and are made available for review at the AGM.

The terms of reference of the Audit Committee include the following requirements:

- To monitor the integrity of financial statements and of any formal announcements relating to the Company's financial performance.
- To review the Company's internal controls and risk management systems.
- To make recommendations to the Board in relation to internal control matters that require improvement or modification.
- To make recommendations to the Board in relation to the appointment, re-appointment and removal of the external auditor and to approve remuneration.
- To review and monitor the external auditor's independence and objectivity and the effectiveness of the audit process.
- To establish and monitor whistle blowing procedures.

No internal audit function exists due to the size of the Group. This is reviewed annually by the Audit Committee which reflects on any increased risk or regulatory changes in the period under review in making their recommendation to the Board.

Neither the Chairman, nor the other member of the Audit Committee has any direct, recent or relevant accountancy experience but the Board considers that they have sufficient business experience to enable them to perform the duties contained in their respective roles.

Audit Committee (continued)

The Company only engages its auditor for one non-audit service, being the corporate tax compliance work for the UK subsidiary. Auditor objectivity and independence was safeguarded in these instances through the use of partners and staff who have no involvement in the audit of the financial statements and an independent tax partner reviewing work performed. The Audit Committee is satisfied that the provision of these services does not compromise the independence of the auditor. The extent of these fees is documented in note 7 to the financial statements.

The auditor may in the future provide other services additional to its obligation to perform a statutory audit of the Group's companies. However, these other services will extend solely to those required of a listed entity's statutory auditor. The nature and size of the relationship with the auditor is such that it is immaterial to the overall business of the auditor and as such is considered not to impact on its independence in anyway. The Audit Committee considers independence from a number of perspectives, not only the materiality of fee income to the audit firm in question. It is only after considering all these aspects (along with a report on independence from the external auditor) does it conclude and make recommendations to the Board.

None of the members of the Audit Committee have a formal accounting qualification though all have operated at the highest levels of businesses. The Board is content that the overall level of qualification within the Audit Committee is sufficient to enable it to discharge satisfactorily its obligations.

In addition to the Non-Executive Director and the Chief Executive, the external auditor was invited to attend part of the meetings where relevant.

Internal controls

The Board is responsible for the Group and Company's system of internal control and for reviewing its effectiveness. Given the size of the organisation and the level of transactions involved there are limited controls documented and in operation which is appropriate for the Group in its current state.

The Audit Committee consider each year if the current level of internal control is appropriate. On advice from the Audit Committee, the Board does not consider any additional independent verification of the system of internal control to be required, on the basis of the size of the Company and the Group, and the non-complex nature of both its management systems and financial structure.

The Group operates certain controls specifically relating to the production of consolidated financial information, covering operational procedures, validation and review.

The above procedures reflect the Group's commitment to ensuring it has policies in place that ensure high standards of integrity and transparency throughout its operations. Further, when these procedures detect unauthorised practises, the Group is committed to correction of such events. The Group is committed to analysing its internal controls to make them more robust and further limit the risk of such incidents. The Board believes such action properly reflects the Company's commitment to financial discipline and integrity at all levels. The Board has reviewed the effectiveness of internal control systems in operation during the financial period in accordance with the guidelines set out in the Turnbull report, through the processes set out above and no weaknesses or failings were identified.

Dialogue with major shareholders

The Company places considerable importance on communications with shareholders. Discussions take place with major shareholders with the Company delegating authority to the Chairman and Chief Executive to present the strategy and financial results of the Group.

Annual general meeting

At its AGM the Company complies with the provisions of the Code relating to the disclosure of proxy votes, the separation of resolutions and attendance of Directors, particularly committee chairpersons. The timing of the despatch of the formal notice of the AGM also complies with the Code.

Responsibility statement of the Directors in respect of the annual financial report

We confirm that to the best of our knowledge:

(i) the financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole; and

(ii) the Directors' report includes a fair review of the development and performance of the business and the position of the issuer and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

By order of the Board

Mr T Brown
Director

19 April 2016

Flying Brands Limited,
P. O. Box 264, Forum 4
Grenville Street
St Helier, Jersey
Channel Islands, JE4 8TQ

Trevor Brown

Trevor has been a strategic investor in equities and real estate for more than 30 years. He is currently a Non-executive Director of Feedback PLC, Braveheart Group PLC and Peterhouse Corporate Finance. Until recently, Trevor was a director of Advanced Oncotherapy plc where he was involved in the strategy of transition to the provision of advanced cancer treatment services.

Dr Qu Li

Qu Li has been appointed Non-Executive Director of Flying Brands. With over 25 years of experience in international mergers, acquisitions and joint ventures, Dr. Li has completed turnkey transactions ranging from $5m-$200m and raised more than $300 million over the last 10 years. Dr Li is the founder and Chairman of China Ventures Ltd, a leading consultancy and venture capital company, specialising in Sino/Western business and offering a wide range of skills associated with international business transactions. Dr. Li relocated to the UK over 20 years ago, where she obtained her Doctorate of Philosophy at Leeds University and then established her business base. She is a qualified engineer and a successful business entrepreneur who has worked on activities related to government, industry and commerce in China, South East Asia, South America, Europe and the US for over 20 years.

Apart from her business commitments, Dr Li devotes great effort, interest and financial support to the development of young entrepreneurs across the globe. She sits on the advisory board of the Business School of Leeds University and is one of the Leaders in Resident for the post graduates.

The Remuneration Committee presents its report for the year ended 31 December 2015.

Membership of the Remuneration Committee

The Remuneration Committee is currently comprised of Dr Li and T Brown.

Subject to what appears below, no other third parties have provided advice that materially assisted the Remuneration Committee during the period.

Compliance

The Company has complied materially with The United Kingdom Directors' Remuneration Report Regulations 2002 (the Regulations). In accordance with the Regulations, a resolution to approve this report will be proposed at the AGM of the Company. The vote will have advisory status, will be in respect of the remuneration policy and overall remuneration packages and will not be specific to individual levels of remuneration.

Remuneration policy

The Group's current and future policy is to retain and motivate its staff and rewards linked to performance, results and the interest of shareholders. Bonus award for employees are assessed annually taking in to account the Group results.

Policy Table:

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Base salary[1]	Reflects level of responsibility and achievement of individual	Base salary is set annually on 1 January Salary levels are reviewed on an annual basis by reference to the median for comparable positions in Main Market companies of a similar market capitalisation and with similar revenues to the Company. Broadly the Company seeks to pitch base salary around the median level for such comparable positions without tracking it mechanistically.	Broadly pitched around the median level for comparable positions without tracking it mechanistically. When considering any increases to base salaries in the normal course (as opposed to a change in role or responsibility), the Board will take into consideration: - Reference to the increases provided to executives in the comparator group. - Pay and employment conditions of employees throughout the Company, including increases provided to the employee population - Inflation	N/A

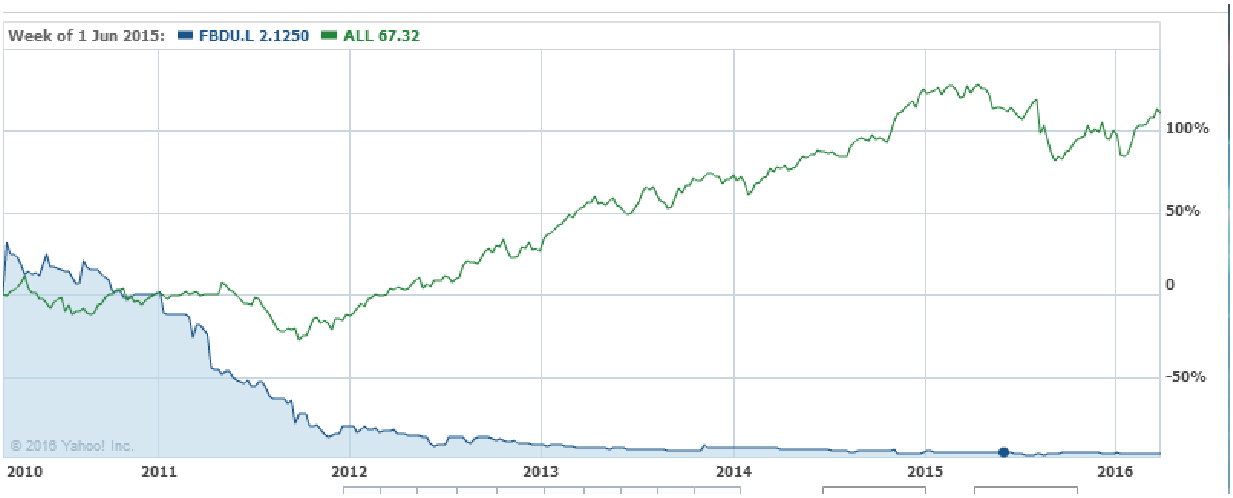
[1] The basic salary element of remuneration is set in relation to responsibilities, length of service and contribution to the Company's activities.

	Objective and link to the strategy	Operation	Maximum potential value	Performance conditions and assessment
Annual Bonus	The annual bonus aligns reward to key Company strategic objectives and drives short-term performance	Bonus awards for employees are assessed annually taking into account the Company results.	Maximum 100 per cent of base salary. At threshold levels of performance, 0 per cent of base salary can be earned, with a straight-line pro-rate allocation between threshold and maximum.	Bonus performance conditions: Company profit Company cash Personal objectives
Other benefits	To provide competitive levels of employment benefits.	Futures benefits may include: - Private medical insurance. - Permanent health insurance. - Life assurance of two times base salary. The level of benefits provided is reviewed annually to ensure they remain market competitive.	Cost of providing life assurance private medical insurance and permanent health insurance.	N/A
Shareholding policy	To ensure that Executive Directors' and other senior executives' interests are aligned with those of shareholders over a longer time horizon.	Requirement to build and maintain a holding of at least 10,000 Flying Brands Limited shares at 1p per share. Executive Directors may be required to forfeit up to 20 per cent of their base salary if the shareholding requirement is not met within 3 years of appointment.	N/A	N/A
Non-Executive Directors - Fees	To attract Non-Executive Directors with the requisite skills and experience to perform the role.	Fee levels are set at the level paid for comparable roles at companies of a similar size and complexity to Flying Brands Limited within the Main Market. The Non-Executive Director fee structure is a matter for the full Board.	Fee levels are set by reference to the median of this peer group. Fee levels are reviewed annually in January. When considering any increases to fee levels in the normal course, the Board will take into consideration: - Increases provided to comparable roles in the comparator group; - Pay and employment conditions of employees throughout the Company, including increases provided to the employee population; and - Inflation.	N/A

Share options
No share option scheme is provided nor is any long term incentive scheme in place.

Directors' pensions
The Company does not provide a pension scheme. No dependent pensions or benefits are provided.

Performance graph
The following graphs shows the Group's performance measured by total shareholder return, compared with the performance of the FTSE All Share Index also measured by shareholder return which has been selected by the Board as being the most appropriate measure as no readily identifiable benchmark of companies exists.



Remuneration policy for Executive Directors
The Remuneration Committee seeks to provide the remuneration packages necessary to attract, retain and motivate Executive Directors of the quality required to manage the business of the Group and seeks to avoid paying more than is necessary for this purpose. In establishing the level of remuneration of each director the committee has regard to packages offered by similar companies.

Consistent with this policy, the benefit packages awarded to Executive Directors comprise a mix of performance and non-performance elements. During 2015 0% of the Executive Directors' pay was based on the Group achieving financial targets.

Directors' interests (held directly or indirectly) in the Company's shares

	Number at 31.12.15	Number at 26.12.14
S S Cook	**1,615,000**	3,195,000
T Brown*	**483,364**	**-**
Dr Q Li	-	-

In 2014 West Coast Capital Trading Limited ("**WCC**") lent the Company £205,000 for general working capital purposes. The loan was repaid in full in February 2015.

*Mr T Brown personally subscribed for £150,000 of unsecured convertible loan notes in the February 2015 issuance, and another £125,000 through a company of which he was a Director during the period and an indirect major shareholder through his immediate family, Free Association Books Limited ("**FAB**"). FAB also subscribed for the entire £100,000 of the unsecured convertible loan notes in November 2015.

AUDITED INFORMATION

Directors' emoluments

The following table summarises the emoluments of Directors during the year.

	Salary and fees £'000	Pension £'000	Benefits £'000	Year ended 31.12.15 Total £'000	Year ended 26.12.14 Total £'000
S S Cook*	**18**	**-**	**-**	**18**	124
T Brown	**9**	**-**	**-**	**9**	-
C T Knott	**-**	**-**	**-**	**-**	5
M Murphy	**9**	**-**	**-**	**9**	-
P R Davidson		**-**	**-**	**-**	9
Dr Q Li**	**1**	**-**	**-**	**1**	-
TOTAL	**37**	**-**	**-**	**37**	**138**

* Mr S S Cook's services were invoiced by Silenus Investments Limited.

** Dr Qu Li's services were invoiced by China Ventures Limited.

The Group is not party to any arrangements whereby Directors or their families may acquire interests in the Company or any other Group Company

Dr Qu Li
Chairman of the Remuneration Committee
19 April 2016

Independent auditor's report to the members of Flying Brands Limited

We have audited the Group and Parent Company's financial statements (the "financial statements") of Flying Brands Limited for the year ended 31 December 2015 which comprise the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of financial position, the consolidated statement of changes in equity, the consolidated statement of cash flows and the related notes 1 to 25. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by European Union.

This report is made solely to the Company's members, as a body, in accordance with Article 113A of the Companies (Jersey) Law 1991. 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 an auditor's report 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.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group and Parent Company's affairs as at 31 December 2015 and of the Group's loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by European Union; and
- have been properly prepared in accordance with the Companies (Jersey) Law 1991.

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 Group'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 annual report to identify material inconsistencies with the audited financial statements and to identify any information that appears 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.

Respective responsibilities of directors and auditor

As explained more fully in the statement of Directors' responsibilities set out on page 9, 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.

Our application of materiality

We define materiality as the magnitude of misstatement in the financial statements that makes it probable that the economic decisions of a reasonably knowledgeable person would be changed or influenced. We use materiality both in planning the scope of our audit work and in evaluating the results of our work.

We determined materiality for the Group to be £20,000, which is not greater than 10% of normalised pre-tax loss.

We agreed with the Audit committee that we would report to the Committee all audit differences in excess of £5,000, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds. We also report to the Audit Committee on disclosure matters that we identified when assessing the overall presentation of the financial statements.

The Scope of our audit

Our audit is risk based and is designed to focus our efforts on the areas at greatest risk of material misstatement, aspects subject to significant management judgement as well as greatest complexity, risk and size.

Our assessment of risks of material misstatement

The assessed risks of material misstatement described below are those that had the greatest effect on our audit strategy, the allocation of resources in the audit and director the efforts of the engagement team.

The procedures described in our response to each risk below are not exhaustive and we have focused on those procedures that we consider address areas of judgement or subjectivity. As part of our audit of the Group, in addition to substantive tests, we also test the design and implementation of internal controls over financial reporting in each of the risk areas:

Going Concern

Risk

Due to Flying Brands implementing a new investing policy and having no on-going revenue stream, it may not be able to continue as a going concern if it is unable to raise additional funds from other sources such as raising funds from capital markets or completing a reverse transaction. We have therefore considered that the conclusion on whether the Group represents a going concern continues to be a significant risk of material misstatement. Referring to the basis of preparation in the notes to the financial statements and the Directors' Report for their assessment of going concern.

How the scope of our audit responded to the risk

We have challenged management's going concern model including the liquidity position at year end and the projected cash flows. We assessed and challenged the accuracy of anticipated funding, reduction in debt and the timing of suitable investments.

Management override of controls

Risk

Due to the number of significant accounting estimates and judgements that are relevant to the financial statements, with reference to the estimation of fair value, we have concluded that there is a risk that management may manipulate accounting records. We have therefore concluded that there is a risk that management may override controls that otherwise appear to be operating effectively.

How the scope of our audit responded to the risk

We assessed whether there was evidence of bias by the Directors in the significant accounting estimates and judgements relevant to the financial statements. We tested manual and automated journal entries and included a selection of journals, with a focus on those journal entries that may impact the fair value of assets, related to other significant risks identified as part of the audit engagement. In addition, as part of our audit procedures to address this fraud risk, we assessed the overall control environment and reviewed whether there had been any reported actual or alleged instances of fraudulent activity during the year.

Other matters

In our opinion:

- the part of the Directors' remuneration report to be audited has been properly prepared in accordance with the provisions of the Companies (Jersey) Law 1991.
- The information given in the Business Review and the Directors' Report 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:

Under the Companies (Jersey) Law 1991 we are required to report to you if, in our opinion:

- proper accounting records have not been kept by the parent Company, or proper 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
- we have not received all the information and explanations we require for our audit.

Corporate governance

Under the Listing Rules we are required to review the part of the Corporate Governance Statement relating to the Company's compliance with the ten provisions of the UK Corporate Governance Code specified for our review. Our review and findings are noted on page 13 of the Directors' and Corporate Governance Report.

Directors' remuneration

Under the Companies (Jersey) Law 1991 we are also required to report if in our opinion certain disclosures of directors' remuneration have not been made or the part of the Directors' Remuneration Report to be audited is not in agreement with the accounting records and returns. We have nothing to report arising from these matters.

Our duty to read other information in the Annual Report

Under International Standards on Auditing (UK and Ireland); we are required to report to you if, in our opinion, information in the Annual Report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Group acquired in the course of performing our audit; or
- otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the Directors' report that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed. We confirm that we have not identified any such inconsistencies or misleading statements.

Jonathan Bradley-Hoare (Senior Statutory Auditor)
for and on behalf of Welbeck Associates
Chartered Accountants and Statutory Auditor
30 Percy Street
London
W1T 2DB
19 April 2016

Year ended 31 December 2015

	Notes	**Year ended 31.12.15 £'000**	Period ended 26.12.14 £'000
Operating expenses	**5**	**(126)**	(284)
Operating loss	**7**	**(126)**	(284)
Finance costs	**6**	**(27)**	(91)
Loss before tax		**(153)**	(375)
Taxation	**9**	**-**	-
Loss from continuing operations		**(153)**	(375)
Loss from discontinued operations	**24**	**-**	(1,396)
Loss for the period		**(153)**	(1,771)
Loss attributable to owners of the Company		**(153)**	(1,771)

Loss per share attributable to owners of the Company		**Pence per share**	Pence per share
From continuing operations:			
Basic & diluted	**10**	**(0.52)**	(1.36)
From continuing and discontinued operations:			
Basic & diluted	**10**	**(0.52)**	(6.40)

Consolidated Statement of Comprehensive Income

Year ended 31 December 2015

	Year ended 31.12.15 £'000	Year ended 26.12.14 £'000
Loss for the period	**(153)**	(1,771)
Unclaimed dividends	**1**	33
Total comprehensive loss for the period	**(152)**	(1,738)
Total comprehensive loss attributed to non-controlling interest	**-**	-
Total comprehensive loss attributable to the Group	**(152)**	(1,738)

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

As at 31 December 2015

	Notes	**As at 31.12.15 £'000**	As at 26.12.14 £'000
Non-current assets			
Property, plant & equipment		**-**	-
Total non-current assets		**-**	-
Current assets			
Trade and other receivables	**11**	**4**	12
Cash and cash equivalents		**322**	410
Total current assets		**326**	422
Current liabilities			
Trade and other payables	**12**	**26**	206
Total current liabilities		**26**	206
Net current assets		**300**	216
Non-current liabilities			
Borrowings	**13**	**344**	205
Provisions		**-**	-
Total non-current liabilities		**344**	205
NET (LIABILITIES) /ASSETS		**(44)**	11
Equity			
Share capital	**17**	**310**	282
Share premium account		**18,062**	18,059
Capital reserve	**18**	**-**	(17)
Capital redemption reserve	**18**	**22**	22
Convertible loan note reserve	**18**	**53**	-
Warrant reserve	**18**	**13**	-
Treasury shares	**18**	**(840)**	(840)
Retained losses		**(17,664)**	(17,447)
Equity attributable to owners of the Company		**(44)**	59
Non-controlling interest		**-**	(48)
TOTAL EQUITY		**(44)**	11

The financial statements on pages 25 to 46 were approved by the Board of Directors on 19 April 2016 and signed on its behalf by:

T Brown	**Dr Q Li**
Director	**Director**

Consolidated Statement of Changes in Equity

Year ended 31 December 2015

	Share capital £'000	Share premium £'000	Revaluation reserve £'000	Capital reserve £'000	Capital Redemption reserve £'000	Convertible Loan note Reserve £'000	Warrant reserve £'000	Treasury shares £'000	Retained losses £'000	Non-controlling interest £'000	TOTAL EQUITY £'000
Balance at 27 December 2013	**282**	**18,059**	**1,484**	**(17)**	**22**	**-**	**-**	**(840)**	**(17,193)**	**(48)**	**1,749**
							-				
Loss for the period	-	-	-	-	-	-	-	-	(1,771)	-	(1,771)
Unclaimed dividends	-	-	-	-	-	-	-	-	33	-	33
Total comprehensive loss	-	-	-	-	-	-	-	-	(1,738)	-	(1,738)
Transfer of revaluation reserve to retained losses	-	-	(1,484)	-	-	-	-	-	1,484	-	-
Balance at 26 December 2014	**282**	**18,059**	**-**	**(17)**	**22**	**-**	**-**	**(840)**	**(17,447)**	**(48)**	**11**
Loss for the period	-	-	-	-	-	-	-	-	(140)	-	(140)
Unclaimed dividends	-	-	-	-	-	-	-	-	1	-	1
Total comprehensive loss	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(128)**
Transfer of capital reserve to retained losses	-	-	-	17	-	-	-	-	(17)	-	-
Issue of convertible loan notes	-	-	-	-	-	53	-	-	-	-	53
Issue of Units	28	3	-	-	-	-	-	-	-	-	31
Issue of warrants	-	-	-	-	-	-	13				
Transfer of NCI on disposal of non-wholly owned subsidiaries	-	-	-	-	-	-	-	-	(48)	48	-
Balance at 31 December 2015	**310**	**18,062**	**-**	**-**	**22**	**53**	**13**	**(840)**	**(17,664)**	**-**	**(44)**

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

Year ended 31 December 2015

	Notes	Year ended 31.12.15 £'000	52 weeks ended 26.12.14 £'000
Loss for the period		**(153)**	(1,771)
Adjustment for:			
Loss on sale of tangible fixed assets	**24**	**-**	1,378
Depreciation		**-**	91
Share based payment charge	**25**	**13**	
Decrease in receivables		**8**	53
(Decrease in payables)		**(180)**	(63)
Finance costs		**29**	-
Net cash used in operating activities		**(283)**	(312)
Cash flows from investing activities:			
Proceeds from disposal of subsidiaries		**-**	1,650
		-	-
Net cash from investing activities		**-**	1,650
Cash flows from financing activities			
New loans raised		**-**	205
Convertible loan notes issued		**400**	-
Shares issued		**30**	-
Repayment of loans and other borrowings		**(205)**	(1,155)
Conversion of convertible loan notes		**(30)**	-
Net cash from/(used in) financing activities		**195**	(950)
Net increase/(decrease) in cash and cash equivalents		**(88)**	388
Cash and cash equivalents brought forward		**410**	22
Cash and cash equivalents carried forward		**322**	410

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

1. Summary of significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all financial periods presented, unless otherwise stated.

(i) Basis of preparation and going concern basis

Flying Brands Limited (the Company) is a limited liability company incorporated and domiciled in Jersey. The Consolidated financial statements of the Company comprise the Company and its subsidiaries (together referred to as the Group).

These consolidated financial statements have been prepared and approved by the Directors in accordance with International Financial Reporting Standards as adopted by the European Union (adopted IFRS).

The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in this review. The financial position of the Group, its cash flows and liquidity position are described in this business review. In addition, notes 2 and 24 to the financial statements include the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposure to credit risk and liquidity risk. As highlighted in note 24 to the financial statements, the Group meets its day to day working capital requirements though its ability to raise capital.

The Group's forecasts and projections, taking into account the uncertainties above, show that the Group has a reasonable expectation of maintaining sufficient working capital to enable the Group to meet its liabilities as they fall due for the foreseeable future, being a period of not less than 12 months from the date of approval of this report. Thus the Directors continue to adopt the going concern basis of accounting in preparing the annual financial statements.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain financial assets and liabilities.

The preparation of financial statements in conformity with adopted IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of sales and expenses during the reporting period. Although these estimates are based on management's best knowledge of the amount, event or action, actual results ultimately may differ from those estimates.

(ii) Basis of consolidation

Subsidiaries are all entities over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities generally accompanying a shareholding of more than one half of the voting rights.
The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value at the acquisition date, irrespective of the extent of any minority interest. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. The results of the subsidiary undertakings acquired or disposed of during the period are included in the Consolidated Income Statement from the date that control commences until the date control ceases.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

(iii) Segment reporting

An operating segment is a component of the Group that engages in business activity from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with and of the Group's other components. All operating segments' operating results, for which discrete financial information is available, are reviewed regularly by the Group's Board to make decisions about resources to be allocated to the segment and assess its performance. As a result of the disposal of all trading brands in 2012, the Group now reports on a single segment basis.

(iv) Foreign currency transactions

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

1. Summary of significant accounting policies (continued)

(v) Business combinations

Acquisitions of subsidiaries and businesses are accounted for using the acquisition method. The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given, liabilities incurred or assumed, and equity instruments issued by the Group in exchange for control of the acquirer. Acquisition-related costs are recognised in profit or loss as incurred.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement, measured at its acquisition-date fair value. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments (see below). All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs. Changes in the fair value of contingent consideration classified as equity are not recognised.

Where a business combination is achieved in stages, the Group's previously-held interests in the acquired entity are remeasured to fair value at the acquisition date (i.e. the date the Group attains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss, where such treatment would be appropriate if that interest were disposed of.

The acquirer's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3(2008) are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to the replacement by the Group of an acquiree's share-based payment awards are measured in accordance with IFRS 2 Share-based Payment; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see below), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed as of the acquisition date that, if known, would have affected the amounts recognised as of that date.

The measurement period is the period from the date of acquisition to the date the Group obtains complete information about facts and circumstances that existed as of the acquisition date, and is subject to a maximum of one year.

(vi) Impairment

Financial assets

A financial asset is assessed at each reporting date to determine whether there is any evidence that it is impaired. A financial asset is considered impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset. Individual significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics. All impairment losses are recognised in the consolidated income statement.

Non-financial assets

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For goodwill and intangible assets that have indefinite lives or that are not yet available for use, the recoverable amount is estimated at each reporting date. The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risk specific to the asset. The goodwill acquired in a business combination, for the purpose of impairment testing, is allocated to cash-generating units that are expected to benefit from the synergies of the combination. An impairment loss is recognised if the carrying amount of an asset exceeds its recoverable amount. Impairment losses are recognised in the consolidated income statement. An impairment loss in respect of goodwill is not reversed irrespective of whether that loss is recovered subsequently. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset carrying amount does not exceed the carrying amount that would have been determined if no impairment loss had been recognised.

1. Summary of significant accounting policies (continued)

(vii) Financial assets

Financial assets are recognised in the Group's Statement of Financial Position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets are classified into the following categories: loans and receivables and cash and cash equivalents. The classification is determined by management upon initial recognition, and it is based on the purpose for which the financial assets were acquired.

(viii) Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial asset/liability and of allocation interest income/expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts/payments through the expected life of the financial asset/liability, or, where appropriate, a shorter period.

(viii) Loans and receivables

Trade receivables, loans and other receivables are measured on initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method, less any impairment.

(ix) Cash and cash equivalents

Cash and cash equivalents includes cash in hand, deposits held at call with banks and other short-term highly liquid investments with maturities of three months or less. Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the consolidated cash flow statement.

(x) Derecognition of financial assets

The Group derecognises a financial asset only when the contractual rights to the cash flows from the assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership. If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts if may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

(xi) Financial liabilities and equity instruments issued by the group

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into.

An equity instrument is any contract that evidences a residual interest in the assets of the Group after deducting all of its liabilities. Equity instruments issued by the Group are recorded at the proceeds received, net of direct issued costs.

(xii) Borrowings

Interest-bearing bank loans, overdrafts and other borrowings are recorded at the proceeds received, net of direct issued costs. Finance charges, including premiums payable on settlement or redemption and direct issue costs, are accounted for on an accrual basis in the Consolidated Income Statement using the effective interest rate method and are added to the carrying amount of the instrument to the extent that they are not settled in the period in which they arise.

(xiii) Finance costs

Finance costs of debts are capitalised against the debt value on first drawdown of the debt and are recognised in the Consolidated Income Statement using the effective interest rate method.

(xiv) Trade payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised costs, using the effective interest rate method.

1. Summary of significant accounting policies (continued)

(xv) Other financial liabilities
Other financial liabilities are initially measured at fair value, net of transaction costs. Other financial liabilities are subsequently measured at amortised cost using the effective interest method, as set out above, with interest expense recognised on an effective yield basis.

(xvi) Derecognition of financial liabilities
The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged or cancelled, or they expire.

(xvii) Share capital
Ordinary shares
Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of Ordinary shares and share options are recognised as a deduction from equity, net of any tax effects.

Repurchase of share capital (treasury shares)
When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, net of any tax effects, is recognised as a deduction from equity. Repurchased shares are classified as treasury shares and are presented as a deduction from total equity. When treasury shares are sold or reissued subsequently, the amount received is recognised as an increase in equity, and the resulting surplus or deficit on the transaction is transferred to/from retained earnings.

(xviii) Revenue recognition
Revenue is measured at the fair value of consideration received or receivable and represents amounts receivable for goods or services provided in the normal course of business, net of discounts, VAT and other sales-related taxes, and provisions for returns.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

(xix) Leases
Leases where the lessor retains substantially all the risks and rewards of ownership are classified as operating leases. Rentals payable under operating leases are taken to the consolidated income statement on a straight-line basis over the lease term.

Leases in which the lessee assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an equal amount to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

(xx) Dividend distribution
Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved.

(xxi) Taxation
Income tax payable is provided on taxable profits using tax rates enacted or substantively enacted at the balance sheet date.

Deferred taxation is provided in full, using the liability method on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred tax is determined using tax rates (and laws) that have been enacted or substantively enacted at the balance sheet date and are expected to apply when the related balance sheet tax asset is realised or the deferred liability is settled. Deferred income tax assets are recognised to the extent that it is possible that future taxable profit will be available against which temporary differences can be utilised. Income tax is recognised in the consolidated income statement except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

1. Summary of significant accounting policies (continued)

(xxiii) Financial instruments

Financial guarantee contracts

Where Group companies enter into financial guarantee contracts to guarantee the indebtedness of other companies within the Group, the Group considers these to be insurance arrangements, and accounts for them as such. In this respect, the Group treats the guarantee contract as a formal contingent liability until such time as it becomes probable that the Company will be required to make a payment under the guarantee.

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, cash and cash equivalents, loans and borrowings and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below.

(xxiv) Termination benefits

Termination benefits are recognised as an expense when the Group is demonstrably committed, without realistic possibility of withdrawal, to a formal detailed plan to terminate employment before the normal retirement date, or to provide termination benefits as a result of an offer made to encourage voluntary redundancy, and the Group has created a valid expectation in those affected that it will carry out that plan.

(xxv) Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle that obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the balance sheet date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

(xxvi) Adoption of new and revised International Financial Reporting Standards (IFRSs)

Standards and interpretations adopted in the current year

The following new and revised Standards and Interpretations have been adopted in the current period by the Group for the first time and do not have a material impact on the group.

IFRS 10	Consolidated financial statements
IFRS 12	Disclosures of interests in other entities

A number of new standards and amendments to standards and interpretations have been issued but are not yet effective and not early adopted. None of these are expected to have a significant effect on the consolidated financial statements of the Group.

2. Financial risk and credit management

The Group has exposure to the following risks from its use of financial instruments:

- **(a) Credit risk**
- **(b) Liquidity risk**
- **(c) Market risk**
- **(d) Currency risk**
- **(e) Interest rate risk**

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risks and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

The Group Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

(a) Credit risk

Credit risk is the risk of financial loss to the Group if a customer fails to meet its contractual obligations, and arises principally from the Group's deferred consideration receivable from the GD sale.

Trade and other receivables

The Group's exposure to credit risk is influenced by the type of customer the Group contracts with. The Group is no longer exposed to a high number of low value receivables from retail customers and has minimal trade debtors. The deferred consideration due from the GD disposal is a significant value and is the principal risk to the Group.

(b) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. During the latter part of 2011, the Group repaid all its bank borrowings leaving it without committed banking facilities. The strategy of the Directors (outlined earlier) is designed to address the risk that the Group has insufficient liquid resources to satisfy its requirements.

(c) Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(d) Currency risk

The Group is exposed to currency risk on sales and purchases that are denominated in a currency other than the respective functional currencies of the Group entities, primarily the Euro and US Dollar. The risks in the 52 weeks ended to 31 December 2015 were minimal. The Group currently does not hedge any of its currency exposure due to the minimal impact of these currencies and will not need to do so in the foreseeable future following the decision to close all its overseas operations.

(e) Interest rate risk

The Group has no floating rate loans. Thus the Group has no exposure to interest rate risk.

Capital management

The Board's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. The Directors monitor the return on capital, which the Group defines as net operating income divided by total shareholders' equity. The Board also monitors the level of dividends to ordinary shareholders.

From time to time the Group purchases its own shares on the market; the timing of these purchases depends on market prices. Primarily the shares are intended to be used for issuing shares under the Group's share option programme. Buy and sell decisions are made on a specific transaction basis by the Board of Directors; the Group does not have a defined share buy-back plan.

There were no changes in the Group's approach to capital management during the period. Neither the Company nor any of its subsidiaries are subject to externally imposed capital requirements.

3. Critical accounting estimates and judgements

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

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal 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 period are discussed below.

(a) Discontinued operations

The discontinued operations of the Group relate to the businesses sold, closed down or dissolved. Costs that do not relate specifically to the continuing business and are non-recurring have also been allocated to the discontinued operations.

(b) Going concern basis of preparation

The Directors decision to prepare these accounts on a going concern basis is based on assumptions which are discussed above and in the business review.

(c) Accounting for provisions

The Directors consider the nature of any outstanding legal or constructive claims on the Group in order to determine the accounting treatment required in accordance with note above.

4. Segmental analysis

The business is reported upon as a single segment.

The accounting policies of the reportable segments are the same as described in note 1. Information regarding the results of each reportable segment is included below.

Segmentation by continued/discontinued businesses

(a) Segment results

Year ending 31 December 2015	**Continuing £'000**	**Discontinued £'000**	**Total £'000**
Expenses	**(126)**	-	**(126)**
Loss on disposal	-	-	
Reportable segment loss before tax and interest	**(126)**	-	**(126)**
Interest payable	**(27)**	-	**(27)**
Loss before tax	**(153)**	-	**(153)**
Taxation	-	-	-
Loss for the period	**(153)**	-	**(153)**

52 weeks ending 26 December 2014	Continuing £'000	Discontinued £'000	Total £'000
Revenue	-	76	76
Expenses	(284)	(94)	(378)
Loss on disposal of investment property	-	(1,378)	(1,378)
Reportable segment loss before interest and tax	(284)	(1,396)	(1,680)
Interest payable	(91)	-	(91)
	(375)	-	(1,771)
Taxation	-	-	-
Loss for the period	(375)	(1,396)	(1,771)

Segmentation by geographical area:

An analysis of segments by geographical area has not been provided as all of the operations are based in the UK and Jersey.

5. Operating expenses

	Year ended 31.12.15 £’000	Period ended 26.12.14 £’000
Administrative expenses	**126**	284

6. Finance costs

	Year ended 31.12.15 £’000	Period ended 26.12.14 £’000
Interest payable on other loans	**-**	91
Interest payable on unsecured convertible loan notes	**27**	-
	27	91

7. Operating loss

	Year ended 31.12.15 £’000	Period ended 26.12.14 £’000
The following items have been included in arriving at operating loss		
Depreciation charge: Investment property	-	91
Hire of land and buildings under operating lease	**-**	-
Staff costs	**37**	159
Auditor’s remuneration has been included in arriving at operating loss as follows:		
Fees payable to the Company’s auditor and their associates for the audit of the Company’s annual accounts	**11**	13
Fees payable to the Company’s current auditor and their associates for the audit of the Company’s subsidiaries	**1**	16
Total audit fees	**12**	29
Corporate finance services	**-**	-
Total fees payable to the Group’s auditor	**12**	29

8. Employee information

The average monthly number of employees (including Executive Directors) was:

	Year ended 31.12.15 Count	52 weeks ended 26.12.14 Count
Administration	**3**	3
	£’000	£’000
Staff costs (for the above employees)		
Wages and salaries	**37**	159
Social security costs	**-**	
Pension contributions to employees’ defined contribution schemes	**-**	
	37	159

8. Employee information (continued)

Directors' remuneration and transactions

	52 weeks ended 31.12.15	52 weeks Ended 26.12.14
	£'000	£'000
Directors' remuneration		
Emoluments and fees	**37**	138
	£'000	£'000
Remuneration of the highest paid director:		
Emoluments and fees	**18**	124
Benefits and other fees	**-**	
	18	124

The highest paid director did not exercise any share options in the year.

9. Taxation

	Year ended 31.12.15 £'000	Period ended 26.12.14 £'000
Current tax		
Jersey income tax	-	
Over provision in previous periods	-	
Total current tax	-	
Deferred tax		
Charge to the income statement	-	
Total tax on loss	-	

The tax assessed for the period is different from the standard rate of income tax, as explained below:	**Year ended 31.12.15 £'000**	Period ended 26.12.14 £'000
Loss before tax on continuing operations	**(153)**	(375)
Loss before tax multiplied by the standard rate of Jersey income tax of 0%	-	-
Adjustments to tax in respect of prior periods	-	-
Adjustments in respect of foreign tax rates	-	-
Tax (credit)/charge for period	-	-

10. Earnings per share

Basic and diluted

Earnings per share is calculated by dividing the loss attributable to the equity holders of the Company by the weighted average number of Ordinary shares in issue during the period, excluding Ordinary shares purchased by the Company and held as treasury shares. The Company previously had one category of dilutive potential Ordinary shares: LTIP awards. These have all lapsed.

	Year ended 31.12.15	Period ended 26.12.14
Continuing operations:		
Loss attributable to equity holders of the Company (£'000)	**(153)**	(375)
Weighted average number of shares in issue (Number '000)	**29,476**	27,671
Loss per share (pence)	**(0.52)**	(1.36)
Discontinued operations:		
Loss attributable to equity holders of the Company (£'000)	-	(1,396)
Weighted average number of shares in issue (Number '000)	-	27,671
Loss per share (pence)	-	(5.04)
Continuing and discontinued operations:		
Loss attributable to equity holders of the Company (£'000)	**(153)**	(1,771
Weighted average number of shares in issue (Number '000)	**29,476**	27,671
Loss per share (pence)	**(0.52)**	(6.40)

11. Trade and other receivables

	31.12.15	26.12.14
	£'000	£'000
Amounts falling due within one year:		
Trade receivables	**-**	1
Deferred consideration receivable on disposal of Gardening Direct	**-**	-
Prepayments	**4**	2
Other receivables	**-**	9
	4	12

The Group monitors on a monthly basis the receivable balance and makes impairment provisions when debt reaches a certain age. There are no significant known risks as at 31 December 2015 (nor any at 26 December 2014).

The ageing of trade receivables at the reporting date has not been analysed as there were none.

12. Trade and other payables

	31.12.15	26.12.14
	£'000	£'000
Trade payables and accruals	**26**	206

The fair value of trade and other payables has not been disclosed as, due to their short duration, management considers the carrying amounts recognised in the statement of financial position to be a reasonable approximation of their fair value.

13. Borrowings

In 2014 the Group entered into a loan agreement in 2014 with West Coast Capital Trading Limited ("WCC") to the amount of £205,000, of which former Chairman Mr P Davidson is a Partner. This loan was repaid in full in February 2015.

	31.12.15	26.12.14
	£'000	£'000
At the beginning of the period	**205**	1,005
Additions	**400**	205
Transfer to Convertible Loan note reserve	**(53)**	-
Interest accrued against Convertible Loan notes	**27**	-
Conversion	**(30)**	-
Repayment	**(205)**	(1,005)
At the end of the period	**344**	205

On 13 February 2015, the Company raised £300,000 by the way of the issue of unsecured Convertible Loan Notes. The notes are convertible into Units at a price of £0.011 per Unit. £150,000 of the Convertible Loan Note proceeds were subscribed for by Trevor Brown, a Director and the Chief Executive of the Company. £125,000 was subscribed for by Free Association Books Limited ("FAB"), a company in which Trevor Brown was also a Director during the period and is interested in 100% of the shares by way of his immediate family. The Loan notes accrue interest at a rate of 6.75% against the balance of the Loan notes outstanding, but this is not to be paid in cash.

On 13 July 2015 the Company issued 2,323,864 new units, comprising one ordinary share of £0.01 each and one ordinary "A" share in Flying Brands Holdings (UK) plc of £0.00005 each, at a price of £0.011 per Unit for a total of £25,000 on conversion of Convertible loan notes of the same value.

On the same day the Company issued 483,364 new units, comprising one ordinary share of £0.01 each and one ordinary "A" share in Flying Brands Holdings (UK) plc of £0.00005 each, at a price of £0.011 per Unit for a total of £5,200 on conversion of Convertible loan notes of the same value

On 20 November 2015, the Company raised £100,000 by the way of the issue of unsecured Convertible Loan Notes. The notes are convertible into Units at a price of £0.015 per Unit. All of these November Convertible Loan Notes were subscribed for by FAB. The Loan notes accrue interest at a rate of 6.75% against the balance of the Loan notes outstanding, but this is not to be paid in cash.

14. Provisions

The Group settled its dispute with Flying Flowers Pty Ltd ("FFA") in 2014 by making a payment of £150,000 from the proceeds of the sale of investment property.

The Acorn loan Facility was secured by a charge over the freehold of Retreat Farm and was discharged in full on payment in November 2014.

There are no provisions in the year or as at year end.

15. Subsidiaries

	Proportion owned of holding	**Operating status**	**Place of Incorporation**
Flying Brands Holdings (UK) plc	100%	Non-trading	UK

Following the disposal of the trading activities of the Group in the previous years, the Company began the process of dissolving the remaining dormant or non-trading businesses of the Group, both in the UK and Jersey.

The disposal proceeds for the dissolution of each company was £nil. A loss on disposal of £nil has been recognised in the accounts. The costs of dissolving the subsidiaries during the period were £1,000 and incurred by the Company. For a list of subsidiaries dissolved in the year see Note 24.

16. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of between 0% and 25% (26 December 2014: 0-25%) depended on the locality of the future charges/credits.

The Directors have not recognised any deferred tax asset in respect of further unutilised UK tax losses of £1,901,000 (26 December 2014: £1,769,000), or connected party capital losses of £8,041,000 (26 December 2014 £8,041,000).

17. Share capital

	31.12.15 **£'000**	26.12.14 £'000
Authorised		
35,000,000 Ordinary shares of 1p each	**350**	350
Allotted, called up and fully paid Units at beginning of the year		
28,073,735 (26 December 2014: 28,073,735) Ordinary shares of 1p each	**281**	281
"A" Shares in Flying Brands Holdings (UK) plc		
28,073,735 (26 December 2014: 28,073,735) Ordinary shares of 0.005p each	**1**	1
TOTAL at beginning of the year	**282**	282
Share issues in the period:		
- Ordinary shares of 1p each	**28**	-
- "A" ordinary shares of 0.005p each	**-**	-
Total at end of year:		
30,880,963 (26 December 2014: 28,073,735) Ordinary shares of 1p each	**309**	281
30,880,963 (26 December 2014: 28,073,735) Ordinary shares of 0.005p each	**1**	1
Total at end of the year	**310**	282

On 13 July 2015 the Company issued 2,323,864 new units, comprising one ordinary share of £0.01 each and one ordinary "A" share in Flying Brands Holdings (UK) plc of £0.00005 each, at a price of £0.011 per Unit for a total of £25,000 on conversion of Convertible loan notes of the same value.

On the same day the Company issued 483,364 new units, comprising one ordinary share of £0.01 each and one ordinary "A" share in Flying Brands Holdings (UK) plc of £0.00005 each, at a price of £0.011 per Unit for a total of £5,200 on conversion of Convertible loan notes of the same value.

18. Reserves

Capital reserve

The capital reserve of the Group comprises a premium of £104,000 which was written off in 1988 on the purchase of the minority interest in the subsidiary company, Retreat Farm (1988) Limited, (now Retreat Nurseries Limited and formerly Flying Flowers (Jersey) Limited), and the assignment of a loan in 1982 of £87,000.

Revaluation reserve

On the 30 June 2011 the property at Retreat Farm was revalued and a revaluation reserve was created.

As a result of the sale of the Retreat Farm on 11 November 2014 the reserve created in 2011 for the revaluation of the investment property has been transferred to retained losses.

The property was situated in Jersey and owned by a Jersey company. As such, on the disposal no capital gains was payable as this tax does not exist in Jersey.

18. Reserves (continued)

Treasury shares

	31.12.15	26.12.14
	£'000	£'000
Investment at cost – own shares		
452,323 Ordinary shares of 1p each in Flying Brands Limited	**840**	840

These shares are held in an ESOP trust. All dividends are waived whilst the shares are held in the ESOP trust. The shares are netted off against shareholders' equity. These shares continue to have voting rights whilst held in trust.

Convertible loan note reserve

	31.12.15	26.12.14
	£'000	£'000
At the beginning of the year	**-**	-
Movement in the year	**53**	-
	53	-

The above reserve was created on the issue of two sets of unsecured convertible loan notes during the period for a total of £400,000. The above amount relates to the equity portion of the Convertible Loan notes of £53,000.

Warrant reserve

	31.12.15	26.12.14
	£'000	£'000
At the beginning of the year	**-**	-
Movement in the year	**13**	-
	13	-

On 11 March 2015, the Company issued warrants to Peterhouse Corporate Finance Limited exercisable at 1.1p per Unit anytime during the three years from the date of issue. The warrant is exercisable over 3 per cent of the Company's fully enlarged unit capital from time to time. This resulted in a charge of £12,976.

19. Operating lease commitments

Financial commitments

At 31 December 2015 the Group had total commitments under non-cancellable operating leases as follows:

The group as lessor

Property rental income for the year was £nil (2014: £0.08m), following disposal of the property. The property had committed tenants until June 2014. The lessee did not have an option to purchase the property at the expiry of the lease period in 2014.

At the balance sheet date, the Group had not contracted with tenants for any future minimum lease payments.

The group as lessee

The Group had no contracts in respect of lessee arrangements. The registered office is provided by the Company Secretary as part of their services. The contract has a cancellation policy of 3 months.

20. Contingent liabilities

All Jersey and UK based Group companies have given unlimited guarantees to Barclays Bank plc or its subsidiaries where appropriate (the "Bank") in respect of facilities provided to the Group. The Group has no direct obligation to the Bank.

21. Financial instruments

Financial risk management

The Group has exposure to the following risks from its use of financial instruments:

- Capital risk management
- Market risk
- Credit risk
- Liquidity risk

This note presents information about the Group's exposure to each of the above risks, the Group's management of capital, and the Group's objectives, policies and procedures for measuring and managing risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework.

Capital risk management

The Group manages its capital to ensure that entities in the Group will be able to continue as a going concern while maximising the return to stakeholders as well as sustaining the future development of the business. In order to maintain or adjust the capital structure, the Group may adjust dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The capital structure of the Group consists of net debt, which includes loans, cash and cash equivalents, and equity attributable to equity holders of the parent, comprising issued capital, reserves and retained earnings.

Fair value of financial assets and liabilities

	Valuation, methodology and hierarchy	**Book value 31.12.15 £'000**	**Fair value 31.12.15 £'000**	Book value 26.12.14 £'000	Fair value 26.12.14 £'000
Financial assets					
Cash and cash equivalents	(a)	**322**	**322**	410	410
Loans and receivables, net of impairment	(a)	**4**	**4**	12	12
Total at amortised cost		**326**	**326**	422	422
Financial liabilities					
Trade and other payables	(a)	**26**	**26**	(206)	(206)
Borrowings and provisions	(a)	**344**	**344**	(205)	(205)
Total at amortised cost		**370**	**370**	(411)	(411)

Valuation, methodology and hierarchy

(a) The carrying amounts of cash and cash equivalents, trade and other receivables, trade and other payables and deferred income, and Borrowings are all stated at book value. All have the same fair value due to their short-term nature.

Market risk

Market price risk arises from uncertainty about the future valuations of financial instruments held in accordance with the Group's investment objectives. These future valuations are determined by many factors but include the operational and financial performance of the underlying investee companies, as well as market perceptions of the future of the economy and its impact upon the economic environment in which these companies operate.

Credit risk

Credit risk is the risk that counterparties to financial instruments do not perform their obligations according to the terms of the contract or instrument. The Group is exposed to counterparty credit risk when dealing with its customers and certain financing activities.

21. Financial instruments (continued)

The immediate credit exposure of financial instruments is represented by those financial instruments that have a net positive fair value by counterparty at 31 December 2015. The Group considers its maximum exposure to be:

	31.12.15 £'000	26.12.14 £'000
Financial assets		
Cash and cash equivalents	**322**	410
Loans and receivables, net of impairment	**4**	12
	326	422

All cash balances and short-term deposits are held with an investment grade bank who is our principal banker (Barclays Bank PLC). Although the Group has seen no direct evidence of changes to the credit risk of its counterparties, the current focus on financial liquidity in all markets has introduced increased financial volatility. The Group continues to monitor the changes to its counterparties' credit risk.

Liquidity risk

Liquidity risk is the risk the Group will encounter difficulty in meeting its obligations associated with financial liabilities as they fall due. The Board are jointly responsible for monitoring and managing liquidity and ensures that the Group has sufficient liquid resources to meet unforeseen and abnormal requirements. The current forecast suggests that the Group has sufficient liquid resources.

Available liquid resources and cash requirements are monitored by the use of detailed cash flow and profit forecasts these are reviewed at least quarterly, or more often as required. The Directors decision to prepare these accounts on a going concern basis is based on assumptions which are discussed in the going concern note above.

The following are the contractual maturities of financial liabilities:

31 December 2015	**Carrying amount £'000**	**Contractual cash flows £'000**	**6 months or less £'000**	**6 to 12 months £'000**	**1 to 2 years £'000**	**2 to 5 years £'000**
Non–derivative financial liabilities						
Trade and other payables	**26**	**26**	**26**	–	–	–
Borrowings	**344**	**344**	–	–	–	**344**
	370	**370**	**26**	–	–	**344**

26 December 2014	Carrying Amount £'000	Contractual cash flows £'000	6 months or less £'000	6 to 12 months £'000	1 to 2 years £'000	2 to 5 years £'000
Non-derivative financial liabilities						
Trade and other payables	206	206	206	–	–	–
Borrowings	205	205	–	205	–	–
	411	411	206	205	–	–

21. Financial instruments (continued)

Cash flow management

The Group produces an annual budget which it updates quarterly with actual results and forecasts for future periods for profit and loss, financial position and cash flows. The Group uses these forecasts to report against and monitor its cash position. If the Group becomes aware of a situation in which it would exceed its current available liquid resources it would apply mitigating actions involving reduction of its cost base. The Group would also employ working capital management techniques to manage the cash flow in periods of peak usage.

Currency risk

The Group currently has minimal exposure to foreign currency and thus does not engage in any hedging activity. The Group liquidated its overseas subsidiaries during 2010 and therefore has no exposure to foreign exchange gains or losses.

Interest rate risk

	31.12.15 £'000	26.12.14 £'000
Variable rate instruments		
Financial liabilities	**–**	–
Cash	**322**	410

The impact on loss and equity of a 100 basis points increase in the interest rates would be £nil as the Group has no variable rate instruments (2014: nil).

22. Related party transactions

In the period ended 26 December 2014, West Coast Capital Trading Limited, which Former Director, Mr P Davidson, is a Partner of, lent the Company £205,000 for general working capital purposes. From the proceeds of the sale of the Retreat Farm property, the loan was repaid on 12 February 2015.

Former Director, Mr S Cook, is a Director of Silenus Investments Limited, who invoiced the Company £17,890 (2014: £124,000) during the period for Director's consultancy services. The balance outstanding at year end was £nil.

Non-Executive Chairman, Dr Qu Li, is also a Director and major shareholder of China Ventures Limited. During the year China Ventures Limited invoiced the Company a total of £1,000 (2014: £nil) in respect of services provided by Dr Li. The balance outstanding at year end was £1,000 (2014: £nil).

During the year the CEO, Trevor Brown, subscribed for £375,000 of unsecured Convertible Loan Notes. See Note 13 for further details.

23. Events after the reporting period

On 21 March 2016 Retreat Nurseries Limited was dissolved.

On 5 April 2016 the Company announced that there had been fraudulent activity on the Company's bank account resulting in a loss up to £78,000. At the time of signing the accounts the investigation was on-going. No adjustment was made to the results to, or the position at, 31 December 2015, as this was an isolated incident and occurred entirely post period end.

There were no other material events.

24. Results of discontinued operations

On 11 November 2014 the Group disposed of its freehold property at Retreat Farm, Jersey for an aggregate consideration in cash of £1.65m, comprising £1.45m for the sale of the main glasshouses property to Discreet Holdings Limited and £0.2m for the sale of the attached parkland to Ruff Properties Limited.

During the year the following dormant or non-trading subsidiaries were dissolved:

	Operating Status	Place of incorporation	Date of dissolution
Flying Brands Number One Limited	Non-trading	UK	24.11.2015
Arrossisca Limited	Non-trading	UK	24.11.2015
Flying Brands Number Two Limited	Non-trading	UK	24.11.2015
Flying Brands International Limited	Non-trading	Jersey	7.8.2015
Flying Brands Number Three Limited	Non-trading	UK	24.11.2015
Flying Brands Properties Limited	Non-trading	Jersey	7.8.2015
Benham Collectors Club Limited	Non-trading	Jersey	20.7.2015
Benham Covers Limited	Non-trading	UK	24.11.2015
Benham (A Buckingham) Limited	Dormant	UK	24.11.2015
The Bellbourne Group Limited	Dormant	UK	24.11.2015
Flying Brands Number Four Limited	Dormant	UK	24.11.2015
Bellbourne Properties Limited	Dormant	UK	24.11.2015
Flying Brands Number Five Limited	Dormant	UK	24.11.2015
Collect Direct Limited	Dormant	UK	24.11.2015
Victory Cards Limited	Dormant	UK	24.11.2015
Flying Brands Limited	Dormant	UK	1.12.2015
Flying Brands UK Limited	Dormant	UK	22.12.2015
New Growth Ltd	Dormant	UK	24.11.2015
Greetings Direct Limited	Dormant	UK	29.9.2015
Greetings Made Easy Limited	Dormant	UK	29.9.2015
Cards4Free Limited	Dormant	UK	15.12.2015
Cards for all Occasions Limited	Dormant	UK	29.11.2015
Easy Greetings Limited	Dormant	UK	24.11.2015
Dealtastic Holdings Limited	Non-trading	Jersey	7.8.2015
Dealtastic Limited	Non-trading	Jersey	7.8.2015
Promomachine Ltd	Non-trading	Jersey	18.8.2015
Promomachine UK Limited	Non-trading	UK	24.11.2015
Vitabits Limited	Non-trading	Jersey	7.8.2015

Results from discontinued operations of the subsidiaries:

	Year ended 31.12.2015 £'000
Results from operating activities net of tax	-
Loss on sale of discontinued operations	-
Net loss attributable to discontinued operations	-

Cash flow from discontinued operations of the subsidiaries:

Net cash flow from operating activities	-
Net cash from disposal proceeds	-
Net cash flow for the year	-

Effect of disposals on the financial position of the Group was as follows:

	£'000
Net assets	-
Consideration received in cash	-
Total consideration	-
Loss on disposal of discontinued operations	-

25. Share Options and Warrants

Warrants

On 11 March 2015, the Company issued warrants to Peterhouse Corporate Finance Limited exercisable at 1.1p per Unit anytime during the three years from the date of issue. The warrant is exercisable over 3 per cent of the Company's fully enlarged unit capital from time to time.

The fair value of the warrants issued during the year was determined using the Black-Scholes pricing model. The significant inputs to the model in respect of the warrants were as follows:

Date of issue	11 March 2015
Share price at date of grant	2.03p
Exercise price per share	1.1p
Estimated no. of warrants	842,212
Risk free rate	0.6%
Expected volatility	111%
Life of warrant	3 years
Calculated fair value per share warrant	1.54p

The fair value of Warrants outstanding at 31 December 2014 and their weighted average exercise price are as follows the warrants issued during the year was determined using the Black-Scholes pricing model. The significant inputs to the model in respect of the warrants were as follows:

	2015 Weighted average exercise price (pence)	**2015 Number**	2014 Weighted average exercise price (pence)	2014 Number
Outstanding at the beginning of the year	**-**	**-**	-	-
Expired during the year	**-**	**-**	-	-
Granted during the year	**1.1**	**842,212**	-	-
Exercised during the year	**-**	**-**	-	-
Outstanding at the end of the year	**1.1**	**842,212**	-	-

The total share-based expense recognised in the income statement for the year ended 31 December 2015 in respect of the warrants issued was £12,976 (2014: £nil).

Registered details

DIRECTORS:	**Trevor Brown** (Chief Executive Officer) **Dr Qu Li** (Non-Executive Chairman)
SECRETARY:	**Donald Reid** c/o Anglo Saxon Trust Forum 4 Grenville Street St Helier Jersey Channel Islands JE4 8TQ
REGISTERED OFFICE:	P. O. Box 264 Forum 4 Grenville Street St Helier **Jersey** Channel Islands JE4 8TQ
COMPANY REGISTRATION NUMBER:	**2044**
REGISTRAR AND TRANSFER OFFICE:	**Share Registrars Limited** The Registry 34 Beckenham Road Beckenham Kent BR3 4TU
INDEPENDENT AUDITORS:	**Welbeck Associates** Registered Auditors Chartered Accountants 30 Percy Street London W1T 2DB
FINANCIAL ADVISER AND CORPORATE BROKER:	**Peterhouse Corporate Finance Limited** New Liverpool House 15 Eldon Street London EC2M 7LD
BANKERS:	**Barclays Bank** 39 / 41 Broad Street St. Helier JERSEY JE4 8PU