

GRANBERO HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2017

GRANBERO HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2017

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GRANBERO HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Frixos Savvides
Eva Agathangelou

Company Secretary:

Hive Management Services Limited

Independent Auditors:

PKF Savvides & Co Limited
Certified Public Accountants and Registered Auditors

Registered office:

Arch. Makariou III, 229
Meliza Court, 4th Floor
P.C 3105, Limassol
Cyprus

Bankers:

Societe Generale Bank
BNP Paribas Polska
Banque De Luxembourg
Belfius Bank
Pekao Investment Banking S.A
Bank Pekao S.A

Registration number:

HE183542

GRANBERO HOLDINGS LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2017.

Incorporation

The Company GRANBERO HOLDINGS LIMITED was incorporated in Cyprus on 8 September, 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113.

The Company is operating in Cyprus and also through a branch in Luxembourg (Granbero Capital S.A). However the operations of the Luxembourg branch have ceased on 30 November 2017.

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are that of investment holding and trading and that of financing.

Review of current position, future developments and performance of the Company's business

Seen the activity of the Company, the Board of Directors is well aware that operational losses can occur.

Based on the above, it can be considered that the Company's development to date, financial results and position as presented in the financial statements are satisfactory. The Board of Directors will continue to monitor closely these elements and in particular the operational costs.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 3, 4 and 18 of the financial statements.

Results

The Company's results for the year are set out on page 7. The net loss for the year attributable to the shareholders of the Company amounted to €21.988.121 (2016: profit of €191.901.355). On 31 December 2017 the total assets of the Company were €908.847.601 (2016: €896.366.269) and the net assets of the Company were €678.048.577 (2016: €700.036.698).

Dividends

The Board of Directors does not recommend the payment of a dividend (2016: €430.000.000).

Research and development activities

The Company did not carry out any research and development activities during the year.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 20 to the financial statements.

GRANBERO HOLDINGS LIMITED

MANAGEMENT REPORT

Independent Auditors

The Independent Auditors, PKF Savvides & Co Limited, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,


HIVE MANAGEMENT SERVICES LIMITED

Hive Management Services Limited
Secretary

Limassol, 2 May 2018

Independent Auditor's Report

To the Members of GRANBERO HOLDINGS LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of GRANBERO HOLDINGS LIMITED (the "Company"), which are presented in pages 7 to 24 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss and other comprehensive income in pages 25 to 29, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Limassol office

PKF Savvides & Co Ltd | 229 Arch. Makarios Ave., Meliza Court 4th floor | 3105 Limassol Cyprus

Tel + 0357 25 868000 | Fax + 357 25 587871 | Email info@pkf.com.cy | www.pkf.com.cy

The list of directors' names of each firm is open for inspection at their principal place of business.

Independent Auditor's Report (continued)

To the Members of GRANBERO HOLDINGS LIMITED

Responsibilities of the Board of Directors for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings.

Independent Auditor's Report (continued)

To the Members of GRANBERO HOLDINGS LIMITED

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Stavros Stavrou

Certified Public Accountant and Registered Auditor
for and on behalf of

PKF Savvides & Co Limited

Certified Public Accountants and Registered Auditors

Limassol, 2 May 2018

GRANBERO HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2017

	Note	2017 €	2016 €
(Loss)/Profit from investment activities	5	(14.576.035)	197.786.111
Direct costs		(3.817.304)	(10.378)
Gross (loss)/profit		(18.393.339)	197.775.733
Administration expenses		(582.541)	(540.371)
Other expenses	6	-	(15.829.291)
Operating (loss)/profit	7	(18.975.880)	181.406.071
Finance income	8	14.752.582	18.682.821
Finance costs	8	(17.052.199)	(7.586.581)
(Loss)/profit before tax		(21.275.497)	192.502.311
Tax	9	(712.624)	(600.956)
Net (loss)/profit for the year		(21.988.121)	191.901.355
Other comprehensive income		-	-
Total comprehensive (expense) / income for the year		(21.988.121)	191.901.355

The notes on pages 11 to 24 form an integral part of these financial statements.

GRANBERO HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Investments in subsidiaries	10	764.196.999	283.922.659
Trade and other receivables	13	141.880.867	609.326.145
		906.077.866	893.248.804
Current assets			
Trade and other receivables	13	2.491.930	2.518.055
Cash at bank		277.805	599.410
		2.769.735	3.117.465
Total assets		908.847.601	896.366.269
EQUITY AND LIABILITIES			
Equity			
Share capital	14	67.335	67.335
Share premium		495.903.348	495.903.348
Retained earnings		182.077.894	204.066.015
Total equity		678.048.577	700.036.698
Non-current liabilities			
Trade and other payables	15	216.240.551	182.473.807
		216.240.551	182.473.807
Current liabilities			
Trade and other payables	15	13.025.531	12.237.604
Current tax liabilities	16	1.532.942	1.618.160
		14.558.473	13.855.764
Total liabilities		230.799.024	196.329.571
Total equity and liabilities		908.847.601	896.366.269

On 2 May 2018 the Board of Directors of GRANBERO HOLDINGS LIMITED authorised these financial statements for issue.



 Eva Agathangelou
 Director

The notes on pages 11 to 24 form an integral part of these financial statements.

GRANBERO HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2017

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2016		9.731	32.664.155	442.164.660	474.838.546
Total comprehensive income for the year		-	-	191.901.355	191.901.355
Issue of share capital	14	57.604	-	-	57.604
Dividends		-	-	(430.000.000)	(430.000.000)
Share premium		-	463.239.193	-	463.239.193
Balance at 31 December 2016/ 1 January 2017		67.335	495.903.348	204.066.015	700.036.698
Total comprehensive expense for the year		-	-	(21.988.121)	(21.988.121)
Balance at 31 December 2017		67.335	495.903.348	182.077.894	678.048.577

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

Non-Distributable Retained earnings

From the total Retained earnings of €182.077.894 an amount of €3.251.400 is non-distributable yet.

As from 2008, Granbero Capital (the Luxembourg branch of Granbero Holdings Ltd) booked in its annual accounts Net Wealth Tax ("NWT") reserves ("NWT reserves"), retained from result or available reserves, equal to five times the amount of the NWT due for the concerned year in order to benefit from the NWT reduction ("NWT Reduction") provided by §8a (1) of the Luxembourg NWT law as applicable. In this respect, Granbero Capital, committed to maintain each NWT Reserve during the next five years, to benefit from the NWT Reduction for a said year.

Hence, further to the dissolution of Granbero Capital in Luxembourg in year 2017, the NWT Reserves previously booked should be maintained in the annual accounts of its head office (Granbero Holdings Ltd). The NWT reserve is a non-distributable reserve maintained for the required five-year period from its initial constitution by the Luxembourg branch Granbero Capital.

GRANBERO HOLDINGS LIMITED

CASH FLOW STATEMENT

31 December 2017

	Note	2017 €	2016 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(21.275.497)	192.502.311
Adjustments for:			
Loss from the sale of investments in subsidiaries		15.884.727	-
Impairment charge - investments in subsidiaries	10	-	15.829.291
Dividend and similar distribution income	5	-	(19.011.458)
Interest income	8	(14.752.582)	(15.187.519)
Interest expense	8	5.047.515	7.575.315
		(15.095.837)	181.707.940
Changes in working capital:			
Decrease/(increase) in trade and other receivables		467.471.403	(116.450.791)
Increase in trade and other payables		34.554.671	61.508.135
Cash generated from operations		486.930.237	126.765.284
Dividend and similar distribution income		-	19.011.458
Tax paid		(797.842)	(499.742)
Net cash generated from operating activities		486.132.395	145.277.000
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments in subsidiaries	10	(498.174.340)	(288.775.720)
Sale/write offs of investments in subsidiary undertakings		2.015.273	1.626.352
Purchase of Closed - End Investments Funds certificates		-	(67.265)
Sale of Closed - End Investments Funds certificates		-	72.806.354
Redemption of Closed - End Investment Funds certificates	12	-	28.760.014
Interest income		14.752.582	15.187.519
Net cash used in investing activities		(481.406.485)	(170.462.746)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	57.604
Interest expense		(5.047.515)	(7.575.315)
Dividends paid		-	(430.000.000)
Share premium		-	463.239.193
Net cash (used in)/generated from financing activities		(5.047.515)	25.721.482
Net (decrease)/increase in cash and cash equivalents		(321.605)	535.736
Cash and cash equivalents at beginning of the year		599.410	63.674
Cash and cash equivalents at end of the year		277.805	599.410

The cash and cash equivalents include the following:

	2017 €	2016 €
Cash at bank and in hand	277.805	599.410
	277.805	599.410

The notes on pages 11 to 24 form an integral part of these financial statements.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

1. Incorporation and principal activities

Country of incorporation

The Company GRANBERO HOLDINGS LIMITED (the "Company") was incorporated in Cyprus on 8 September, 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 229, Meliza Court, 4th Floor, P.C 3105, Limassol, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are that of investment holding and trading and that of financing.

2. 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 years presented in these financial statements unless otherwise stated.

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The financial statements include the activities of the Luxembourg branch (Granbero Capital S.A) as well, and all interbranch balances are eliminated. The operations of the branch were ceased on 30 November 2017, and from that time all operations take place from Cyprus.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company will proceed to prepare separate consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap.113 and the Company does not intend to issue consolidated financial statements for the year 31 December 2017.

Since the 7th Directive of the European Union permits the preparation of consolidated financial statements in accordance with the Directive or in a manner equivalent to the Directive, and since the Cyprus Companies Law, Cap. 113, provides the aforementioned exemption, the provisions of International Financial Reporting Standard 10 'Consolidated Financial Statements' that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Significant accounting policies (continued)

Subsidiary companies

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2017 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

Finance income

Finance income includes Interest income which is recognised based on accrual basis.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Significant accounting policies (continued)

Dividends

Interim dividends are recognised in equity in the year in which they are approved by the Company's Directors. Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at cost. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non-current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

- Held-to-maturity investments

Held to maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, that do not meet the definition of loans and receivables. During the , the Company did not hold any investments in this category.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

- Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the reporting date.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank.

Borrowings

Borrowings are recorded at the proceeds received, net of transaction costs incurred.

Trade payables

Trade payables are measured at fair value.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3. Financial risk management (continued)

3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.3 Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

3.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, the Polish Zloty and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgments 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.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

4. Critical accounting estimates and judgments (continued)

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. (Loss)/Profit from investment activities

	2017	2016
	€	€
Dividend and similar distribution income	-	19,011,458
Profit/(loss) on redemption/sale of investment certificates	-	179,291,086
Loss from investments in subsidiaries	(15,884,727)	(511,245)
Loss from sale of securities	-	(5,188)
Guarantee surety fees	1,308,692	-
	<u>(14,576,035)</u>	<u>197,786,111</u>

6. Other expenses

	2017	2016
	€	€
Impairment charge - investments in subsidiaries	-	15,829,291
	<u>-</u>	<u>15,829,291</u>

7. Operating (loss)/profit

	2017	2016
	€	€
Operating (loss)/profit is stated after charging the following items:		
Auditors' remuneration	<u>20,825</u>	<u>20,825</u>

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

8. Finance income/cost

	2017	2016
	€	€
Interest income	14.752.582	15.187.519
Exchange profit	-	3.495.302
Finance income	14.752.582	18.682.821
Net foreign exchange losses	(11.843.586)	-
Interest expense	(5.047.515)	(7.575.315)
Sundry finance expenses	(161.098)	(11.266)
Finance costs	(17.052.199)	(7.586.581)
Net finance (costs)/income	(2.299.617)	11.096.240

9. Tax

	2017	2016
	€	€
Overseas tax - Luxembourg	626.728	594.364
Corporation tax - Head office	85.564	4.460
Overseas withholding tax	332	1.938
Defence contribution - Head office	-	194
Charge for the year	712.624	600.956

The corporation tax rate is 12,5%. Any taxable income from a permanent establishment abroad is taxed in that permanent establishment and is exempt from the Cyprus corporation tax.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

10. Investments in subsidiaries

	2017 €	2016 €
Balance at 1 January	283.922.659	10.602.582
Additions	498.174.340	290.775.720
Disposals/write offs	(17.900.000)	(1.626.352)
Impairment charge	-	(15.829.291)
Balance at 31 December	764.196.999	283.922.659

The details of the subsidiaries are as follows:

Name	Country of incorporation	Class of shares held	2017 Holding %	2016 Holding %	2017 €	2016 €
Ghelamco GP7 Sp.z.o.o.	Poland	Ordinary	100	100	27.191	15.328
Wuza 1 Sp.z.o.o. (ex. Ghelamco Warsaw Spire Sp.z.o.o.)	Poland	Ordinary	100	100	607.510	607.510
Ghelamco GP5 Sp.z.o.o.	Poland	Ordinary	100	100	27.323	13.050
Prima Bud Sp.z.o.o.	Poland	Ordinary	70	70	9.025	9.025
Ghelamco GP6 Sp.z.o.o.	Poland	Ordinary	100	100	48.213	43.478
Ghelamco GP3 Sp.z.o.o.	Poland	Ordinary	100	100	15.063	12.693
Apollo Invest Sp.z.o.o.	Poland	Ordinary	100	100	35.296.797	35.296.797
Ghelamco GP4 Sp.z.o.o.	Poland	Ordinary	100	100	11.888	1
Ghelamco Invest Sp.z.o.o.	Poland	Ordinary	100	100	6.067.628	6.067.628
Creditero Holdings Limited	Cyprus	Ordinary	100	100	20.254	20.254
Ghelamco GP1 Sp.z.o.o.	Poland	Ordinary	100	100	109.142	35.759
Ghelamco GP2 Sp.z.o.o.	Poland	Ordinary	100	100	407.652	287.607
Ghelamco GP8 Sp.z.o.o.	Poland	Ordinary	100	100	20.099	5.831
Innovation Bud Bis Sp.z.o.o.	Poland	Ordinary	100	100	1	1
Ghelamco GP9 Sp.z.o.o.	Poland	Ordinary	100	100	15.482	1.235
Espressivo Sp.z.o.o.	Poland	Ordinary	-	100	-	1
Ghelamco GP10 Sp.z.o.o.	Poland	Ordinary	100	100	17.643	12.881
P22 Lodz Sp.z.o.o.	Poland	Ordinary	51	51	1.756	1.756
Orston Sp.z.o.o.	Poland	Ordinary	100	100	7.170	7.170
Oscroft Sp.z.o.o.	Poland	Ordinary	100	100	195.753	195.753
Orrin Sp.z.o.o.	Poland	Ordinary	100	100	7.170	7.170
Warsaw Spire Management Sp.z.o.o.	Poland	Ordinary	100	100	64.673	1.125
Oaken Sp.z.o.o.	Poland	Ordinary	100	100	7.170	7.170
Warsaw Spire Sp.z.o.o.	Poland	Ordinary	100	100	52.043	28.342
Woronicza Sp.z.o.o.	Poland	Ordinary	100	100	259	235
Pianissima Sp.z.o.o.	Poland	Ordinary	100	100	1.143	1.143
Ilderim Sp.z.o.o.	Poland	Ordinary	100	100	3.407	3.407
Qanta Sp.z.o.o.	Poland	Ordinary	100	100	1.143	1.143
Bellona Bema 87 Sp.z.o.o.	Poland	Ordinary	-	100	-	188.000
Erato Sp.z.o.o. (ex. Ghelamco GP1 Sp.z.o.o. Erato SKA)	Poland	Ordinary	100	100	188.479	233
Ghelamco GP1 Sp.z.o.o. Matejki SKA	Poland	Ordinary	-	100	-	233
Esperola Ltd	Cyprus	Ordinary	100	100	241.048.700	241.048.700
Laboka Holdings Limited	Cyprus	Ordinary	100	100	1.000	1.000
Stareti Holdings Limited	Cyprus	Ordinary	-	100	-	1.000
Ghelamco GP11 Sp.z.o.o. (ex. Halstead Sp.z.o.o.)	Poland	Ordinary	100	-	38.092	-
Milovat Limited	Cyprus	Ordinary	100	-	479.878.130	-
					764.196.999	283.922.659

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

10. Investments in subsidiaries (continued)

Espressivo Sp.z.o.o. was merged in Woronicza Sp.z.o.o. during the year under review.

Bellona Bema 87 Sp.z.o.o. and Ghelamco GP1 Sp.z.o.o. Matejki, were merged in Erato Sp.z.o.o. during the year under review.

11. Investments in associates

	2017 €	2016 €
Balance at 1 January	-	2.000.000
Reclassified to Investments in subsidiaries	-	(2.000.000)
Balance at 31 December	-	-

12. Closed - End Investments Fund

	2017 €	2016 €
Balance at 1 January	-	101.499.103
Additions	-	67.265
Redemption	-	(28.760.014)
Disposals	-	(72.806.354)
Balance at 31 December	-	-

13. Trade and other receivables

	2017 €	2016 €
Receivables from related companies (Note 17.3)	29.518.985	493.869.171
Receivables from parent (Note 17.3)	114.853.812	117.952.425
Other receivables	-	22.604
	144.372.797	611.844.200
Less non-current receivables	(141.880.867)	(609.326.145)
Current portion	2.491.930	2.518.055

Receivables from related companies and parent in relation to financing, carry interest at market rates.

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

14. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €1 each	100.000	100.000	100.000	100.000
		€		€
Issued and fully paid				
Balance at 1 January	67.335	67.335	9.731	9.731
Issue of shares	-	-	57.604	57.604
Balance at 31 December	67.335	67.335	67.335	67.335

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

15. Trade and other payables

	2017	2016
	€	€
Trade payables	280.000	200.000
Accruals	48.979	64.661
Payables to related companies (Note 17.4)	<u>228.937.103</u>	<u>194.446.750</u>
	229.266.082	194.711.411
Less non-current payables	<u>(216.240.551)</u>	<u>(182.473.807)</u>
Current portion	<u>13.025.531</u>	<u>12.237.604</u>

Payables to related companies in relation to financing, carry interest at market rates.

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

16. Current tax liabilities

	2017	2016
	€	€
Overseas tax - Luxembourg	724.224	655.390
Special contribution for defence	194	38.016
Corporation tax - Head office	<u>808.524</u>	<u>924.754</u>
	<u>1.532.942</u>	<u>1.618.160</u>

17. Related party transactions

The Company is a 100% subsidiary of Ghelamco Group Comm.VA, incorporated in Belgium. The Company's ultimate controlling party is Mr. Paul Gheysens, of Belgium.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

17. Related party transactions (continued)

The following transactions were carried out with related parties:

17.1 Sales of goods and services

	Nature of transactions	2017 €	2016 €
Peridot SL	Interest receivable	9.031.387	8.624.999
Salamanca Capital Services Limited	Interest receivable	1.824.985	1.755.016
Warsaw Spire Sp.z.o.o. Sp.K	Interest receivable	-	1.396.679
Innovation Bud Bis Sp.z.o.o.	Interest receivable	-	65.799
Ghelamco Group Comm. VA	Interest receivable	2.216.387	1.407.827
Ghelamco Warsaw Spire Sp.z.o.o. WS Sp.K	Interest receivable	-	530.441
Ghelamco GP4 Sp.z.o.o. M12 S.K.A	Interest receivable	-	15.261
Ghelamco GP1 Sp.z.o.o. Port Zeranski S.K.A	Interest receivable	-	6.382
Ghelamco GP5 Sp.z.o.o. Sienna Towers S.K.A	Interest receivable	-	156.118
Ghelamco GP1 Sp.z.o.o. Vogla S.K.A	Interest receivable	-	11.019
Ghelamco GP7 Sp.z.o.o. Postepu S.K.A	Interest receivable	-	30.818
Ghelamco GP3 Sp.z.o.o. Wronia S.K.A	Interest receivable	-	22.038
Creditero Holdings Limited	Interest receivable	181.625	185.839
Ghelamco GP3 Sp.z.o.o. Grzybowska 77	Interest receivable	-	29.836
Ghelamco GP4 Sp.z.o.o.	Interest receivable	-	42.932
Ghelamco GP1 Sp.z.o.o. Sigma S.K.A	Interest receivable	-	8.849
CC 28 Closed-End Investment Fund	Redemption of investment certificates	-	39.843.338
CC 28 Closed-End Investment Fund	Dividend and similar distribution income	-	11.458
Esperola Ltd	Sale of investment certificates	-	241.047.701
Ghelamco GP10 Sp.z.o.o. (ex Chopin Project Sp.z.o.o.)	Interest receivable	674.766	640.762
Woronicza Sp.z.o.o. (ex. Ghelamco GP2 Proof Sp.K)	Interest receivable	204.068	143.734
Ghelamco GP3 Isola S.K.A	Interest receivable	32.000	49.852
Erato Sp.z.o.o (ex. Bellona Bema 87 Sp.z.o.o.)	Interest receivable	145.551	38.632
P22 Lodz Sp.z.o.o. Sp.K	Interest receivable	93.838	1.284
Ghelamco GP1 Sp.z.o.o. Azira S.K.A	Interest receivable	278.261	13.430
Warsaw Spire Management Sp.z.o.o.	Interest receivable	6.346	174
Ghelamco GP4 Sp.z.o.o. SBP S.K.A (ex. Ghelamco GP5 Sp.z.o.o. SBP S.K.A)	Interest receivable	20.400	510
Ghelamco GP5 Sp.z.o.o. Foksal S.K.A	Interest receivable	26.000	650
Ghelamco Nowa Formiarnia Sp.z.o.o.	Interest receivable	16.482	1.601
Creditero Holdings Ltd	Dividend income	-	19.000.000
Laboka Holdings Ltd	Interest receivable	482	-
Ghelamco Invest Sp.z.o.o.	Guarantee surety fees	1.183.072	-
Ghelamco Nowa Formiarnia Sp.z.o.o.	Guarantee surety fees	125.620	-
		16.061.270	315.082.979

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

17. Related party transactions (continued)

17.2 Purchases of goods and services

	Nature of transactions	2017 €	2016 €
Innovation Bud Bis Sp.z.o.o.	Interest payable	-	345.050
Finaris S.A	Professional fees	16.475	17.534
Salamanca Capital Services Limited	Interest payable	1.080	1.080
Woronicza Sp.z.o.o. (ex. Espressivo Sp.z.o.o.)	Interest payable	2.450	2.497
CC28 Closed - End Investment Fund	Interest payable	-	3.654.041
Ghelamco GP6 Sp.z.o.o.	Interest payable	-	304.237
Wuza 3 Sp.z.o.o. (ex. Ghelamco Warsaw Spire Sp.z.o.o. WS Sp.K)	Interest payable	43.896	2.938.808
Wuza 4 Sp.z.o.o. (ex. Ghelamco GP3 Sp.z.o.o. Grzybowska 77)	Interest payable	-	127.852
Wuza 1 Sp.z.o.o. (ex. Ghelamco Warsaw Spire Sp.z.o.o.)	Interest payable	47.104	4.505
Ghelamco GP3 Sp.z.o.o.	Interest payable	5.564	130
Esperola Ltd	Interest payable	4.925.763	197.115
Ghelamco GP12 Sp.z.o.o. Pl. Europejski 1 SKA (ex. Warsaw Spire Sp.z.o.o. Pl. Europejski 1 SKA)	Guarantee fees paid	3.434.243	-
Ghelamco GP15 Sp.z.o.o. Pl. Europejski 2 SKA (ex. Warsaw Spire Sp.z.o.o. Pl. Europejski 2 SKA)	Guarantee fees paid	370.548	-
Warsaw Spire Sp.z.o.o. Pl. Europejski 6 SKA	Guarantee fees paid	12.513	-
		8.859.636	7.592.849

17.3 Receivables from related parties (Note 13)

Name	Nature of transactions	2017 €	2016 €
Salamanca Capital Services Ltd	Finance	-	90.419.859
Peridot SL	Finance	-	344.560.768
Tallink Invesments Limited	Trade	2.473.375	2.473.375
Creditero Holdings Ltd	Finance	7.987.140	7.805.515
Ghelamco GP10 Sp.z.o.o. (ex. Chopin Project Sp.z.o.o.)	Finance	-	29.742.450
Woronicza Sp.z.o.o. (ex. Ghelamco GP2 Sp.z.o.o. Proof Sp.K)	Finance	4.626.963	5.278.895
Ghelamco GP3 Sp.z.o.o. Isola S.K.A	Finance	862.952	830.952
Erato Sp.z.o.o. (ex. Bellona Bema 87 Sp.z.o.o.)	Finance	2.377.756	2.147.690
P22 Lodz Sp.z.o.o. Sp.K	Finance	2.128.557	170.810
Ghelamco GP1 Sp.z.o.o. Azira S.K.A	Finance	5.758.691	7.563.430
Warsaw Spire Management Sp.z.o.o.	Finance	(621)	90.590
Ghelamco GP4 Sp.z.o.o. SBP S.K.A (ex. Ghelamco GP5 Sp.z.o.o. SBP S.K.A)	Finance	530.910	510.510
Ghelamco GP5 Sp.z.o.o. Foksal S.K.A	Finance	676.650	650.650
Ghelamco Nowa Formiemia Sp.z.o.o.	Finance	-	1.601.601
Laboka Holdings Limited	Trade	6.695	6.254
Ilderim Sp.z.o.o.	Trade	2.398	2.260
Pianissima Sp.z.o.o.	Trade	2.398	2.260
Qanta Sp.z.o.o.	Trade	2.398	2.260
Octon Sp.z.o.o.	Trade	-	4.521
Ollay Sp.z.o.o.	Trade	-	4.521
Ghelamco European Property Fund	Finance/Trade	2.027.573	-
Laboka Holdings Ltd	Finance	50.482	-
Milovat Limited	Trade	4.668	-
		29.518.985	493.869.171

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

17. Related party transactions (continued)

17.4 Payables to related parties (Note 15)

Name	Nature of transactions	2017 €	2016 €
Finaris S.A	Professional fees	11.982	9.411
Creditero Holdings Limited	Trade	12.682.691	11.957.105
Salamanca Capital Services Limited	Finance	17.536	16.456
Woronicza Sp.z.o.o. (ex. Espressivo Sp.z.o.o.)	Finance	80.749	78.299
Wuza 1 Sp.z.o.o. (ex. Ghelamco Warsaw Spire Sp.z.o.o)	Finance	869.710	774.886
Ghelamco GP3 Sp.z.o.o.	Finance	77.711	67.942
Wuza 3 Sp.z.o.o. (ex. Ghelamco Warsaw Spire Sp.z.o.o. WS Sp.K)	Finance	1.065.857	1.471.961
Esperola Ltd	Finance/Trade	214.129.981	180.065.258
CC26 Closed - End Investment Fund	Trade	-	465
Ghelamco GP10 Sp.z.o.o. Sigma S.K.A (ex. Chopin Project Sp.z.o.o. Sigma S.K.A)	Trade	-	3.391
Stareti Holdings Limited	Trade	253	1.000
Ghelamco GP1 Sp.z.o.o.	Trade	623	576
Ghelamco GP4 Sp.z.o.o.	Trade	10	-
		228.937.103	194.446.750

17.5 Parent company - current account debit balances

	2017 €	2016 €
Ghelamco Group Comm. VA	114.853.812	117.952.425
	114.853.812	117.952.425

18. Contingent liabilities

Ghelamco Invest Sp.z.o.o., subsidiary of Granbero Holdings Ltd, has in years 2011 - 2017 issued Polish bearer bonds for a total amount of PLN1.027.067.900 and €6.320.000 which are outstanding as at 31 December 2017. These bonds, which have been underwritten by a select group of investors and have been listed for trading on the alternative trading system Catalyst run by BondSpot S.A., are secured by a redemption surety granted by Granbero Holdings Ltd. The redemption surety covers also all documented expenses related with the enforcement of the issuer's or guarantor's financial obligations from the bonds issued and also an agreed statutory interest on the bonds.

19. Commitments

The Company had no capital or other commitments as at 31 December 2017.

20. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 4 to 6

GRANBERO HOLDINGS LIMITED

DETAILED INCOME STATEMENT

31 December 2017

	Page	2017 €	2016 €
Return on investments			
Dividend and similar distribution income		-	19.011.458
Profit/(loss) on redemption/sale of investment certificates		-	179.291.086
Loss from investments in subsidiaries		(15.884.727)	(511.245)
Loss from sale of securities		-	(5.188)
Guarantee surety fees		1.308.692	-
Direct costs	26	(3.817.304)	(10.378)
Gross (loss)/profit		(18.393.339)	197.775.733
Operating expenses			
Administration expenses	27	(582.541)	(540.371)
		(18.975.880)	197.235.362
Other operating expenses			
Impairment charge - investments in subsidiaries		-	(15.829.291)
Operating (loss)/profit		(18.975.880)	181.406.071
Finance income	28	14.752.582	18.682.821
Finance costs	28	(17.052.199)	(7.586.581)
Net (loss)/profit for the year before tax		(21.275.497)	192.502.311

GRANBERO HOLDINGS LIMITED

DIRECT COSTS

31 December 2017

	2017 €	2016 €
Direct costs		
Commissions payable	-	10.378
Guarantee fees	<u>3.817.304</u>	<u>-</u>
	<u>3.817.304</u>	<u>10.378</u>

GRANBERO HOLDINGS LIMITED

SELLING AND DISTRIBUTION EXPENSES

31 December 2017

	2017 €	2016 €
Administration expenses		
Rent	13.582	14.711
Licenses and taxes	350	350
Sundry expenses	2.910	-
Telephone and postage	371	327
Courier expenses	71	354
Auditors' remuneration	20.825	20.825
Accounting fees	7.438	7.438
Other professional fees	163.447	135.469
Overseas travelling and accommodation	360.433	227.215
Stamp and other duties	13.114	133.682
	582.541	540.371

GRANBERO HOLDINGS LIMITED

FINANCE INCOME/COST

31 December 2017

	2017 €	2016 €
Finance income		
Bank interest	4	646
Group interest	14.752.578	15.180.482
Other interest income	-	6.391
Foreign exchange profit	-	3.495.302
	<u>14.752.582</u>	<u>18.682.821</u>
 Finance costs		
Interest expense		
Group interest	5.025.857	7.575.315
Interest on taxes	21.658	-
 Sundry finance expenses		
Bank charges	161.098	11.266
 Net foreign exchange losses		
Exchange loss	<u>11.843.586</u>	<u>-</u>
	<u>17.052.199</u>	<u>7.586.581</u>

GRANBERO HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

31 December 2017

	Page	€	€
Net loss per income statement	25		(21.275.497)
<u>Add:</u>			
Loss from investments in subsidiaries		15.884.727	
Disallowed overseas travelling and accommodation connected with non taxable activities		360.433	
Disallowed group interest connected with non taxable activities		933.429	
Exchange loss		11.843.586	
Interest on taxes		21.658	
Stamp and other duties		13.114	
Annual levy fees		350	
General expenses allocated to non taxable activities		218.944	
Direct costs connected with non taxable activities		3.817.304	
Notional interest received on debit balance		98.935	
			<u>33.192.480</u>
			11.916.983
<u>Less:</u>			
Profit from permanent establishment abroad exempted from income tax computation – article 36(3) - Luxembourg		10.801.905	
Allowance for notional interest on debit balance taxed to a related company		492.796	
			<u>(11.294.701)</u>
Chargeable income for the year			<u>622.282</u>

Calculation of corporation tax

	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	<u>622.282</u>	12,5	77.785,25
10% additional charge			<u>7.778,53</u>
TAX PAYABLE			<u>85.563,78</u>

