



**J&T SECURITIES MANAGEMENT  
LIMITED**

REPORT AND FINANCIAL STATEMENTS  
31 December 2015

# J&T SECURITIES MANAGEMENT LIMITED

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## REPORT AND FINANCIAL STATEMENTS

31 December 2015

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# **J&T SECURITIES MANAGEMENT LIMITED**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

<b>Board of Directors:</b>	Jarmila Janosova
<b>Company Secretary:</b>	PA.TY. Secretarial Limited
<b>Independent Auditors:</b>	KPSA CHARTERED ACCOUNTANTS 15 Themistokli Dervi Street 1st floor, P.O. Box 27040 1641, Nicosia Cyprus
<b>Registered office:</b>	Akropoleos, 59-61 SAVIDES CENTER, 1st floor, Flat / Office 102 P.C. 2012, Nicosia, Cyprus
<b>Banker:</b>	J&T Banka, a.s.
<b>Registration number:</b>	HE260821

# J&T SECURITIES MANAGEMENT LIMITED

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## 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 2015.

### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are the holding of investments and trading in listed securities, as well as the provision of financing.

### **Review of current position, future developments and significant risks**

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

### **Results**

The Company's results for the year are set out on page 5.

### **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.

### **Board of Directors**

The sole member of the Company's Board of Directors as at 31 December 2015 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the year ended 31 December 2015.



In accordance with the Company's Articles of Association the sole Director presently member of the Board continues in office.

There were no significant changes in the remuneration of the Board of Directors.

### **Independent Auditors**

The Independent Auditors, KPSA, 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,

  
  
PA.TY. Secretarial Limited  
Secretary

Nicosia, 25 April 2016

**KPSA**

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Cyprus

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1066 Nicosia  
Cyprus

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Telefax: +357 22 672000  
Internet: [www.kpsa.com.cy](http://www.kpsa.com.cy)

## **Independent auditor's report**

### **To the Members of J&T Securities Management Limited**

#### **Report on the financial statements**

We have audited the accompanying financial statements of J&T Securities Management Limited (the "Company"), which comprise the statement of financial position as at 31 December 2015, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of J&T Securities Management Limited as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## Independent auditor's report (continued)

### To the Members of J&T Securities Management Limited

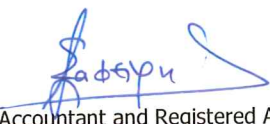
#### Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

#### 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 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.

  
Stelios Saphiris  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**KPSA**  
**CHARTERED ACCOUNTANTS**

Nicosia, 25 April 2016

# J&T SECURITIES MANAGEMENT LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2015

	Note	2015 €	2014 €
<b>Revenue</b>	5	<b>5.628.354</b>	3.281.358
Net profit from investing activities	6	<b>3.075.908</b>	712.235
Change in fair value of derivative financial instruments		-	(454.902)
Administration expenses		<b>(154.788)</b>	(79.573)
Other expenses	7	<b>(26.653)</b>	(48.167)
<b>Operating profit</b>	8	<b>8.522.821</b>	3.410.951
Finance costs	9	<b>(7.378.248)</b>	(5.593.584)
<b>Profit/(loss) before tax</b>		<b>1.144.573</b>	(2.182.633)
Tax	10	<b>(41.370)</b>	(109.681)
<b>Net profit/(loss) for the year</b>		<b>1.103.203</b>	(2.292.314)
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income / (expense) for the year</b>		<b>1.103.203</b>	(2.292.314)

The notes on pages 9 to 36 form an integral part of these financial statements.

# J&T SECURITIES MANAGEMENT LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	2015 €	2014 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Non-current loans receivable	12	<u>41.869.390</u>	68.505.571
		<b>41.869.390</b>	68.505.571
<b>Current assets</b>			
Trade and other receivables	13	13.066.891	130.721
Loans receivable	12	38.373.033	4.822.093
Financial assets at fair value through profit or loss	14	30.570.925	40.194.378
Refundable taxes	19	20.723	-
Cash at bank and in hand	15	<u>5.017</u>	1.546
		<b>82.036.589</b>	45.148.738
<b>Total assets</b>		<b><u>123.905.979</u></b>	<b><u>113.654.309</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	16	11.000	11.000
Share premium		50.914.000	50.914.000
Retained earnings		<u>6.017.264</u>	4.914.061
<b>Total equity</b>		<b><u>56.942.264</u></b>	<b><u>55.839.061</u></b>
<b>Non-current liabilities</b>			
Borrowings	17	<u>43.581.742</u>	35.432.860
		<b>43.581.742</b>	35.432.860
<b>Current liabilities</b>			
Trade and other payables	18	639.085	1.355.340
Borrowings	17	22.742.888	20.967.367
Current tax liabilities	19	-	59.681
		<b>23.381.973</b>	22.382.388
<b>Total liabilities</b>		<b><u>66.963.715</u></b>	<b><u>57.815.248</u></b>
<b>Total equity and liabilities</b>		<b><u>123.905.979</u></b>	<b><u>113.654.309</u></b>

On 25 April 2016 the Board of Directors of J&T Securities Management Limited authorised these financial statements for issue.

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 Jarmila Janosova  
 Director

The notes on pages 9 to 36 form an integral part of these financial statements.



# J&T SECURITIES MANAGEMENT LIMITED

## STATEMENT OF CHANGES IN EQUITY

31 December 2015

	Share capital €	Share premium €	Retained earnings €	Total €
<b>Balance at 1 January 2014</b>	<b>11.000</b>	<b>50.914.000</b>	<b>7.206.375</b>	<b>58.131.375</b>
<b>Comprehensive income</b>				
Net loss for the year	-	-	(2.292.314)	(2.292.314)
<b>Balance at 31 December 2014/ 1 January 2015</b>	<b>11.000</b>	<b>50.914.000</b>	<b>4.914.061</b>	<b>55.839.061</b>
<b>Comprehensive income</b>				
Net profit for the year	-	-	1.103.203	1.103.203
<b>Balance at 31 December 2015</b>	<b>11.000</b>	<b>50.914.000</b>	<b>6.017.264</b>	<b>56.942.264</b>

Share premium is not available for distribution.

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. 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.

The notes on pages 9 to 36 form an integral part of these financial statements.

# J&T SECURITIES MANAGEMENT LIMITED

## CASH FLOW STATEMENT

31 December 2015

	Note	2015 €	2014 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>		<b>1.144.573</b>	(2.182.633)
Adjustments for:			
Exchange difference arising on the translation of non-current assets in foreign currencies		(434.708)	-
Unrealised exchange (profit)/loss		(17.943)	77.963
Profit from the sale of available-for-sale financial assets		(124.895)	(169.123)
Profit from the sale of financial assets at fair value through profit or loss		(19.257)	(39.517)
Change in fair value of derivative financial instruments		-	454.902
Fair value (gains)/losses on financial assets at fair value through profit or loss		(1.501.013)	2.424.260
Dividend income	5	(41.821)	(10.737)
Interest income	5	(3.825.944)	(1.976.275)
Interest expense	9	4.112.417	1.785.089
		<b>(708.591)</b>	363.929
<b>Changes in working capital:</b>			
(Increase)/decrease in trade and other receivables		(44.940)	23.313.738
Increase in financial assets at fair value through profit or loss		(1.735.554)	(18.343.729)
Increase in derivative financial instruments		-	(454.902)
(Decrease)/increase in trade and other payables		(716.255)	1.038.627
<b>Cash (used in)/generated from operations</b>		<b>(3.205.340)</b>	5.917.663
Interest received		3.318.403	1.079.582
Dividends received		41.821	10.737
Tax paid		(121.774)	(213.246)
<b>Net cash generated from operating activities</b>		<b>33.110</b>	6.794.736
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of available-for-sale financial assets		(106.716.699)	(30.067.549)
Loans granted		(32.179.165)	(85.389.495)
Loans repayments received		26.673.646	38.799.033
Proceeds from sale of available-for-sale financial assets		107.264.349	66.521.017
Difference from decrease of share capital of BHP		-	-
<b>Net cash used in investing activities</b>		<b>(4.957.869)</b>	(10.136.994)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayments of borrowings		(249.870.638)	(137.173.248)
Proceeds from borrowings		250.625.943	106.394.605
Unrealised exchange profit / (loss)		528.148	(168.776)
Interest paid		(3.767.400)	(1.113.764)
Payments for repurchase of own debentures		(10.335.456)	(7.030.920)
Proceeds from issue of debentures		-	43.238.400
Repayment of expenses from issue of debentures		(844)	(802.907)
Proceeds from sale of repurchased own debentures		17.748.477	-
<b>Net cash generated from financing activities</b>		<b>4.928.230</b>	3.343.390
<b>Net increase in cash and cash equivalents</b>		<b>3.471</b>	1.132
Cash and cash equivalents at beginning of the year		1.546	414
<b>Cash and cash equivalents at end of the year</b>	15	<b>5.017</b>	<b>1.546</b>

The notes on pages 9 to 36 form an integral part of these financial statements.

# **J&T SECURITIES MANAGEMENT LIMITED**

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## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2015

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company J&T Securities Management Limited (the "Company") was incorporated in Cyprus on 14 January 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Akropoleos, 59-61, SAVVIDES CENTER, 1st floor, Flat / Office 102, P.C. 2012, Nicosia, Cyprus.

#### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are the holding of investments and trading in listed securities, as well as the provision 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 as modified by the revaluation of, investment property, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

#### **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 2015. This adoption did not have a material effect on the accounting policies of the Company.

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.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 2. Significant accounting policies (continued)

#### 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 2015 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.

- **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 income

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

#### 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. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 2. Significant accounting policies (continued)

#### **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.

#### **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.

#### **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.

#### Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. 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. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### 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.

- 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 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.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

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.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

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.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

##### Cash and cash equivalents

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

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

##### Trade payables

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

##### Equity instruments

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

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### Derivatives

Derivatives are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

#### **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.



# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 2. Significant accounting policies (continued)

#### 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. 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.

#### Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

#### 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, currency risk and capital risk management 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.

##### 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. 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.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 3. Financial risk management (continued)

#### 3.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

#### 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.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2015</b>	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Bank loans	16.891.248	16.891.248	15.920.547	970.701	-	-	-
Debentures	44.301.476	44.301.476	-	719.734	-	43.581.742	-
Other loans	5.131.906	5.131.906	5.131.906	-	-	-	-
Trade and other payables	621.547	621.547	-	621.547	-	-	-
	<b>66.946.177</b>	<b>66.946.177</b>	<b>21.052.453</b>	<b>2.311.982</b>	<b>-</b>	<b>43.581.742</b>	<b>-</b>

31 December 2014	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Bank loans	15.433.023	15.433.023	13.767.780	1.665.243	-	-	-
Debentures	35.897.313	35.897.313	-	464.453	35.432.860	-	-
Other loans	4.813.913	4.813.913	-	4.813.913	-	-	-
Trade and other payables	1.339.901	1.339.901	-	1.339.901	-	-	-
Loans from related companies	255.978	255.978	-	255.978	-	-	-
	<b>57.740.128</b>	<b>57.740.128</b>	<b>13.767.780</b>	<b>8.539.488</b>	<b>35.432.860</b>	<b>-</b>	<b>-</b>

#### 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 and Czech koruna. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 3.6 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 3. Financial risk management (continued)

#### 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 judgements

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

The 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.

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets available for sale has been estimated based on the fair value of these individual assets.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 4. Critical accounting estimates and judgements (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 available-for-sale financial assets

The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

### 5. Revenue

	2015	2014
	€	€
Dividend income	41.821	10.737
Interest income	156.094	200.919
Loan interest income	3.669.850	1.775.356
Net gain on trading in financial instruments	356	1.294.346
Net fair value gains on financial assets at fair value through profit or loss	1.760.233	-
	<u>5.628.354</u>	<u>3.281.358</u>

### 6. Net profit from investing activities

	2015	2014
	€	€
Profit from sale of available-for-sale financial assets	124.895	169.123
Profit from sale of financial assets at fair value through profit or loss	40.568	40.012
Exchange profit	3.190.976	2.927.855
Loss from sales of financial assets at fair value through profit or loss	(21.311)	(495)
Fair value losses on financial assets at fair value through profit or loss	(259.220)	(2.424.260)
	<u>3.075.908</u>	<u>712.235</u>

### 7. Other expenses

	2015	2014
	€	€
Broker commission and charges	26.653	48.167
	<u>26.653</u>	<u>48.167</u>

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 8. Operating profit

	2015 €	2014 €
Operating profit is stated after (crediting)/charging the following items:		
Profit from sale of available-for-sale financial assets (Note 11)	<b>(124.895)</b>	(169.123)
Directors' fees	<b>476</b>	476
Auditors' remuneration for the statutory audit of annual accounts	<b>16.000</b>	13.000
Auditors' remuneration for other assurance services	<b>13.090</b>	-
Auditors' remuneration - prior years	<b>2.470</b>	2.470

### 9. Finance costs

	2015 €	2014 €
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	<b>384.944</b>	698.268
Bank overdraft interest	<b>10.482</b>	566
Loan interest on REPO agreements	<b>1.164.740</b>	611.439
Debenture interest	<b>2.552.251</b>	474.816
<b>Sundry finance expenses</b>		
Bank charges	<b>8</b>	30
<b>Net foreign exchange transaction losses</b>		
Realised foreign exchange loss	<b>729.880</b>	3.268.950
Unrealised foreign exchange loss	<b>2.535.943</b>	539.515
	<b>7.378.248</b>	5.593.584

### 10. Tax

	2015 €	2014 €
Corporation tax - current year	<b>39.277</b>	109.681
Overseas tax	<b>2.093</b>	-
<b>Charge for the year</b>	<b>41.370</b>	109.681

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

	2015 €	2014 €
Profit/(loss) before tax	<b>1.144.573</b>	(2.182.633)
Tax calculated at the applicable tax rates	<b>143.072</b>	(272.829)
Tax effect of expenses not deductible for tax purposes	<b>219.649</b>	868.545
Tax effect of allowances and income not subject to tax	<b>(323.444)</b>	(491.461)
10% additional charge	-	5.426
Overseas tax in excess of credit claim used during the year	<b>2.093</b>	-
<b>Tax charge</b>	<b>41.370</b>	109.681

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 10. Tax (continued)

The corporation tax rate is 12,5%.

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

### 11. Available-for-sale financial assets

	2015	2014
	€	€
Balance at 1 January	-	36.284.345
Additions	<b>106.716.699</b>	30.067.549
Disposals	<b>(107.295.548)</b>	(66.552.813)
Exchange differences	<b>422.755</b>	-
Interest for the year	<b>156.094</b>	200.919
<b>Balance at 31 December</b>	<b>-</b>	<b>-</b>
Current portion	<b>-</b>	<b>-</b>

Available-for-sale financial assets, comprising principally marketable equity securities, are fair valued annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

The following are included in profit or loss with respect to available-for-sale financial assets:

	2015	2014
	€	€
Profit from sale of available-for-sale financial assets	<b>124.895</b>	169.123
Net profit on available-for-sale financial assets	<b>124.895</b>	169.123

During 2015, the following significant transactions were concluded:

(i) On 11 February 2015, the Company acquired 440 pieces of the bonds JTFG IV 5,20/17 for CZK 1.320.000.000, which were disposed off on 03 March 2015.

(ii) On 27 March 2015, the Company ("Purchaser") entered into an Agreement on purchase of bonds for consideration with a third party ("Seller") for the acquisition of 135 bonds in a Company registered in the Netherlands, for a purchase price of €49.900.000. The bonds bear interest at the rate of 5% per annum and are due on 15 December 2021. The purchase price is payable until 27 March 2015. The purchase price was indeed settled on 27 March 2015.

On 27 March 2015, the Company ("Seller") entered into an Agreement on transfer of the bonds for consideration with a third party ("Purchaser") for the disposal of 135 bonds in a Company registered in the Netherlands, for a purchase price of €50.000.000. The bonds bear interest at the rate of 5% per annum and are due on 15 December 2021. The purchase price is payable until 30 March 2015. The purchase price was indeed received on 30 March 2015.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 11. Available-for-sale financial assets (continued)

During 2014, the following significant transactions were concluded:

On 31 December 2013, the Company held 22.474 listed coupon bonds in J&T Global Finance III, s.r.o. held with a regulated financial institution and 13.756 bonds in J&T Global Finance III, s.r.o. held with another regulated financial institution.

The 13.756 bonds in J&T Global Finance III, s.r.o. are used as a pledge on the REPO agreement with a regulated financial institution. Based on the agreement, the Company sold and agreed to purchase back these bonds for a total of €10.999.297,60 plus interest.

During 2014, the Company disposed all listed coupon bonds held.

### 12. Non-current loans receivable

	2015	2014
	€	€
Balance at 1 January	73.327.664	34.130.682
New loans granted	32.179.165	85.389.495
Repayments	(29.835.955)	(39.677.696)
Interest charged	3.669.850	1.775.356
Assignment of loans	-	(8.312.242)
Exchange differences	901.699	22.069
<b>Balance at 31 December</b>	<b>80.242.423</b>	<b>73.327.664</b>

	2015	2014
	€	€
Loans receivable	2.093.901	-
Loans to related companies (Note 20.4)	78.148.522	73.327.664
	80.242.423	73.327.664
Less current portion	(38.373.033)	(4.822.093)
Non-current portion	41.869.390	68.505.571

The loans are repayable as follows:

	2015	2014
	€	€
Within one year	38.373.033	4.822.093
Between one and five years	41.869.390	68.505.571
	80.242.423	73.327.664

The exposure of the Company to credit risk is reported in note 3 of the financial statements.

The fair values of non-current receivables approximate to their carrying amounts as presented above.

Loans receivable relate to the following:

(i) On 26 November 2012, the Company ("Creditor") entered into a Credit Contract with J&T Private Equity B.V. ("Debtor") for the provision of a loan with a credit limit in the amount of €20.000.000, which bears interest at the rate of 4% per annum and is repayable until 30 December 2013.

Per Amendment No.1 signed on 1st January 2013, the credit limit increased to €35.000.000.

The parties have agreed that part of the amount by which the credit limit is increased by this Amendment No.1, is represented by the amount of €17.104.403,71 which is deemed as provided by signing the Credit Contract 07/JSML/2013 by both parties on 1st January 2013.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 12. Non-current loans receivable (continued)

The parties confirm that the provided principal of the loan is in the amount of €28.121.290,29 on the date of signing of Amendment No.1, i.e. 1st January 2013.

According to Amendment No.2 signed on 17 May 2013, the credit limit increased to €44.000.000.

Per Amendment No.3 signed on 30 December 2013, the repayment date was extended until 31 December 2014.

According to the Novation Agreement signed on 1st January 2014, the parties agree to replace the outstanding obligations originating from the Credit Contract.

On the date of signing the Novation Agreement, the Debtor owes to the Creditor the amount of €26.160.343,58 ("Obligation 1"), consisting of principal €26.106.503,89 and accrued interest €53.839,69.

The Parties have agreed that Obligation 1 becomes extinct on the day of signing the Novation Agreement, and the total amount owed shall be replaced by four new loans according to New Credit Contracts between the Parties as follows:

- (1) Credit Contract 8/JSML/2014 with the principal amount of €18.628.341,45;
- (2) Credit Contract 9/JSML/2014 with the principal amount of €1.459.654,98;
- (3) Credit Contract 10/JSML/2014 with the principal amount of €2.488.377,23; and
- (4) Credit Contract 11/JSML/2014 with the principal amount of €3.583.969,92.

(ii) On 31 December 2013, the Company ("Seller") entered into a "Contract on Purchase of Securities" with a third party ("Purchaser"), for the disposal of 15.850 bonds in Istrokapital, CZ a.s., of nominal value of €500,00 per bond. The purchase consideration for the bonds disposed is €7.969.027,78, bears interest at the rate of 6% per annum and is payable until 30 June 2014.

On 31 December 2013, the Company concluded a "Subordination Agreement" with a third party ("Debtor") and other Senior Creditors and Subordinated Creditors, according to which out of the total balance of €7.970.337,76 on 31 December 2013 (principal €7.969.027,78 and accrued interest €1.309,98) due by the Debtor, the amount of €7.900.000 is considered to be subordinated debt.

Therefore, the Debtor and Subordinated Creditors (with the Company being one of them) agree that any discharge of all or any part of the subordinated obligations shall be deferred and subordinated to a full and complete discharge of all of the priority obligations.

The subordination of the subordinated obligations shall apply until the full and complete discharge of all priority obligations.

However, on 19 September 2014, the Company ("Assignor") assigned the loan receivable from a third party ("Debtor") to another third party ("Assignee), amounting to €8.312,241,80 (outstanding principal €7.969.027,78 and accrued interest €343.214,02), for the remuneration of €8.312,241,80.

The remuneration was received on 19 September 2014.



# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 12. Non-current loans receivable (continued)

(iii) On 1st January 2014, the Company ("Creditor") concluded the following Credit Contracts with J&T Private Equity B.V. ("Debtor"):

(1) Credit Contract 8/JSML/2014 for a loan with a credit limit of €38.000.000, bearing interest at the 2 weekly repo announced by the European Central Bank (ECB) plus a margin of 1% per annum, which is repayable until 31 December 2016.

The amount of €18.628.341,45 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.

(2) Credit Contract 9/JSML/2014 for a loan with a credit limit of €5.000.000, bearing interest at 4,75% per annum, which is repayable until 31 December 2016.

The amount of €1.459.654,98 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.

Per Amendment No.1 signed on 13 November 2015, the interest rate decreased to 3,85% per annum.

(3) Credit Contract 10/JSML/2014 for a loan with a credit limit of €5.000.000, bearing interest at 6,15% per annum, which is repayable until 31 December 2016.

The amount of €2.488.377,23 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.

(4) Credit Contract 11/JSML/2014 for a loan with a credit limit of €5.000.000, bearing interest at 6,95% per annum, which is repayable until 31 December 2016.

The amount of €3.583.969,92 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.

(iv) Additional Agreements concluded during 2014 relate to the following:

(1) On 31 January 2014, the Company ("Creditor") concluded Credit Contract 12/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €2.500.000, bearing interest at 2,80% per annum, which is repayable until 31 December 2016.

Per Amendment No.1 signed on 31 July 2015, the interest rate decreased to 2,75% per annum.

The loan was fully settled on 06 June 2014 and fully settled again on 30 October 2015.

(2) On 10 March 2014, the Company ("Creditor") concluded Credit Contract 13/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €2.000.000, bearing interest at 6,75% per annum, which is repayable until 31 December 2016.

(3) On 12 March 2014, the Company ("Creditor") concluded Credit Contract 14/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €5.000.000, bearing interest at 4,05% per annum, which is repayable until 31 December 2016.

Per Amendment No.1 signed on 28 July 2015, the interest rate increased to 5,15% per annum.

The loan was fully settled on 01 August 2014.

(4) On 27 June 2014, the Company ("Creditor") concluded Credit Contract 16/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 100.000.000, bearing interest at 4,85% per annum, which is repayable until 27 December 2014.

Per Amendment No.1 signed on 02 September 2014, the credit limit increased to CZK 104.650.000.

Per Amendment No.2 signed on 10 December 2014, the repayment date has been extended until 01 June 2015.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 12. Non-current loans receivable (continued)

Per Amendment No.3 signed on 01 June 2015, the repayment date has been extended until 01 December 2015.

Per Amendment No.4 signed on 01 December 2015, the repayment date has been extended until 01 May 2016.

Per Amendment No.5 signed on 04 April 2016, the repayment date has been extended until 30 June 2016 and the credit limit increased to CZK 119.650.000.

(5) On 08 July 2014, the Company ("Creditor") concluded Credit Contract 18/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €934.093,18, bearing interest at 4,85% per annum, which is repayable until 08 January 2015.

Per Amendment No.1 signed on 02 January 2015, the repayment date has been extended until 01 June 2015.

Per Amendment No.2 signed on 01 June 2015, the repayment date has been extended until 01 December 2015.

Per Amendment No.3 signed on 01 December 2015, the repayment date has been extended until 01 May 2016.

Per Amendment No.4 signed on 29 April 2016, the repayment date has been extended until 30 June 2016.

(6) On 10 September 2014, the Company ("Creditor") concluded Credit Contract 19/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €11.500.000, bearing interest at 8,35% per annum, which is repayable until 31 December 2016.

(7) On 19 September 2014, the Company ("Creditor") concluded Credit Contract 20/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €1.000.000, bearing interest at the 2 weekly repo announced by the European Central Bank (ECB) plus a margin of 1% per annum, which is repayable until 31 December 2016.

(8) On 19 September 2014, the Company ("Assignor") entered into an Assignment Agreement with a third party ("Assignee") for the assignment of the receivable towards another third party amounting to €8.312.241,80, which consists of principal in the amount of €7.969.027,78 and accrued interest in the amount of €343.214,02, which results from the Contract on Purchase of Securities signed on 31 December 2013. The remuneration for the assignment of the receivable amounts to €8.312.241,80 and it is payable on the same day.  
The amount was indeed settled on the same day.

(9) On 22 October 2014, the Company ("Creditor") concluded Credit Contract 21/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 600.000.000, bearing interest at 7,35% per annum, which is repayable until 22 October 2018.

(10) On 05 November 2014, the Company ("Creditor") concluded Credit Contract 22/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 601.350.000, bearing interest at 2,50% per annum, which is repayable until 22 October 2018.

(v) Additional Agreements concluded during 2015 relate to the following:

(1) On 21 January 2015, the Company ("Creditor") entered into a Loan Contract with a third party individual ("Debtor") for the granting of a loan in the amount of CZK 53.316.562,50, which bears interest at 6,5% per annum and is repayable until 15 February 2017. The interest is payable annually on the 21st of January of each year.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 12. Non-current loans receivable (continued)

The effective interest rates on receivables (current and non-current) were as follows:

	2015	2014
Loans receivable	6,5%	-
Loans to related companies	2weekly Repo + 1% / 2,80% - 8,35%	2weekly Repo + 1% / 2,80% - 8,35%

### 13. Trade and other receivables

	2015	2014
	€	€
Trade receivables	111.388	68.059
Deposits and prepayments	64.273	62.662
Other receivables	<u>12.891.230</u>	-
	<u>13.066.891</u>	<u>130.721</u>

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

On 31 December 2015 and 31 December 2014, Trade receivables relate to the balances of broker accounts held with a regulated financial institution.

On 31 December 2015, Other receivables relate to the following:

(i) Per the Resolution signed on 30 April 2015, the shareholders of Best Hotel Properties a.s. ("BHP") decided to decrease the share capital of the BHP by €315.225.000 to €35.025.000, by decrease of the nominal value from €10,00 to €1,00. The proceeds from the decrease of the share capital will be distributed to the shareholders in the sum of €313.128.242 and the remaining amount of €2.096.758 will be used to cover the accumulated losses of previous years.

During 2014, the following took place:

(i) Derivative financial instruments relate to the following: On 20 January 2012, the Company ("Transferor") entered into an Option Contract to sell securities with a third party ("Transferee") according to which, the Transferee is obliged to buy 15.000 JOJ Media House, a.s. bonds of nominal value of €1.000 from the Transferor upon payment. The Transferor may exercise the Put option until 31 December 2014, after which, the Contract will be terminated. The Transferor did not exercise the Put option until the agreed date and the Contract was terminated.

(ii) Deposits and prepayments relate to the Special Arrangement to the Agreement with the Administrator signed on 23 September 2014 relating to the issue of the Company's debentures, according to which, the Company agrees to pay to the Administrator an annual remuneration of 0,15% of the overall volume of the issue of bonds, which is payable on the issue date for the first year and for each subsequent year, on the anniversary thereof.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS 31 December 2015

	2015	2014
	€	€
Balance at 1 January	40.194.378	24.239.826
Additions	398.012.668	23.387.389
Disposals	(396.257.857)	(5.004.143)
Change in fair value	1.501.013	(2.424.260)
Difference from decrease of share capital of BHP	(12.891.230)	-
Exchange differences	11.953	(4.434)
<b>Balance at 31 December</b>	<b>30.570.925</b>	<b>40.194.378</b>
Less non-current portion	-	-
Current portion	<u>30.570.925</u>	<u>40.194.378</u>

	Fair values 2015	Cost 2015	Fair values 2014	Cost 2014
	€	€	€	€
Securities listed on a Stock Exchange	<u>30.570.925</u>	<u>26.944.710</u>	<u>40.194.378</u>	<u>38.067.995</u>
	<u>30.570.925</u>	<u>26.944.710</u>	<u>40.194.378</u>	<u>38.067.995</u>

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

The Company's investments which exceeded 5% of the class "Securities listed on a Stock Exchange" and/or 5% of net assets are shown below:

Investment	Type of investment	Percentage in the investment category	Percentage of net assets	2015	2014
				€	€
Tatry mountain resorts, a.s.	Security	15,60%	42,16%	<u>24.009.671</u>	<u>22.332.176</u>
				<u>24.009.671</u>	<u>22.332.176</u>

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 14. Financial assets at fair value through profit or loss (continued)

(A) During 2014, the following were the most significant transactions concluded:

(a) On 5 March 2014, the Company ("Seller") concluded an "Agreement on Purchase of Securities" with a third party ("Purchaser") for the sale of 52.400 shares in Tatry mountain resorts, a.s. (TMR) for the price of €1.129.220, which is payable not later than 7 March 2014.

The consideration was received on 6 March 2014.

(b) On 3 April 2014, the Company ("Seller") concluded an "Agreement on Purchase of Securities" with a third party ("Purchaser") for the sale of 139.595 shares in Tatry mountain resorts, a.s. (TMR) for the price of €2.980.353,25, which is payable not later than 7 April 2014.

The consideration was received on 4 April 2014.

(c) On 09 June 2014, the Company ("Purchaser") entered into a Contract on purchase of securities with a third party ("Seller") for the acquisition of 4.117 securities in the share capital of Tatry mountain resorts, a.s. for the purchase price of €84.604,35.

(d) On 09 June 2014, the Company ("Purchaser") entered into an Agreement on purchase of securities with a third party ("Seller") for the acquisition of 37.617 securities in the share capital of Tatry mountain resorts, a.s. for the purchase price of €773.029,35.

(e) On 09 June 2014, the Company ("Purchaser") entered into a Contract on purchase of securities with a third party ("Seller") for the acquisition of 212.429 securities in the share capital of Tatry mountain resorts, a.s. for the purchase price of €4.365.415,95.

(f) On 09 June 2014, the Company ("Purchaser") entered into an Agreement on purchase of securities with a third party ("Seller") for the acquisition of 27.851 securities in the share capital of Tatry mountain resorts, a.s. for the purchase price of €572.338,05.

(g) On 10 June 2014, the Company ("Purchaser") entered into a Contract on purchase of securities with a third party ("Seller") for the acquisition of 216.917 securities in the share capital of Tatry mountain resorts, a.s. for the purchase price of €4.457.644,35.

(h) On 09 September 2014, the Company ("Purchaser") entered into an Agreement on purchase of securities with a third party ("Seller") for the acquisition of 157.900 securities in the share capital of Tatry mountain resorts, a.s. for the purchase price of €3.795.916.

(i) On 09 September 2014, the Company ("Purchaser") entered into an Agreement on purchase of securities with a third party ("Seller") for the acquisition of 105.257 securities in the share capital of Tatry mountain resorts, a.s. for the purchase price of €2.530.378,28.

(j) On 11 September 2014, the Company ("Purchaser") entered into an Agreement on purchase of securities with a third party ("Seller") for the acquisition of 350.000 securities in the share capital of Best Hotel Properties a.s. for the purchase price of €5.113.500.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 14. Financial assets at fair value through profit or loss (continued)

(k) On 31 December 2014, the Company holds 148.476 shares in Tatry mountain resorts, a.s. (TMR) and 1.291.872 in Best Hotel Properties a.s. (BHP).

In addition, the Company also holds 899.983 shares in TMR and 150.100 in BHP, which are used as a pledge on the various REPO agreements with other financial institutions. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.812.863,54 (CZK 87.279.525,02 and €665.913) plus interest (with various parties) and also sold and agreed to purchase back the above shares for a total of €11.488.853,48 plus interest with a regulated financial institution.

Finally, the Company holds 71 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, which were acquired during 2014.

(B) During 2015, the following were the most significant transactions:

(a) Per the Resolution signed on 30 April 2015, the shareholders of Best Hotel Properties a.s. ("BHP") decided to decrease the share capital of the BHP by €315.225.000 to €35.025.000, by decrease of the nominal value from €10,00 to €1,00. The proceeds from the decrease of the share capital will be distributed to the shareholders in the sum of €313.128.242 and the remaining amount of €2.096.758 will be used to cover the accumulated losses of previous years.

(b) On 31 December 2015, the Company holds 92.965 shares in Tatry mountain resorts, a.s. (TMR) and 1.291.872 in Best Hotel Properties a.s. (BHP).

In addition, the Company holds 193.381 shares in TMR and 150.100 in BHP, which are used as a pledge on the various REPO agreements with other financial institutions. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €5.317.977,60 (CZK 124.151.200,49 and €723.638,28) plus interest (with various parties).

Moreover, 762.113 shares held in TMR are used as a pledge on the REPO agreement with a regulated financial institution. Based on the agreement, the Company sold and agreed to purchase back these shares for a total of €11.488.853,48 plus interest.

Finally, the Company holds 114 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, 3 pieces of fixed rate perpetual notes of J&T Banka 9% PERP EUR and 33 pieces of fixed rate perpetual notes of J&T Banka 9% PERP CZK on 31 December 2015.

It also holds 49.494 shares in a Czech Company (with shares listed on the Prague Stock Exchange) and 255 pieces of J&T Ostravice Active Life.

### 15. Cash at bank and in hand

Cash balances are analysed as follows:

	<b>2015</b>	2014
	<b>€</b>	<b>€</b>
Cash at bank and in hand	<b>5.017</b>	1.546
	<b>5.017</b>	1.546
<b>Currency:</b>	<b>2015</b>	2014
	<b>€</b>	<b>€</b>
United States Dollars	<b>17</b>	15
Euro	<b>1.193</b>	1.197
Czech koruna	<b>3.807</b>	334
	<b>5.017</b>	1.546

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 16. Share capital

	2015 Number of shares	2015 €	2014 Number of shares	2014 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>11.000</u>	<u>11.000</u>	11.000	<u>11.000</u>
<b>Issued and fully paid</b>				
Balance at 1 January	<u>11.000</u>	<u>11.000</u>	11.000	<u>11.000</u>
<b>Balance at 31 December</b>	<u>11.000</u>	<u>11.000</u>	11.000	<u>11.000</u>

### 17. Borrowings

	2015 €	2014 €
Balance at 1 January	56.400.227	51.176.150
Additions	250.625.943	149.636.005
Repayments	(253.627.556)	(138.289.447)
Interest for the year	4.101.935	1.784.523
Exchange differences	1.411.904	(73.177)
Capitalised expenses	(844)	(802.907)
Repurchase of own long term debentures	(10.335.456)	(7.030.920)
Sale of repurchased own long term debentures	17.748.477	-
<b>Balance at 31 December</b>	<u>66.324.630</u>	<u>56.400.227</u>

Repurchase of own long term debentures

	2015 €	2014 €
<b>Current borrowings</b>		
Bank loans	16.891.248	15.433.023
Debentures	719.734	464.453
Other loans	5.131.906	4.813.913
Loans from related companies (Note 20.5)	-	255.978
	<u>22.742.888</u>	<u>20.967.367</u>
<b>Non-current borrowings</b>		
Debentures	<u>43.581.742</u>	35.432.860
	<u>43.581.742</u>	35.432.860
<b>Total</b>	<u>66.324.630</u>	<u>56.400.227</u>

### Non-current borrowings

Debentures	<u>43.581.742</u>	35.432.860
	<u>43.581.742</u>	35.432.860
<b>Total</b>	<u>66.324.630</u>	<u>56.400.227</u>

Maturity of non-current borrowings:

	2015 €	2014 €
Between two and five years	<u>43.581.742</u>	35.432.860
	<u>43.581.742</u>	<u>35.432.860</u>

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 17. Borrowings (continued)

On 31 December 2015, the bank loans are secured as follows:

- By a pledge of 193.381 shares in Tatry mountain resorts, a.s. (TMR) and 150.100 in Best Hotel Properties a.s. (BHP) (2014: 137.870 shares in TMR and 150.100 shares in BHP).
- By a pledge of 762.113 shares in Tatry mountain resorts, a.s. (TMR) (2014: 762.113 shares in TMR).

The weighted average effective interest rates at the reporting date were as follows:

	2015	2014
Bank loans	3%-8%	4%-8%
Debentures	6,25%	6,25%
Other loans	4,50%	4,50%
Loans from related companies	-	9%

#### (A) Loans from related parties

(i) On 1st January 2013, the Company ("Debtor") entered into Credit Contract 07/JSML/2013 with J&T Private Equity B.V. ("Creditor") for the provision of a loan with a credit limit in the amount of €30.000.000, which bears interest at the rate of 6% per annum and is repayable on 15 December 2014.

Per Amendment No.1 to the Credit Contract concluded on 26 November 2012 between the Company ("Creditor") and J&T Private Equity B.V. ("Debtor"), signed on 1st January 2013, according to which the credit limit increased to €35.000.000, the parties have agreed that part of the amount by which the credit limit is increased by this Amendment No.1, is represented by the amount of €17.104.403,71 which is deemed as provided by signing the Credit Contract 07/JSML/2013 by both parties on 1st January 2013.

Per Amendment No.1 to the Credit Contract 07/JSML/2013 signed on 21 June 2013, the credit limit increased up to the amount of €110.000.000 and is repayable until 15 December 2014.

According to Amendment No.2 to the Credit Contract 07/JSML/2013 signed on 03 July 2013, the credit limit increased up to the amount of €122.000.000 and is still repayable until 15 December 2014.

The loan was repaid in full by 19 September 2014.

(ii) On 11 June 2014, the Company ("Debtor") entered into Credit Contract 15/JSML/2014 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €30.000.000, which bears interest at the rate of 16,40% per annum and is repayable on 25 June 2014.  
The loan was settled on 24 June 2014.

(iii) On 30 June 2014, the Company ("Debtor") entered into Credit Contract 17/JSML/2014 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of CZK 10.005.000, which bears interest at the rate of 9% per annum and is repayable on 30 June 2015.

Per Amendment No.1 signed on 07 July 2014, the principal amount was increased up to the amount of CZK 20.000.000.

Per Amendment No.2 signed on 29 June 2015, the repayment date has been extended until 31 July 2015.

However, the loan was repaid in full on 15 July 2015.



# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 17. Borrowings (continued)

(iv) On 11 February 2015, the Company ("Debtor") entered into Credit Contract 23/JSML/2015 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of CZK 1.348.000.000, which bears interest at 4,85% per annum and is repayable until 31 March 2015.  
The loan was partially settled on 03 March 2015 and fully settled on 16 March 2015.

(v) On 27 March 2015, the Company ("Debtor") entered into Credit Contract 24/JSML/2015 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with credit limit in the amount of €49.900.000, which bears interest at 5% per annum and is repayable until 31 March 2015.  
The loan was fully settled on 30 March 2015.

#### (B) Bank Loans

Bank loans represent REPO agreements with financial institutions.

On 06 May 2013, the Company entered into an Agreement on the Exercise of Voting Rights Associated with Shares with a regulated financial institution for the security of loans by transfer of securities.

On 31 December 2014, the bank loans represent REPO agreements for 137.870 shares in Tatry mountain resorts, a.s. and 150.100 in Best Hotel Properties a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.812.863,54 (CZK 87.279.525,02 and €665.913) plus interest.

On 31 December 2014, the bank loans also represent a REPO agreement with another regulated financial institution for 762.113 shares in Tatry mountain resorts, a.s. Based on the agreement, the Company sold and agreed to purchase back these bonds for a total of €11.488.853,48 plus interest.

On 31 December 2015, the bank loans represent REPO agreements for 955.494 shares in Tatry mountain resorts, a.s. and 150.100 in Best Hotel Properties a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €5.317.977,60 (CZK 124.151.200,49 and €723.638,28) plus interest.

On 31 December 2015, the bank loans also represent a REPO agreement with a regulated financial institution for 762.113 shares in Tatry mountain resorts, a.s. Based on the agreement, the Company sold and agreed to purchase back these bonds for a total of €11.488.853,48 plus interest.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 17. Borrowings (continued)

#### (C) Debentures

(i) On 17 July 2014, the Company ("Issuer") entered into a Mandate Agreement on provision of services related to the issue of the bonds with a third party ("Arranger"), for the issue of 400 fixed rate bonds of 6,25% per annum, with an interest period of 6 months, in the total principal amount of CZK 1.200.000.000, due in 2018.

The Company authorises the Arranger to proceed with various of services, since the Arranger is equipped with required experience for the provision of support to the Issuer.

On the issue date, the Company shall pay to the Arranger a remuneration of CZK 600.000 for the assistance to the Company within preparation of the documentation and CZK 3.000.000 for the intermediation of subscribers to the Company.

The remuneration shall be payable 7 days after the issue date.

Additionally, the Company is entitled to issue additional bonds up to the principal amount of CZK 600.000.000 during the issue period or in the additional issue period.

In addition to the remuneration, the Company shall pay to the Arranger all the documented costs connected with the issue of the bonds, legal costs, the costs of communication, notarial fees, costs of copying, costs of executing a final summary of documentation and the administrative costs of the Czech National Bank (CNB).

(ii) On 23 September 2014, the Company ("Issuer") entered into an Agreement with the a regulated financial institution ("Administrator"), according to which the Administrator agrees that in relation to the issue of the bonds, it will act as an administrator, a listing agent and a calculation agent. The Administrator shall notify the Company of the total amount of financial means, which are to be remitted to the internal account of the Administrator.

The Company shall pay remuneration to the Administrator, in the manner and the maturity dates agreed by and between the Company and the Administrator in a Special Arrangement to this Agreement.

(iii) According to the Special Arrangement with the Administrator signed on the same date, the Company agrees to pay to the Administrator an annual remuneration of 0,15% of the overall volume of the issue of bonds, which is payable on the issue date for the first year and for each subsequent year, on the anniversary thereof.

(iv) Per the Agreement on Placement of Bonds signed on the same date between the Company ("Issuer") and a regulated financial institution ("Lead Manager"), the Lead Manager intends to ensure the process of the subscription and purchase of bonds and to identify proper subscribers who will subscribe the entire issue of bonds.

The remuneration for the services provided shall be agreed in the Special Arrangement to this Agreement

(v) According to the Special Arrangement to the Agreement on Placement of Bonds signed on the same date, the Company agrees to pay to the Lead Manager a remuneration of 1,50% of the overall volume of the bonds subscribed during the issue period or additional issue period, which is payable retrospectively on a monthly basis against an invoice issued by the Manager after the end of each calendar month of its activity as Manager for the previous calendar month.

The remuneration specified above is exclusive of the value added tax

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 17. Borrowings (continued)

(vi) The Company has made the following two issues of bonds which are listed on the Prague Stock Exchange (PSE):

(1) On 22 October 2014, the Company issued 200 fixed rate bonds with the nominal value of each bond amounting to CZK 3,000,000, for the total amount of CZK 600,000,000. The maturity date is 22 October 2018. The interest payments are semi annually with the first due on 22 April 2015.

(2) On 05 November 2014, the Company issued additionally 200 fixed rate bonds with the nominal value of each bond amounting to CZK 3,000,000, for the total amount of CZK 600,000,000. The maturity date is 22 October 2018. The interest payments are semi annually with the first due on 22 April 2015.

(vii) However, on 10 December 2014, the Company has bought back 65 pieces of the bonds issued with nominal value of CZK 3,000,000 each, for the total amount of CZK 196,625,000 (CZK 195,000,000 plus accrued interest CZK 1,625,000).

(viii) On 08 January 2015, the Company has bought back 96 pieces of the bonds issued with nominal value of CZK 3,000,000 each, for the total amount of CZK 291,800,000 (CZK 288,000,000 plus accrued interest CZK 3,800,000).

During the year, the Company sold all bonds repurchased.

#### (D) Other loans

(i) On 27 June 2014, the Company ("Debtor") entered into a Loan Contract with a third party ("Creditor") for the granting of a loan in the amount of CZK 100,000,000, which bears interest at the rate of 4,50% per annum and is repayable on 27 December 2014.

Per Amendment No.1 signed on 28 August 2014, the principal amount was increased up to the amount of CZK 104,650,000.

Per Amendment No.2 signed on 26 December 2014, the repayment date has been extended until 01 June 2015.

Per Amendment No.3 signed on 01 June 2015, the repayment date has been extended until 01 October 2015.

Per Amendment No.4 signed on 01 October 2015, the repayment date has been extended until 01 November 2015.

Per Amendment No.5 signed on 01 November 2015, the repayment date has been extended until 31 December 2015.

Per Amendment No.6 signed on 30 December 2015, the repayment date has been extended until 29 February 2016.

Per Amendment No.7 signed on 29 February 2016, the repayment date has been extended until 30 April 2016.

Per Amendment No.8 signed on 04 April 2016, the principal amount was increased up to the amount of CZK 119,650,000.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 17. Borrowings (continued)

(ii) On 08 July 2014, the Company ("Debtor") entered into a Loan Contract with a third party ("Creditor") for the granting of a loan in the amount of €934.093,18, which bears interest at the rate of 4,50% per annum and is repayable on 08 January 2015.

Per Amendment No.1 signed on 02 January 2015, the repayment date has been extended until 01 June 2015.

Per Amendment No.2 signed on 01 June 2015, the repayment date has been extended until 01 October 2015.

Per Amendment No.3 signed on 01 October 2015, the repayment date has been extended until 01 November 2015.

Per Amendment No.4 signed on 01 November 2015, the repayment date has been extended until 31 December 2015.

Per Amendment No.5 signed on 30 December 2015, the repayment date has been extended until 29 February 2016.

Per Amendment No.6 signed on 29 February 2016, the repayment date has been extended until 30 April 2016.

### 18. Trade and other payables

	2015	2014
	€	€
Trade payables	562.987	559.518
VAT	1.276	2.169
Derivative financial instruments	2.800	7.686
Accruals	16.262	13.270
Other creditors	55.760	772.697
	<u>639.085</u>	<u>1.355.340</u>

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

### 19. (Refundable) taxes/current tax liabilities

	2015	2014
	€	€
Corporation tax	(20.723)	59.681
	<u>(20.723)</u>	<u>59.681</u>

### 20. Related party transactions

The Company is controlled by J&T Private Equity Group, incorporated in Cyprus, which owns 100% of the Company's shares. The ultimate controlling parties are nine non resident individuals and one resident individual.

# J&T SECURITIES MANAGEMENT LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### 20. Related party transactions (continued)

The following transactions were carried out with related parties:

#### 20.1 Directors' remuneration

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

	2015	2014
	€	€
Directors' fees	<u>476</u>	<u>476</u>
	<u>476</u>	<u>476</u>

#### 20.2 Interest income

	2015	2014
	€	€
J&T Private Equity B.V.	<u>3.549.923</u>	<u>1.433.452</u>
	<u>3.549.923</u>	<u>1.433.452</u>

#### 20.3 Interest expense

	2015	2014
	€	€
J&T Private Equity B.V.	<u>170.197</u>	<u>591.461</u>
	<u>170.197</u>	<u>591.461</u>

#### 20.4 Loans to associates (Note 12)

	2015	2014
	€	€
J&T Private Equity B.V.	<u>78.148.522</u>	<u>73.327.664</u>
	<u>78.148.522</u>	<u>73.327.664</u>

#### 20.5 Loans from related undertakings (Note 17)

	2015	2014
	€	€
J&T Private Equity B.V.	<u>-</u>	<u>255.978</u>
	<u>-</u>	<u>255.978</u>

### 21. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2015.

### 22. Commitments

The Company had no capital or other commitments as at 31 December 2015.

### 23. 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, except from the following.

During 2016, the Company acquired 150.000 shares in Sandberg Private Equity 2 Fund of a nominal value of €100,00, for a purchase price of €15.000.000.

# J&T SECURITIES MANAGEMENT LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

### **23. Events after the reporting period (continued)**

On 15 January 2016, the Company ("Debtor") entered into Credit Contract 25/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of \$1.868.000, which bears interest at the rate of 3,20% per annum and is repayable on 18 December 2020.

**Independent auditor's report on pages 3 and 4**

# J&T SECURITIES MANAGEMENT LIMITED

## DETAILED INCOME STATEMENT

31 December 2015

	Page	2015 €	2014 €
<b>Revenue</b>			
Dividend income		41.821	10.737
Interest income		156.094	200.919
Loan interest income		3.669.850	1.775.356
Net gain on trading in financial instruments		356	1.294.346
Net fair value losses on financial assets at fair value through profit or loss		1.760.233	-
<b>Other operating income</b>			
Change in fair value of derivative financial instruments		-	(454.902)
Profit from sale of available-for-sale financial assets		124.895	169.123
Profit from sale of financial assets at fair value through profit or loss		40.568	40.012
Exchange profit		<u>3.190.976</u>	<u>2.927.855</u>
		<b>8.984.793</b>	5.963.446
<b>Operating expenses</b>			
Administration expenses	38	<u>(154.788)</u>	<u>(79.573)</u>
		<b>8.830.005</b>	5.883.873
<b>Other operating expenses</b>			
Broker commission and charges		(26.653)	(48.167)
Loss from sales of financial assets at fair value through profit or loss		(21.311)	(495)
Fair value losses on financial assets at fair value through profit or loss		<u>(259.220)</u>	<u>(2.424.260)</u>
		<b>8.522.821</b>	3.410.951
<b>Operating profit</b>		<u><b>(7.378.248)</b></u>	<u>(5.593.584)</u>
Finance costs	39	<u>(7.378.248)</u>	<u>(5.593.584)</u>
<b>Net profit/(loss) for the year before tax</b>		<u><b>1.144.573</b></u>	<u>(2.182.633)</u>

# J&T SECURITIES MANAGEMENT LIMITED

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## SELLING AND DISTRIBUTION EXPENSES

31 December 2015

	<b>2015</b>	2014
	<b>€</b>	€
<b>Administration expenses</b>		
Annual levy	<b>350</b>	350
Courier expenses	<b>2.142</b>	1.166
Certification and legalisation expenses	<b>1.317</b>	3.332
Auditors' remuneration for the statutory audit of annual accounts	<b>16.000</b>	13.000
Auditors' remuneration for other assurance services	<b>13.090</b>	-
Auditors' remuneration - prior years	<b>2.470</b>	2.470
Accounting fees	<b>12.049</b>	11.900
Other professional fees	<b>28.047</b>	31.435
Translation fees	<b>870</b>	652
Directors' fees	<b>476</b>	476
Administration and fees for bonds	<b>77.977</b>	14.792
	<b>154.788</b>	79.573



# J&T SECURITIES MANAGEMENT LIMITED

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## FINANCE COSTS

31 December 2015

	2015	2014
	€	€
<b>Finance costs</b>		
<b>Interest expense</b>		
Loan interest	<b>384.944</b>	698.268
Bank overdraft interest	<b>10.482</b>	566
Loan interest on REPO agreements	<b>1.164.740</b>	611.439
Debenture interest	<b>2.552.251</b>	474.816
<b>Sundry finance expenses</b>		
Bank charges	<b>8</b>	30
<b>Net foreign exchange transaction losses</b>		
Realised foreign exchange loss	<b>729.880</b>	3.268.950
Unrealised foreign exchange loss	<b>2.535.943</b>	539.515
	<b><u>7.378.248</u></b>	<b><u>5.593.584</u></b>

# J&T SECURITIES MANAGEMENT LIMITED

## COMPUTATION OF CORPORATION TAX

31 December 2015

	Page	€	€
Net profit per income statement	37		
	5		1.144.573
<b>Add:</b>			
Broker commission and charges		26.653	
Loss from sales of financial assets at fair value through profit or loss		21.311	
Fair value losses on financial assets at fair value through profit or loss		259.220	
Annual levy		350	
Disallowed interest		722.754	
Realised exchange losses		<u>726.908</u>	
			<u>1.757.196</u>
			2.901.769
<b>Less:</b>			
Profit from sale of available-for-sale financial assets		124.895	
Profit from sale of financial assets at fair value through profit or loss		40.924	
Fair value gains on financial assets at fair value through profit or loss		1.760.233	
Dividends received		41.821	
Realised exchange gains		<u>619.678</u>	
			<u>(2.587.551)</u>
<b>Chargeable income for the year</b>			<u><u>314.218</u></u>

### Calculation of corporation tax

	Income €	Rate %	Total € c
<b>Tax at normal rates:</b>			
Chargeable income as above	<u>314.218</u>	12,50	39.277,25
Tax paid provisionally	<u>480.000</u>		<u>(60.000,00)</u>
<b>TAX REFUNDABLE</b>			<u><u>(20.722,75)</u></u>

