NEREGELIA TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2017

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CERTIFIED BY: COSTAS TSIRIDES & CO LLC

SIGNATURE: Aristiana Stylianou (lawyer)

ARISTIANA STYLIANOU
LAWYER
Reg. No. 6239

ADRESS: 276 Arch. Marios III Ave, LARA COURT, 3105 Limassol, Cyprus

DATE: 19th November 2018

ECONOMIDES & CO
CHARTERED ACCOUNTANTS

NERGELIA TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2017

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Pavlina Tsiridou Alfo Services Limited
Company Secretary:	Alfo Secretarial Limited
Independent Auditors:	G. ECONOMIDES & CO. LTD Chartered Accountans 4 Evagora Papachristoforou str., Themis Court 3rd floor, office 301 3030 Limassol, Cyprus
Registered office:	Griva Digheni Panayides Building 2nd floor, office 3 3030 Limassol, Cyprus
Bankers:	Eurobank Cyprus Ltd Banca Intensa Raiffesen Bank
Registration number:	95511

REPORT OF THE BOARD OF DIRECTORS

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

Principal activity and nature of operations of the Company
The principal activity of the Company, which is unchanged from last year, is the general trading and the operation of an investment company.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

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

Use of financial instruments by the Company
The Company is exposed to interest rate risk, credit risk and dividends from the financial instruments it holds.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. 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.

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.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Company does not hold collateral as security.

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.

Results
The Company's results for the year are set out on page 7.

Dividends
The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

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

REPORT OF THE BOARD OF DIRECTORS

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. All of them were members of the Board of Directors throughout the year ended 31 December 2017.

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.

Independent Auditors
The Independent Auditors, G. ECONOMIDES & CO. LTD, 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,

Pavlina Tsiridou
Director

Limassol, 24 October 2018

ECONOMIDES & CO
CHARTERED ACCOUNTANTS

Independent Auditor's Report

To the Members of NEREGELIA TRADING LIMITED

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent company NEREGELIA TRADING LIMITED (the "Company"), which are presented in pages 7 to 23 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 parent company NEREGELIA TRADING LIMITED 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 Report of the Board of Directors, 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.

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.

Directors: George Economides FCA, FCCA | Elena Demetriou BSc, FCA
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Independent Auditor's Report (continued)

To the Members of NEREGELIA TRADING LIMITED

Responsibilities of the Board of Directors for the Financial Statements (continued)

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 scepticism 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, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

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

- In our opinion, the Report of the Board of Directors 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 Report of the Board of Directors.

Independent Auditor's Report (continued)

To the Members of NEREGELIA TRADING LIMITED

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.

G. ECONOMIDES & CO. LTD
CHARTERED ACCOUNTANTS

Elena Demetriou
Certified Public Accountant and Registered Auditor
for and on behalf of
G. ECONOMIDES & CO. LTD
Chartered Accountans

Limassol, 24 October 2018

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

	Note	**2017** **€**	2016 €
Revenue	4	**3.419.375**	4.127.618
Cost of sales		**(1.577.217)**	(2.997.601)
Gross profit		**1.842.158**	1.130.017
Other operating income	5	**7.272.658**	5.860.337
Administration expenses		**(201.943)**	(2.898.192)
Other expenses	6	**-**	(2.218.578)
Operating profit		**8.912.873**	1.873.584
Finance costs	9	**(6.890)**	(5.990)
Profit before tax		**8.905.983**	1.867.594
Tax	10	**(204.210)**	221.727
Net profit for the year		**8.701.773**	2.089.321
Other comprehensive income		**-**	-
Total comprehensive income for the year		**8.701.773**	2.089.321

STATEMENT OF FINANCIAL POSITION
31 December 2017

	Note	**2017** €	2016 €
ASSETS			
Non-current assets			
Intangible assets	11	**5.200.000**	5.200.000
Investments in subsidiaries	12	**16.870.387**	13.214.150
Deferred tax assets	16	**489.760**	693.970
		22.560.147	19.108.120
Current assets			
Trade and other receivables	13	**11.849.574**	11.280.107
Cash at bank and in hand	14	**226.314**	94.711
		12.075.888	11.374.818
Total assets		**34.636.035**	30.482.938
EQUITY AND LIABILITIES			
Equity			
Share capital	15	**17.100**	17.100
Retained earnings		**31.345.382**	22.643.609
Total equity		**31.362.482**	22.660.709
Current liabilities			
Trade and other payables	17	**3.273.553**	7.822.229
		3.273.553	7.822.229
Total equity and liabilities		**34.636.035**	30.482.938

On 24 October 2018 the Board of Directors of NEREGELIA TRADING LIMITED authorised these financial statements for issue.

....
Pavlina Tsiridou
Director

ALFO SERVICES LTD
....
Alfo Services Limited
Director

STATEMENT OF CHANGES IN EQUITY
31 December 2017

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2016	**17.100**	**20.554.288**	**20.571.388**
Comprehensive income			
Net profit for the year	-	2.089.321	2.089.321
Balance at 31 December 2016/ 1 January 2017	**17.100**	**22.643.609**	**22.660.709**
Comprehensive income			
Net profit for the year	-	8.701.773	8.701.773
Balance at 31 December 2017	**17.100**	**31.345.382**	**31.362.482**

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.

CASH FLOW STATEMENT
31 December 2017

	Note	2017 €	2016 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**8.905.983**	1.867.594
Adjustments for:			
Loss from the sale of investments in subsidiaries		**-**	2.107.478
Impairment charge - investments in subsidiaries	12	**-**	111.100
Dividend income	5	**(7.272.658)**	(5.860.337)
		1.633.325	(1.774.165)
Changes in working capital:			
Increase in trade and other receivables		**(569.467)**	(7.624.952)
(Decrease)/increase in trade and other payables		**(4.548.676)**	5.397.578
Cash used in operations		**(3.484.818)**	(4.001.539)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	11	**-**	(1.251.100)
Payment for purchase of investments in subsidiaries	12	**(3.656.237)**	(111.100)
Proceeds from sale of investments in subsidiary undertakings		**-**	(446.478)
Dividends received		**7.272.658**	5.860.337
Net cash generated from investing activities		**3.616.421**	4.051.659
Net increase in cash and cash equivalents		**131.603**	50.120
Cash and cash equivalents at beginning of the year		**94.711**	44.591
Cash and cash equivalents at end of the year	14	**226.314**	94.711

The notes on pages 11 to 23 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company NEREGELIA TRADING LIMITED (the "Company") was incorporated in Cyprus on 20 June, 1998 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Griva Digheni, Panayides Building, 2nd floor, office 3, 3030 Limassol, Cyprus.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the general trading and the operation of an investment company.

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 Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2017.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, 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 financial statements have been prepared under the historical cost convention.

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 and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union

New standards
- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).

Amendments
IFRS Interpretations Committee
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).

2. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

(i) Issued by the IASB and adopted by the European Union (continued)
- Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRSs 2014-2016 Cycle (effective for annual periods beginning on or after 1 January 2018 (IFRS 1 and IAS 28)).
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).
- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).

New IFRICs
- IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).

(ii) Issued by the IASB but not yet adopted by the European Union

New standards
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).

Amendments
- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017) (effective for annual periods beginning on or after 1 January 2019).
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018) (effective for annual periods beginning on or after 1 January 2019).
- Annual Improvements to IFRSs 2015-2017 Cycle (issued on 12 December 2017) (effective for annual periods beginning on or after 1 January 2019)
- Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)
- IFRS 10 (Amendments) and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture(effective date postponed indefinitely).

New IFRICs
- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).

The above are expected to have no significant impact on the Company's financial statements when they become effective.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

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.

2. Significant accounting policies (continued)

Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Sale of products**

  Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Company has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

- **Dividend income**

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

Finance costs

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

Tax

Income tax expense represents the sum of the tax currently payable and deferred 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.

Deferred tax 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 financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

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.

2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Platform implementation

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

2. Significant accounting policies (continued)

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.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

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

Trade payables

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

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.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

3. 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.

Critical accounting estimates and assumptions

The Company 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 year are discussed below.

- **Provision for bad and doubtful debts**

  The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **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.

Critical judgements in applying the Company's accounting policies

- **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 would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

3. Critical accounting estimates and judgments (continued)

- **Impairment of loans receivable**

  The Company periodically evaluates the recoverability of loans receivable 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 in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of intangible asset**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

4. Revenue

	2017	2016
	€	€
Sales of products	**3.275.375**	4.020.612
Rendering of services	**144.000**	107.006
	3.419.375	4.127.618

5. Other operating income

	2017	2016
	€	€
Dividend income	**7.272.658**	5.860.337
	7.272.658	5.860.337

6. Other expenses

	2017	2016
	€	€
Loss from sale of investments in subsidiaries	**-**	2.107.478
Impairment charge - investments in subsidiaries	**-**	111.100
	-	2.218.578

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

7. Expenses by nature

	2017	2016
	€	€
Raw materials and consumables used	**1.577.217**	2.716.120
Staff costs (Note 8)	**41.460**	36.786
Auditors' remuneration	**2.500**	2.500
Compensation costs	**-**	360.000
Consulting fees	**71.319**	2.400.000
Market research expenses	**-**	281.481
Loss from sale of investments in subsidiaries	**-**	2.107.478
Other expenses	**86.664**	210.006
Total expenses	**1.779.160**	8.114.371

8. Staff costs

	2017	2016
	€	€
Salaries	**41.460**	36.786
	41.460	36.786

9. Finance costs

	2017	2016
	€	€
Sundry finance expenses	**6.890**	5.990
Finance costs	**6.890**	5.990

10. Tax

	2017	2016
	€	€
Deferred tax - charge/(credit) (Note 16)	**204.210**	(221.727)
Charge/(credit) for the year	**204.210**	(221.727)

The tax on the Company's profit before tax differs from theoretical amount that would arise using the applicable tax rates as follows:

	2017	2016
	€	€
Profit before tax	**8.905.983**	1.867.594
Tax calculated at the applicable tax rates	**1.113.248**	233.449
Tax effect of expenses not deductible for tax purposes	**43**	277.366
Tax effect of allowances and income not subject to tax	**(909.082)**	(732.542)
Tax effect of tax losses brought forward	**(204.209)**	-
Tax effect of tax loss for the year	**-**	221.727
Deferred tax	**204.210**	(221.727)
Tax charge	**204.210**	(221.727)

The corporation tax rate is 12,5%.

10. Tax (continued)

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%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

The Company's chargeable income for the year amounted to €1.633.675 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

11. Intangible assets

	Platform implementation €
Cost	
Balance at 1 January 2016	3.948.900
Additions	1.251.100
Balance at 31 December 2016/ 1 January 2017	**5.200.000**
Balance at 31 December 2017	**5.200.000**
Net book amount	
Balance at 31 December 2017	**5.200.000**
Balance at 31 December 2016	**5.200.000**

12. Investments in subsidiaries

	2017	2016
	€	€
Balance at 1 January	**13.214.150**	14.875.150
Additions	**3.656.237**	111.100
Disposals	**-**	(1.661.000)
Impairment charge	**-**	(111.100)
Balance at 31 December	**16.870.387**	13.214.150

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2017 Holding %	2016 Holding %	2017 €	2016 €
Nelt Doo	Bosnia Herzegovina	Wholesale and retail	78.68	78.68	**2.900.000**	2.900.000
Neregelia Podgorica d.o.o	Montenegro	Wholesale and retail	100	100	**52.663**	52.663
Nelt Co	Serbia	Wholesale and retail	100	100	**85.987**	85.987
NELO ENERGY D.O.O.	Serbia	Wholesale and retail	100	100	**500**	500
NELT S.T	F.Y.R.O.M	Wholesale and retail	100	100	**10.175.000**	10.175.000
Nelt Line	F.Y.R.O.M	Wholesale and retail	100		**5.000**	-
Nelt Log	F.Y.R.O.M	Wholesale and retail	100		**5.000**	-
Montenomaks Control & Logistics	Montenegro	Wholesale and retail	80		**3.595.137**	-
Beta Distribution LLC	Kosovo	Wholesale and retail	51		**51.000**	-
Nelt Africa	Africa	Wholesale and retail	100		**100**	-
					16.870.387	13.214.150

13. Trade and other receivables

	2017	2016
	€	€
Trade receivables	**8.839.951**	6.496.254
Loans receivable	**3.008.770**	4.783.000
Refundable VAT	**853**	853
	11.849.574	11.280.107

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

NOTES TO THE FINANCIAL STATEMENTS
31 December 2017

14. Cash at bank and in hand

	2017	2016
	€	€
Cash at bank	**226.314**	94.711
	226.314	94.711

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2017	2016
	€	€
Cash at bank and in hand	**226.314**	94.711
	226.314	94.711

15. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €1,71 each	**10.000**	**17.100**	10.000	17.100
		€		€
Issued and fully paid				
Balance at 1 January	**10.000**	**17.100**	10.000	17.100
Balance at 31 December	**10.000**	**17.100**	10.000	17.100

16. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 10). The applicable corporation tax rate in the case of tax losses is 12,5%.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax assets

	Tax losses €
Balance at 1 January 2016	472.243
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 10)	221.727
Balance at 31 December 2016/ 1 January 2017	**693.970**
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 10)	(204.210)
Balance at 31 December 2017	**489.760**

17. Trade and other payables

	2017	2016
	€	€
Trade payables	3.271.053	7.819.728
Accruals	2.500	2.501
	3.273.553	7.822.229

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

18. Operating Environment of the Company

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, and although the rating continues to be 'non-investment grade', the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

19. Related party transactions

The following transactions were carried out with related parties:

19.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2017	2016
	€	€
Directors' fees	1.071	1.071
	1.071	1.071

19. Related party transactions (continued)

19.2 Loans to subsidiary companies

	2017	2016
	€	€
Nelt Co	-	4.720.000
Beta Distribution LLC	129.540	-
Montenomaks Control & Logistics	154.230	-
Neregelia D.O.O	2.632.000	-
	2.915.770	4.720.000

20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2017.

21. Commitments

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

22. 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

ADDITIONAL INFORMATION TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

CONTENTS

DETAILED INCOME STATEMENT
31 December 2017

	Page	2017 €	2016 €
Revenue			
Sales of products		**3.275.375**	4.020.612
Rendering of services		**144.000**	107.006
Cost of sales	3	**(1.577.217)**	(2.997.601)
Gross profit		**1.842.158**	1.130.017
Dividend income		**7.272.658**	5.860.337
		9.114.816	6.990.354
Operating expenses			
Administration expenses	4	**(201.943)**	(2.898.192)
		8.912.873	4.092.162
Other operating expenses			
Loss from sale of investments in subsidiaries		**-**	(2.107.478)
Impairment charge - investments in subsidiaries		**-**	(111.100)
Operating profit		**8.912.873**	1.873.584
Finance costs	5	**(6.890)**	(5.990)
Net profit for the year before tax		**8.905.983**	1.867.594

COST OF SALES
31 December 2017

	2017	2016
	€	€
Cost of sales		
Purchases	**1.577.217**	2.716.120
	1.577.217	2.716.120
Direct costs		
Market research expenses	**-**	281.481
	-	281.481
	1.577.217	2.997.601

ADMINISTRATIVE EXPENSES
31 December 2017

	2017	2016
	€	€
Administration expenses		
Staff salaries	**41.460**	36.786
Rent	**3.000**	3.000
Municipality taxes	**1.650**	1.650
Annual levy	**350**	350
Electricity	**1.450**	1.380
Insurance	**410**	420
Telephone and postage	**660**	540
Courier expenses	**579**	608
Staff training	**27.629**	36.177
Auditors' remuneration	**2.500**	2.500
Legal fees	**33.797**	4.760
Secretarial fees	**536**	536
Nominee fees	**536**	536
Registered office fees	**357**	357
Legal and professional	**5.179**	7.470
Directors' fees	**1.071**	1.071
Overseas travelling	**9.460**	4.822
Seminar expenses	**-**	35.229
Compensation costs	**-**	360.000
Consulting fees	**71.319**	2.400.000
	201.943	2.898.192

FINANCE EXPENSES
31 December 2017

	2017	2016
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	**6.890**	5.990
	6.890	5.990

NERESGELIA TRADING LIMITED

COMPUTATION OF CORPORATION TAX
31 December 2017

	Page	€	€
Net profit per income statement	2		8.905.983
Add:			
Annual levy		350	
			350
			8.906.333
Less:			
Dividends received		7.272.658	
			(7.272.658)
Chargeable income for the year			1.633.675
Loss brought forward			(5.551.757)
Loss carried forward			(3.918.082)

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
	€	Amount €	Year	Amount €	Year	Amount €	Year
2012	(708.668)	-	0	-		-	
2013	(245.488)	-		-		-	
2014	(2.573.091)	-		-		-	
2015	(250.695)	-		-		-	
2016	(1.773.815)	-		-		-	
2017	1.633.675	708.668	2012	245.488	2013	679.519	2014

Tax year	Profits/(losses) for the tax year	Gains Offset	
	€	Amount €	Year
2012	(708.668)	-	
2013	(245.488)	-	
2014	(2.573.091)	-	
2015	(250.695)	-	
2016	(1.773.815)	-	
2017	1.633.675	-	

Net loss carried forward (3.918.082)