J&T SECURITIES MANAGEMENT LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2017

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REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2017

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J&T SECURITIES MANAGEMENT LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Jarmila Janosova
Company Secretary:	D. H. Nominees Ltd (appointed on 30 October 2017) PA.TY. Secretarial Limited (resigned on 30 October 2017)
Independent Auditors:	KPSA CHARTERED ACCOUNTANTS 15 Themistokli Dervi Street 1st floor, P.O. Box 27040 1641, Nicosia Cyprus
Registered office:	Klimentos, 41-43 Klimentos Tower, 2nd floor, Flat/Office 22 1061, Nicosia Cyprus
Banker:	J&T Banka, a.s.
Registration number:	HE260821
Legal Entity Identifier:	315700GBLUBZ50S45F53

MANAGEMENT REPORT

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

Principal activities and nature of operations of the Company
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 performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

As part of the Company's plans for future development, is the use of the total net proceeds from the bonds issue for refinancing of present debts purposes and for developing its business activities. In addition, the provision of funding to companies coming from the group of the shareholder.

Given that the maturity of the issued debentures is approaching (22 October 2018), the management is considering two options for the repayment of debentures:

1. The issuance of new debentures with the same terms by the Company, or

2. In case new debentures are not issued prior to the maturity of the existing debentures, finance in the form of loan will be provided to the Company by J&T Private Equity B.V. for their repayment. The Company has already had some initial discussion and the related party has available funds for such a loan.

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

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

The Company's financial risk management objectives and policies are to acquire ownership, investments and assets in financial markets and private equity. Nowadays, the company also provides funding to companies in the shareholder group. In the future, the company will continue to do so, while planning to increase the share of the investment to the detriment of its own exposure to group companies.

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.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

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

Credit risk related to financial instruments and cash deposits: Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

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

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

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

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

Board of Directors
The sole member of the Company's Board of Directors as at 31 December 2017 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 2017.

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.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 24 to the financial statements.

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,

D.H. NOMINEES LTD

D. H. Nominees Ltd
Secretary

Nicosia, 27 April 2018

KPSA
Chartered Accountants

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1641 Nicosia
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Independent Auditor's Report

To the Members of J&T Securities Management Limited

Report on the Audit of the Financial Statements

Opinion

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 2017, 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 notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Corporation tax

Due to the complexity and the judgment needed for calculating the disallowed interest relating to loans payable that is to be included in the Tax Computation, the matter constitutes a key audit matter. Management judgment includes consideration of the tax regulations behind any treatment and where there are any uncertainties for the correct treatment, tax experts' opinion is sought.

Management's disclosures with regards to the uncertainties are contained in Note 4, whilst the income tax disclosures are also contained in Note 11.

In order to evaluate the recognition and measurement of the disallowed interest included in the corporation tax calculation, we have performed the following work:
(i) Analysed the tax calculations carried out by the Management for compliance with the relevant laws and regulations
(ii) Performed analytical procedures to ensure the consistency with prior years treatment
(iii) Evaluated the Management's assessment about which loans constitute back to back loans, the interest income of which was taxed based on the minimum margin rules
(iv) Evaluated the Management's assessment relating to the part of the interest resulting from the debentures that could be allowed for tax purposes.

KPSA is a Cyprus Company member of the Institute of Certified Public Accountants of Cyprus

Partners: N. I. Kastellanis S. C. Saphiris C. A. Antoniou

KPSA
Chartered Accountants

Independent Auditor's Report (continued)

To the Members of J&T Securities Management Limited

All the above were assessed and examined based on our professional judgment, valuable input, sufficient and detailed conversation with those charged with governance. It was the issue on which we had the most robust discussion with Management. Our factors in determining the above matter as a key audit matter that requires special attention, were both, quantitative and qualitative, always having in mind its complexity.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

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

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

Responsibilities of the Board of Directors for the financial statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

KPSA
Chartered Accountants

Independent Auditor's Report (continued)

To the Members of J&T Securities Management Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal Requirements

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

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

Other Matter

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

Stelios Saphiris
Certified Public Accountant and Registered Auditor
for and on behalf of
KPSA
CHARTERED ACCOUNTANTS
15 Themistokli Dervi Street
1st floor, P.O. Box 27040
1641, Nicosia
Cyprus

Nicosia, 27 April 2018

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

	Note	2017 €	2016 €
Revenue	5	**5.144.155**	7.381.526
Other operating income	6	**10.290.000**	-
Net loss from investing activities	7	**(7.000.730)**	(844.403)
Administration expenses		**(164.994)**	(160.550)
Other expenses	8	**(118.191)**	(59.490)
Operating profit	9	**8.150.240**	6.317.083
Finance costs	10	**(8.026.146)**	(4.851.704)
Profit before tax		**124.094**	1.465.379
Tax	11	**(56.152)**	(41.708)
Net profit for the year		**67.942**	1.423.671
Other comprehensive income		**-**	-
Total comprehensive (expense) / income for the year		**67.942**	1.423.671

STATEMENT OF FINANCIAL POSITION
31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Available-for-sale financial assets	12	**10.420.707**	38.598.691
Non-current loans receivable	13	**2.412.360**	47.273.170
		12.833.067	85.871.861
Current assets			
Trade and other receivables	14	**14.426.059**	137.830
Loans receivable	13	**33.822.713**	4.924.169
Financial assets at fair value through profit or loss	15	**54.700.373**	45.013.511
Refundable taxes	20	**4.811**	3.171
Cash at bank and in hand	16	**534.190**	1.536
		103.488.146	50.080.217
Total assets		**116.321.213**	135.952.078
EQUITY AND LIABILITIES			
Equity			
Share capital	17	**11.000**	11.000
Share premium		**50.914.000**	50.914.000
Other reserves		**44.664**	364
Retained earnings		**7.508.877**	7.440.935
Total equity		**58.478.541**	58.366.299
Non-current liabilities			
Borrowings	18	**1.732.271**	44.784.608
		1.732.271	44.784.608
Current liabilities			
Trade and other payables	19	**803.269**	6.302.137
Borrowings	18	**55.307.132**	26.499.034
		56.110.401	32.801.171
Total liabilities		**57.842.672**	77.585.779
Total equity and liabilities		**116.321.213**	135.952.078

On 27 April 2018 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 11 to 41 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2017

	Share capital €	Share premium €	Fair value reserve - available-for-sale financial assets €	Accumulated (losses) / retained earnings €	Total €
Balance at 1 January 2016	**11.000**	**50.914.000**	**-**	**6.017.264**	**56.942.264**
Comprehensive income					
Net profit for the year	-	-	-	1.423.671	1.423.671
Other comprehensive income for the year	-	-	364	-	-
Balance at 31 December 2016/ 1 January 2017	**11.000**	**50.914.000**	**364**	**7.440.935**	**58.366.299**
Comprehensive income					
Net profit for the year	-	-	-	67.942	67.942
Other comprehensive income for the year	-	-	44.300	-	-
Balance at 31 December 2017	**11.000**	**50.914.000**	**44.664**	**7.508.877**	**58.478.541**

Share premium is not available for distribution.

The fair value reserve for investments represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

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

CASH FLOW STATEMENT
Year ended 31 December 2017

	Note	2017 €	2016 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**124.094**	1.465.379
Adjustments for:			
Exchange difference arising on the translation of non-current assets in foreign currencies		**(345.270)**	(68.127)
Unrealised exchange loss/(profit)		**1.239.953**	(82.192)
Loss from the sale of available-for-sale financial assets		**23.607**	6.254
Profit from the sale of financial assets at fair value through profit or loss		**(164.978)**	(2.660.711)
Fair value losses on financial assets at fair value through profit or loss		**9.070.879**	1.499.775
Dividend income	5	**(227.835)**	(687.933)
Interest income	5	**(3.606.525)**	(3.758.732)
Interest expense	10	**3.769.092**	3.997.351
		9.883.017	(288.936)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		**(13.354.323)**	12.929.061
Increase in financial assets at fair value through profit or loss		**(18.618.261)**	(13.796.457)
Decrease in trade and other payables		**(5.513.868)**	(181.747)
Cash used in operations		**(27.603.435)**	(1.338.079)
Interest received		**3.689.123**	2.921.885
Dividends received		**227.835**	687.933
Tax paid		**(42.792)**	(24.156)
Net cash (used in)/generated from operating activities		**(23.729.269)**	2.247.583
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of available-for-sale financial assets		**(86.076.401)**	(38.919.177)
Loans granted		**(33.904.436)**	(44.034.789)
Loans repayments received		**50.888.250**	72.947.827
Proceeds from sale of available-for-sale financial assets		**115.070.155**	901.226
Net cash generated from/(used in) investing activities		**45.977.568**	(9.104.913)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		**(77.595.561)**	(113.857.509)
Proceeds from borrowings		**59.771.562**	124.223.859
Unrealised exchange (loss)/profit		**(398.486)**	101.852
Interest paid		**(3.493.160)**	(3.614.353)
Net cash (used in)/generated from financing activities		**(21.715.645)**	6.853.849
Net increase/(decrease) in cash and cash equivalents		**532.654**	(3.481)
Cash and cash equivalents at beginning of the year		**1.536**	5.017
Cash and cash equivalents at end of the year	16	**534.190**	1.536

The notes on pages 11 to 41 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

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 Klimentos, 41-43, Klimentos Tower, 2nd floor, Flat/Office 22, 1061, 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, 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 2017. 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.

New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2018 or later, and which the Company has not early adopted.

IFRS 9 "Financial Instruments" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

- Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
- Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

2. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

- Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

- IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

- The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

Consolidated financial statements

The Group consolidated financial statements comprise the financial statements of the ultimate parent company J&T Private Equity Group Limited, a company incorporated in Cyprus, and the financial statements of the following subsidiaries: JTPEG Advisory, a.s., JTPEG Croatia Investments, a.s. (and its subsidiary Marbera Holding, a.s.), Ellisville Group, s.r.o., J&T BFL Anstalt, Solegnos Enterprises Limited (and Consulting Designer Limited), Rigoberto Investments Limited (and Consulting Designer Limited), Kotrab Enterprises Limited, J&T Private Equity B.V. (and its subsidiaries J&T Financial Investments Limited and J&T Private Investments B.V.), Agunaki Enterprises Limited, J&T Private Investments II B.V., Stocklac Limited, Boronio CZ a.s., Dalinton Limited and the Company.

These consolidated financial statements can be obtained at Klimentos, 41-43, Klimentos Tower, 2nd Floor, Flat/Office 22, 1061 Nicosia.

The consolidated financial statements for the year ended 31 December 2017 have not been prepared yet.

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

- **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. Translation differences on available-for-sale financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity. Translation differences on available-for-sale debt securities are recognised in profit or loss.

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.

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.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

- 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.

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.

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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.

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 and hedge accounting

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.

2. Significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

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

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.

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

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

Credit risk related to financial instruments and cash deposits: Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

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.

31 December 2017	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	3.410.707	3.410.707	2.608.347	802.360	-	-	-
Debentures	47.348.835	47.348.835	-	47.348.835	-	-	-
Trade and other payables	752.274	752.274	752.274	-	-	-	-
Loans from related companies	6.279.861	6.279.861	-	4.547.590	1.732.271	-	-
	57.791.677	**57.791.677**	**3.360.621**	**52.698.785**	**1.732.271**	**-**	**-**

3. Financial risk management (continued)

3.4 Liquidity risk (continued)

31 December 2016	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	3.842.017	3.842.017	2.744.842	1.097.175	-	-	-
Debentures	44.521.031	44.521.031	-	936.933	43.584.098	-	-
Trade and other payables	6.213.022	6.213.022	-	6.213.022	-	-	-
Payables to related parties	39.133	39.133	39.133	-	-	-	-
Loans from related companies	22.920.594	22.920.594	-	21.720.083	-	1.200.511	-
	77.535.797	77.535.797	2.783.975	29.967.213	43.584.098	1.200.511	-

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 United States Dollar and the 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.

Fair value estimation

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

4. Critical accounting estimates and judgments

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

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

4. Critical accounting estimates and judgments (continued)

Judgments

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

- **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.

- **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

	2017	2016
	€	€
Dividend income	**227.835**	687.933
Interest income	**716.479**	3.696
Loan interest income	**2.465.737**	3.755.036
Net gain on trading in financial instruments	**164.978**	2.660.711
Net fair value gains on financial assets at fair value through profit or loss	**1.569.126**	274.150
	5.144.155	7.381.526

6. Other operating income

	2017	2016
	€	€
Profit from share derivatives	**10.290.000**	-
	10.290.000	-

7. Net loss from investing activities

	2017	2016
	€	€
Profit from sale of available-for-sale financial assets	**100.000**	580
Exchange profit	**3.662.882**	935.776
Loss from sale of available-for-sale financial assets	**(123.607)**	(6.834)
Fair value losses on financial assets at fair value through profit or loss	**(10.640.005)**	(1.773.925)
	(7.000.730)	(844.403)

8. Other expenses

	2017	2016
	€	€
Broker commission and charges	**118.191**	59.490
	118.191	59.490

9. Operating profit

	2017	2016
	€	€
Operating profit is stated after charging the following items:		
Loss from sale of available-for-sale financial assets (Note 12)	**23.607**	6.254
Directors' fees	**476**	476
Auditors' remuneration for the statutory audit of annual accounts	**18.000**	15.000
Auditors' remuneration for other assurance services	**13.090**	13.090
Auditors' remuneration - prior years	**2.850**	3.040

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2017

10. Finance costs

	2017 €	2016 €
Finance costs		
Interest expense		
Loan interest	**559.332**	241.060
Bank overdraft interest	**31**	690
Loan interest on REPO agreements	**125.262**	765.146
Debenture interest	**3.084.467**	2.990.455
Sundry finance expenses		
Bank charges	**11**	13
Net foreign exchange losses		
Realised foreign exchange loss	**946.879**	34.510
Unrealised foreign exchange loss	**3.310.164**	819.830
	8.026.146	4.851.704

11. Tax

	2017 €	2016 €
Corporation tax - current year	**28.360**	36.830
Overseas tax	**27.792**	4.878
Charge for the year	**56.152**	41.708

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

	2017 €	2016 €
Profit before tax	**124.094**	1.465.379
Tax calculated at the applicable tax rates	**15.512**	183.172
Tax effect of expenses not deductible for tax purposes	**2.014.701**	423.552
Tax effect of allowances and income not subject to tax	**(2.001.853)**	(569.894)
Overseas tax in excess of credit claim used during the year	**27.792**	4.878
Tax charge	**56.152**	41.708

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 17%.

12. Available-for-sale financial assets

	2017	2016
	€	€
Balance at 1 January	**38.598.691**	-
Additions	**86.076.401**	38.919.177
Disposals	**(115.093.762)**	(907.480)
Exchange differences	**370.768**	377
Interest for the year	**424.309**	3.696
Revaluation difference transferred to equity	**44.300**	(364)
Transfer from FVTPL	-	583.285
Balance at 31 December	**10.420.707**	38.598.691
Less non-current portion	**(10.420.707)**	(38.598.691)
Current portion	-	-

	Fair values 2017	Cost 2017	Fair values 2016	Cost 2016
	€	€	€	€
Securities listed on a Stock Exchange	**10.420.707**	**10.385.547**	38.598.691	38.354.371
	10.420.707	**10.385.547**	38.598.691	38.354.371

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:

	2017	2016
	€	€
Profit from sale of available-for-sale financial assets	**100.000**	580
Loss from sale of available-for-sale financial assets	**(123.607)**	(6.834)
Net loss on available-for-sale financial assets	**(23.607)**	(6.254)

(A) On 31 December 2016, the Company holds 5.000 listed coupon bonds in CPI Finance Slovakia II, a.s. (CPI 5,00 / 2022) held with a regulated financial institution, 28.000 Czech government bonds of ST. Dluhop. 1,00/26 and 50.000 Czech government bonds of ST. Dluhop. 2,40/25.

Additionally, the Company holds 124 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, 1 piece of fixed rate perpetual notes of J&T Banka 9% PERP EUR and 48 pieces of fixed rate perpetual notes of J&T Banka 9% PERP CZK on 31 December 2016.

(B) During the year ended 31 December 2017, the following occurred:

(a) The listed coupon bonds held in CPI Finance Slovakia II, a.s. (CPI 5,00 / 2022) with a regulated financial institution, the Czech government bonds of ST. Dluhop. 1,00/26 and the Czech government bonds of ST. Dluhop. 2,40/25, were all disposed off.

(b) On 31 December 2017, the Company holds 124 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, 11 pieces of fixed rate perpetual notes of J&T Banka 9% PERP EUR and 51 pieces of fixed rate perpetual notes of J&T Banka 9% PERP CZK.

12. Available-for-sale financial assets (continued)

(c) During the year ended 31 December 2017, the Company purchased a number of bonds in a third party, which were all disposed during the period.

On 26 April 2017, the Company entered into a Contract on the set-off of receivables with a third party for the set-off of their mutual receivables. The aforementioned third party has a receivable from the Company, arising from the purchase price of Promissory notes 01/2017 - 08/2017 all issued on 26 April 2017, in the total amount of €3.880.000. The Company has a receivable from the Other party arising from the purchase price from the disposal of bonds in the total amount of €6.889.886,12, out of which the amount of €3.009.886,12 was already settled to the Company.
The Parties therefore, agreed to mutually set-off their receivables in the amount of €3.880.000.

(d) On 31 December 2017, the Company additionally holds 23 coupon bonds in Gladonia Limited (Gladonia 3,00/20).

13. Non-current loans receivable

	2017	2016
	€	€
Balance at 1 January	**52.197.339**	80.242.423
New loans granted	**33.904.436**	44.034.789
Repayments	**(53.925.880)**	(75.869.712)
Interest charged	**2.465.737**	3.755.036
Set-off of loans	**(2.248.323)**	-
Assignment of loans	**1.379.405**	-
Exchange differences	**2.462.359**	34.803
Balance at 31 December	**36.235.073**	52.197.339

	2017	2016
	€	€
Loans receivable	**3.110.734**	4.734.546
Loans to related companies (Note 21.4)	**33.124.339**	47.462.793
	36.235.073	52.197.339
Less current portion	**(33.822.713)**	(4.924.169)
Non-current portion	**2.412.360**	47.273.170

The loans are repayable as follows:

	2017	2016
	€	€
Within one year	**33.822.713**	4.924.169
Between one and five years	**2.412.360**	47.273.170
	36.235.073	52.197.339

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

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

	2017	2016
Loans receivable	**1year Pribor + 5,54%, 3,5%-12%**	6%-12%

13. Non-current loans receivable (continued)

Loans to related companies	**2weekly Repo + 1% / 2,50% - 7,35%**	2weekly Repo + 1% / 2,50% - 7,35%

Loans to related companies relate to the following:

(i) 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.
The loan was fully settled on 29 December 2016.

Per Amendment No.1 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

The loan was fully settled on 8 November 2017.

(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.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2017.

The loan was fully settled on 8 November 2017.

(ii) Additional Agreements concluded during subsequent years relate to the following:

(1) 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.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

On 29 June 2017, the Parties entered into a Termination Agreement for the termination of the loan. Up to the date of signing this Agreement, all rights and obligations arising from the Credit Contract are settled up to full extent.

13. Non-current loans receivable (continued)

(2) 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.

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.

The loan was fully settled based on the Agreement of mutual understanding disclosed below.

(3) 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.

On 29 April 2016, the Company ("Creditor") entered into an Agreement of mutual understanding with J&T Private Equity B.V. ("Debtor") according to which, the Parties agreed to terminate the Credit Contracts 16/JSML/2014, which on this date has a balance of CZK 129.034.756,64 (equivalent to €4.772.350,47) and 18/JSML/2014, which on this date has a balance of €1.016.384,23 and at the same time to increase the principal amount of the Credit Contrract 20/JSML/2014 by these amounts.
On 01 May 2016, the balance of 20/JSML/2014 shall be €6.515.826,05.

(4) 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.

Per Amendment No.1 signed on 29 April 2016, the credit limit increased to €7.000.000.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

On 29 April 2016, the Company ("Creditor") entered into an Agreement of mutual understanding with J&T Private Equity B.V. ("Debtor") according to which, the Parties agreed to terminate the Credit Contracts 16/JSML/2014, which on this date has a balance of CZK 129.034.756,64 (equivalent to €4.772.350,47) and 18/JSML/2014, which on this date has a balance of €1.016.384,23 and at the same time to increase the principal amount of the Credit Contrract 20/JSML/2014 by these amounts.
On 01 May 2016, the balance of 20/JSML/2014 shall be €6.515.826,05.

13. Non-current loans receivable (continued)

(5) 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.

(6) 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.

(7) On 01 July 2016, the Company ("Creditor") concluded Credit Contract 27/JSML/2016 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 153.680.803,44, bearing interest at 4,85% per annum, which is repayable until 01 July 2017.

On the same day, the Parties signed the Request for Draw and Agreement of the Contracting Parties according to which, the drawn amount of CZK 153.680.803,44 resulting from the Credit Contract 27/JSML/2016, shall be used for the partial repayment of the Company's receivable from the Credit Contract 20/JSML/2014, which, as at 01 July 2016 has an outstanding total amount of CZK 153.680.803,44. The receivable, as at the date of the Agreement, is equivalent to €5.664.367,05.

Per the Request for Draw and Agreement of the Contracting Parties signed on 02 November 2016, the drawn amount of €5.780.526,86 resulting from the Credit Contract 20/JSML/2014, shall be used for the partial repayment of the Company's receivable from the Credit Contract 27/JSML/2016, which, as at 02 November 2016 has an outstanding total amount of €5.780.526,86, equivalent to CZK 156.212.957,83.

Other loans relating to Agreements concluded during 2015 to 2017 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. In case the interest is not paid on time, is capitalised on the principal amount of the loan.

On 13 February 2017, the Company entered into an Agreement on setting off mutual receivables with the same third party individual ("Party B") according to which, the Parties shall set off their following mutual receivables.
(i) Receivable of the Company in the amount of CZK 60.752.364,02, resulting from the Loan Contract signed on 21 January 2015.
(ii) Receivable of Party B in the amount of CZK 60.752.364,02, which consists the selling price of the promissory note under promissory note hand over protocol as of 13 February 2017.
The receivables of both Parties were mutually set off.

(2) On 14 April 2016, the Company ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the granting of a loan in the amount of €10.800.000, which bears interest at 12% per annum and is repayable on 14 April 2017.
The principal of the loan was fully settled on 02 December 2016, whereas the accrued interest was still outstanding
The accrued interest was fully settled on 27 March 2017.

(3) On 16 June 2016, the Company ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the granting of a loan in the amount of €1.626.700, which bears interest at 6% per annum and is repayable on 15 December 2016.

Per Amendment No.1 signed on 14 December 2016, the repayment date was extended until 15 September 2017.

Per Amendment No.2 signed on 14 September 2017, the repayment date was further extended until 15 March 2018.

Per Amendment No.3 signed on 14 March 2018, the repayment date was further extended until 15 March 2019.

13. Non-current loans receivable (continued)

(4) On 02 May 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivable with a financial institution ("Assignor") for the assignment of the loan initially payable to the Assignor resulting from Overdraft Loan Agreement entered between the Assignor as the Creditor and a third party as the Borrower on 05 May 2006.
As at the date of the assignment, the loan has a total amount of CZK 17.282.325,81, which consists of principal in the amount of CZK 16.883.062,01, the accrued interest amount to CZK 352.044,33 and the default interest amounts to CZK 47.219,47.
The fee for the assignment of the receivable amounts to CZK 17.282.325,81 and it is payable within three days from the signing of this Agreement.

Per Amendment No.19 to the Credit Contract CZK 60/KTK/2006 signed on 29 April 2016, the Parties agree that as of the effectiveness of this Agreement the interest rate of the receivable is 1Y PRIBOR + 5,54 % per annum.
The interest rate is always set for a year period, since the rate announced by the Czech National Bank on the last day of the previous calendar year is always applied for the PRIBOR rate.
In case the value of the 1Y PRIBOR rate declines below 0,00% per annum, the parties agree that this rate will be replaced by a fixed rate of 0,00% per annum for the duration of this period.
In addition, the repayment date of the loan is extended until 28 April 2017.

Per Amendment No.20 to the Credit Contract CZK 60/KTK/2006 signed on 2 May 2017 between the Company ("Creditor") and a third party ("Debtor"), the repayment date has been extended to 31 December 2017.
In addition, the Parties agreed that the interest assigned and the default interest in the amount of CZK 352.044,33 and CZK 47.219,47 respectively shall be capitalised and become part of the principal.

Per Amendment No.21 signed on 29 December 2017, the parties agreed for the prolongation of the repayment date of the loan to 30 June 2018.

(5) On 3 November 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivables with a third party ("Assignor") for the assignment of the following receivables from a third party ("Debtor"):
(i) Receivable resulting from a Loan Contract signed on 8 August 2006, which bears interest of 10% per annum and consists of principal in the amount of CZK 10.068.704,47 and accrued interest of CZK 8.833.477,78. The principal assigned was in the amount of CZK 9.928.440,70.

Per Amendment No.2 signed between the original parties on 16 August 2007, the repayment date is until 31 December 2020 and per Amendment No.4 signed on 17 June 2011, the principal amount of the loan is up to the amount of CZK 13.000.000.

(ii) Receivable resulting from a Loan Contract signed on 25 April 2013, which bears interest of 3,5% per annum, which consists of accrued interest in the amount of CZK 138.081,52.
The receivables are assigned for a consideration equal to the nominal value of the receivables, CZK 18.900.000, which is payable within three months from the day of the signing of this Agreement, i.e. until 3 February 2018.

According to the original Loan Contract, the repayment date of the outstanding accrued interest is 31 December 2024.

13. Non-current loans receivable (continued)

The loans assigned are secured with 93.750 shares that the Debtor holds in a Maltese Company, which are pledged

The Share Pledge Agreement was concluded on 31 December 2013 between the Debtor ("Pledgor") and a third party. ("Pledgee").

Per the Notice and Request to provide Security signed between the Company ("Assignee", "New Creditor") and the Debtor, together with the assignment of the loans to the Company, the security and rights under the Share Pledge Agreement signed on 31 December 2013, were also assigned.

According to the Notice, the Company applies its rights to all dividends, interest and other monies paid or payable in respect of the Pledged Shares and also applies its right to be provided by additional adequate security in relation to any assets to which the Debtor has ownership with a nominal and / or market value above CZK 22.000.000, up to the total amount of CZK 25.000.000.

14. Trade and other receivables

	2017	2016
	€	€
Trade receivables	**184.357**	73.532
Deposits and prepayments	**67.968**	64.298
Derivative financial instruments	**10.291.390**	-
Bills of exchange receivable	**3.882.344**	-
	14.426.059	137.830

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

(A) On 31 December 2017 and 31 December 2016, Trade receivables mainly relate to the balances of broker accounts held with a regulated financial institution.

(B) Bills of exchange receivable relate to the following transactions during the year ended 31 December 2017:

(i) On 26 April 2017, the Company ("Creditor") concluded six Bill of Exchange Contracts with a third party ("Issuer"), for the issue of promissory notes which have a value of €525.576,39 each on 31 December 2017. The principal amount of each promissory note is €500.000, bears interest at the rate of 7,25% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendments No.1 concluded on the six Bills of Exchange Contracts on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017. Therefore, as at 31 December 2017, each of the bills of exchange will have a balance of €525.072,92.

On 29 December 2017, the Company ("Creditor") entered into Bills of Exchange Contracts, which replace the existing Bills of Exchange Contracts signed on 26 April 2017. The new Contracts extend the maturity of the existing Bills of Exchange until 29 June 2018 and set their interest rate at 7,25% per annum.

(ii) On 26 April 2017, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €517.291,67 on 31 December 2017. The principal amount of the promissory note is €500.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

14. Trade and other receivables (continued)

(ii) On 26 April 2017, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €517.291,67 on 31 December 2017. The principal amount of the promissory note is €500.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

On 29 December 2017, the Company ("Creditor") entered into a Bill of Exchange Contract, which replaces the existing Bill of Exchange Contract signed on 26 April 2017. The new Contract extends the maturity of the existing Bill of Exchange until 29 June 2018 and sets the interest rate at 7,25% per annum.

(iii) On the same day, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €393.141,67 on 31 December 2017. The principal amount of the promissory note is €380.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

On 29 December 2017, the Company ("Creditor") entered into a Bill of Exchange Contract, which replaces the existing Bill of Exchange Contract signed on 26 April 2017. The new Contract extends the maturity of the existing Bill of Exchange until 29 June 2018 and sets the interest rate at 7,25% per annum.

On 26 April 2017, the Company entered into a Contract on the set-off of receivables with a third party for the set-off of their mutual receivables. The aforementioned third party has a receivable from the Company, arising from the purchase price of Promissory notes 01/2017 - 08/2017 all issued on 26 April 2017, in the total amount of €3.880.000. The Company has a receivable from the Other party arising from the purchase price from the disposal of bonds in the total amount of €6.889.886,12, out of which the amount of €3.009.886,12 was already settled to the Company.
The Parties therefore, agreed to mutually set-off their receivables in the amount of €3.880.000.

(iv) On 13 February 2017, the Company ("New Creditor") concluded an Agreement on Assumption of Obligations Under Issue Terms and Conditions with a third party ("Creditor"), for the transfer of the promissory note to the Company with a value of CZK 60.752.364,02. The promissory note was issued by J&T Private Equity B.V. ("Debtor") on 21 January 2014, and its matures on 15 February 2017.

On 13 February 2017, the Company entered into an Agreement on setting off mutual receivables with a third party ("Party B") according to which, the Parties shall set off their following mutual receivables.
(i) Receivable of the Company in the amount of CZK 60.752.364,02, resulting from the Credit Contract signed on 21 January 2015.
(ii) Receivable of Party B in the amount of CZK 60.752.364,02, which consists the selling price of the promissory note under promissory note hand over protocol as of 13 February 2017.
The receivables of both Parties were mutually set off.

(v) On 11 August 2017, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €6.632.166,67 on 11 December 2017. The principle amount of the promissory note is €6.500.000, bears interest at the rate of 6,00% per annum calculated on a 360 days basis and is payable until 11 December 2017.

14. Trade and other receivables (continued)

(C) On 3 October 2017, the Company ("Seller") entered into a Call and Put Option Agreement with J&T Private Equity Group Limited ("JTPEG", "Purchaser") according to which, JTPEG shall have the right to purchase the shares that the Company has in its ownership, which consist of 300.000 pieces of Class A Investor Shares of nominal value of €100 per piece in the Sandberg Private Equity 2 Fund ("Shares"), being a sub-fund of Sandberg Investment Fund SICAV PLC. The remuneration for the exercise of the Put Option or the Call Option shall be €30.000.000, which shall be payable within two months following the exercise date. The exercise date shall be the day of delivery of the Call Option or the Put Option Notice. The Call and Put Option Period starts from the date of the signing of this Agreement and ends on 30 June 2018.

15. Financial assets at fair value through profit or loss

	2017	2016
	€	€
Balance at 1 January	**45.013.511**	30.570.925
Additions	**42.591.820**	284.980.787
Disposals	**(23.808.581)**	(268.523.619)
Change in fair value	**(9.070.879)**	(1.499.775)
Exchange differences	**(25.498)**	68.478
Transfer to AFS	**-**	(583.285)
Balance at 31 December	**54.700.373**	45.013.511
Less non-current portion	**-**	-
Current portion	**54.700.373**	45.013.511

	Fair values 2017	**Cost 2017**	Fair values 2016	Cost 2016
	€	**€**	€	€
Securities listed on a Stock Exchange	**54.700.373**	**61.659.826**	45.013.511	42.879.045
	54.700.373	**61.659.826**	45.013.511	42.879.045

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	**2017**	2016
				€	€
Tatry mountain resorts, a.s.	Security	4,27%	15,88%	**7.645.438**	6.986.842
Dragon - Ukrainian Properties & Development plc.	Security	- %	- %	**-**	2.001.272
J&T Ostravice Active Life	Unit certificate	11,09%	1,99%	**958.431**	935.218
Sandberg Investment Fund SICAV PLC	Unit certificate	50,00%	40,94%	**19.710.000**	30.000.000
Best Hotel Properties a.s. (BHP)	Security	7,77%	18,11%	**8.716.830**	-
				37.030.699	39.923.332

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

(A) On 31 December 2016, the Company holds 99.489 shares in Tatry mountain resorts, a.s. (TMR) and 1.441.972 in Best Hotel Properties a.s. (BHP).
In addition, the Company holds 186.857 shares in TMR, 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 €3.825.057 (CZK 103.357.564) plus interest (with various parties).

Additionally, the Company holds 49.494 shares in a Czech Company (with shares listed on the Prague Stock Exchange), 255 pieces of J&T Ostravice Active Life and 11.687.200 shares held with Dragon Ukrainian Properties & Development plc.

Moreover, the Company holds 300.000 pieces of Sandberg Private Equity 2 Fund, which constitutes a sub fund of Sandberg Investment Fund SICAV PLC.

(B) On 31 December 2017, the Company holds 133.348 shares in Tatry mountain resorts, a.s. (TMR) and 2.724.022 in Best Hotel Properties a.s. (BHP).
In addition, the Company holds 152.998 shares in TMR, 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 €3.396.655 (CZK 86.733.435) plus interest (with various parties).

On 6 November 2017, the Company ("Purchaser") entered into an Agreement on purchase of securities with a third party ("Purchaser") for the transfer of 1.282.050 securities in the share capital of Best Hotel Properties, a.s. (BHP) for the purchase price of €3.910.252,50. The shares purchases have a nominal value of €1,00 per share and represent a share of 3,66% in the share capital of BHP.

Additionally, all 49.494 shares held in a Czech Company (with shares listed on the Prague Stock Exchange) and all 11.687.200 shares held with Dragon Ukrainian Properties & Development plc were fully disposed during the period.

The Company still holds 255 pieces of J&T Ostravice Active Life and 300.000 pieces of Sandberg Private Equity 2 Fund, which constitutes a sub fund of Sandberg Investment Fund SICAV PLC.

During the year, the Company also acquired 205.000 shares in OPAP SA and 798.045 shares in CEZ, a.s. which are all held on 31 December 2017.

16. Cash at bank and in hand

Cash balances are analysed as follows

	2017	2016
	€	€
Cash at bank and in hand	**534.190**	1.536
	534.190	1.536

Cash and cash equivalents by currency:

	2017	2016
	€	€
United States Dollars	**416.993**	17
Euro	**1.126**	1.191
Czech koruna	**116.071**	328
	534.190	1.536

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

17. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €1 each	**11.000**	**11.000**	11.000	11.000
		€		€
Issued and fully paid				
Balance at 1 January	**11.000**	**11.000**	11.000	11.000
Balance at 31 December	**11.000**	**11.000**	11.000	11.000

18. Borrowings

	2017 €	2016 €
Balance at 1 January	**71.283.642**	66.324.630
Additions	**59.771.562**	124.223.859
Repayments	**(81.088.689)**	(117.471.172)
Interest for the year	**3.769.060**	3.996.661
Exchange differences	**3.303.828**	54.463
Termination of loans	**-**	(5.844.799)
Balance at 31 December	**57.039.403**	71.283.642

	2017 €	2016 €
Current borrowings		
Bank loans	**3.410.707**	3.842.017
Debentures	**47.348.835**	936.933
Loans from related companies (Note 21.5)	**4.547.590**	21.720.084
	55.307.132	26.499.034
Non-current borrowings		
Debentures	**-**	43.584.098
Loans from related companies (Note 21.5)	**1.732.271**	1.200.510
	1.732.271	44.784.608
Total	**57.039.403**	71.283.642

Maturity of non-current borrowings:

	2017 €	2016 €
Between one to two years	**1.732.271**	43.584.098
Between two and five years	**-**	1.200.510
	1.732.271	44.784.608

On 31 December 2017, the bank loans are secured as follows:

- By a pledge of 152.998 shares in Tatry Mountain resorts, a.s. (TMR) (2016: 186.857 shares in TMR).

18. Borrowings (continued)

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

	2017	2016
Bank loans	**2,50%-3,00%**	3,20%-5,80%
Debentures	**6,25%**	6,25%
Loans from related companies	**4,20%, 5,90%, 1year Pribor + 5,21%**	3,20%-4,20%

(A) Loans from related parties

(i) 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.

On 31 May 2017, the Parties entered into a Termination Agreement for the termination of the loan. Up to the date of signing this Agreement, all rights and obligations arising from the Credit Contract are settled up to full extent.

(ii) On 16 June 2016, the Company ("Debtor") entered into Loan Contract 26/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan in the amount of €1.626.700, which bears interest at the rate of 4,20% per annum and is repayable on 15 December 2016.

Per Amendment No.1 signed on 14 December 2016, the repayment date has been extended until 15 September 2017.

Per Amendment No.2 signed on 14 September 2017, the repayment date has been extended until 15 March 2018.

Per Amendment No.3 signed on 15 March 2018, the repayment date has been extended until 15 March 2019.

(iii) On 29 December 2016, the Company ("Debtor") entered into Credit Contract 28/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €20.050.000, which bears interest at the rate of 4% per annum and is repayable on 29 March 2017.

The loan was fully settled on 4 January 2017.

(iv) On 08 March 2017, the Company ("Debtor") entered into Credit Contract 29/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of CZK 408.500.000, which bears interest at the rate of 2,60% per annum and is repayable on 31 December 2017.

Per the Termination Agreement signed on 20 September 2017, the loan is fully settled and Credit Contract is terminated

(v) On 26 April 2017, the Company ("Debtor") entered into Credit Contract 30/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €6.900.000, which bears interest at the rate of 5% per annum and is repayable on 31 December 2017.

Per Amendment No.1 signed on 11 August 2017, the credit limit increased up to the amount of €10.380.000 and the interest rate was amended to 5,90% per annum.

Per Amendment No.2 signed on 30 December 2017, the repayment date has been extended until 29 June 2018.

(vi) On 03 May 2017, the Company ("Debtor") entered into Loan Contract 31/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan in the amount of CZK 17.282.325.81 , which bears interest at 1 year PRIBOR plus a fixed rate of 5,21% per annum and is repayable until 02 May 2018.

18. Borrowings (continued)

On 28 February 2018, a Contract on Novation of Obligations was concluded between the Parties, according to which, the original Loan Contract 31/JSML/2017 is replaced by a Credit Contract, which has a credit limit of CZK 38.000.000 and bears interest at 1 year PRIBOR plus a fixed rate of 4,68% per annum. The repayment date is still 02 May 2018.

(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 2016, the bank loans represent REPO agreements for 186.857 shares in Tatry mountain resorts, a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.825.057 (CZK 103.357.564) plus interest.

On 31 December 2017, the bank loans represent REPO agreements for 152.998 shares in Tatry mountain resorts, a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.396.655 (CZK 86.733.435) plus interest.

(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.

18. Borrowings (continued)

(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

(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 2015, the Company sold all bonds repurchased.

The interest payments are made regularly up to now.

18. Borrowings (continued)

(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.

The loan was fully settled based on the Safekeeping Agreement below.

(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. Borrowings (continued)

On 30 April 2016, the Company ("Depositary") entered into a Safekeeping Agreement with a third party ("Depositor"), according to which, the Depositor agreed to entrust the Company with the safekeeping of the total amount of CZK 155.680.803,44.
The amount entrusted results from the following:
(i) CZK 128.360.372,60 from the Loan Contract signed on 27 June 2014,
(ii) €1.010.445,70 (equivalent to CZK 27.320.430,84) from the Loan Contract signed on 08 July 2014.

The Parties agree that if the liquidator of the Depositor does not prepare the final report on the course of the liquidation and does not compile financial statements by 30 June 2016, the amount of deposit shall carry interest in the amount of 4,5% per annum upon written request by the Depositor as of the day of the request until the day when the liquidator of the Depositor prepares the final report on the course of the liquidation or compiles financial statements.

The Company undertakes to pay out the amount entrusted or a part whenever it is requested by the Depositor in writing to do so.
Unless the amount entrusted is disposed of by 30 June 2017, the Company shall return the amount of deposit or its remaining part by 15 July 2017.
The Parties agreed that the safekeeping of the amount of deposit under this Agreement shall be free of charge and the depositary is not entitled to any remuneration.

On 01 July 2016, the third party delivered the Request under the Safekeeping Agreement according to which, the third party declares that by 30 June 2016 the final report on the course of the liquidation and financial statements were not prepared and requests that the amount of the deposit carries interest in the amount of 4,5% per annum from the delivery of this request.

Per the Notice of termination of carrying interest signed on 02 November 2016, the financial statements of the Depositor were compiled as at 02 November 2016.
As of this day, the total amount of the Deposit is CZK 153.680.803,44 and the interest on the amount of the Deposit is CZK 2.349.421,60.

The Safekeeping Agreement was fully settled on 29 March 2017.

19. Trade and other payables

	2017	2016
	€	€
Trade payables	**740.162**	6.169.473
VAT	**16.348**	14.504
Derivative financial instruments	**-**	1.129
Accruals	**34.647**	35.478
Other creditors	**12.112**	81.553
	803.269	6.302.137

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

On 31 December 2016, Trade payables mainly relate to the following:

On 30 April 2016, the Company ("Depositary") entered into a Safekeeping Agreement with a third party ("Depositor"), according to which, the Depositor agreed to entrust the Company with the safekeeping of the total amount of CZK 155.680.803,44.
The amount entrusted results from the following:
(i) CZK 128.360.372,60 from the Loan Contract signed on 27 June 2014,
(ii) €1.010.445,70 (equivalent to CZK 27.320.430,84) from the Loan Contract signed on 08 July 2014.

The Parties agree that if the liquidator of the Depositor does not prepare the final report on the course of the liquidation and does not compile financial statements by 30 June 2016, the amount of deposit shall carry interest in the amount of 4,5% per annum upon written request by the Depositor as of the day of the request until the day when the liquidator of the Depositor prepares the final report on the course of the liquidation or compiles financial statements.

The Company undertakes to pay out the amount entrusted or a part whenever it is requested by the Depositor in writing to do so.
Unless the amount entrusted is disposed of by 30 June 2017, the Company shall return the amount of deposit or its remaining part by 15 July 2017.
The Parties agreed that the safekeeping of the amount of deposit under this Agreement shall be free of charge and the depositary is not entitled to any remuneration.

On 01 July 2016, the third party delivered the Request under the Safekeeping Agreement according to which, the third party declares that by 30 June 2016 the final report on the course of the liquidation and financial statements were not prepared and requests that the amount of the deposit carries interest in the amount of 4,5% per annum from the delivery of this request.

The Safekeeping Agreement was fully settled on 29 March 2017.

On 31 December 2017, the balance of Trade Payables relate to the following:

On 3 November 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivables with a third party ("Assignor") for the assignment of the following receivables:
(i) Receivable resulting from a Loan Contract signed on 8 August 2006, which bears interest of 10% p.a. and consists of principal in the amount of CZK 10.068.704,47 and accrued interest of CZK 8.833.477,78. The principal assigned was in the amount of CZK 9.928.440,70.
(ii) Receivable resulting from a Loan Contract signed on 25 April 2013, which bears interest of 3,5% p.a., which consists of accrued interest in the amount of CZK 138.081,52.
The receivables are assigned for a consideration equal to the nominal value of the receivables, CZK 18.900.000, which is payable within three months from the day of the signing of this Agreement, i.e. until 3 February 2018.

Per Amendment No.1 signed on 31 January 2018, the consideration is payable within four months from the day of the signing of the Agreement, i.e. until 3 March 2018.

20. Refundable taxes

	2017	2016
	€	€
Corporation tax	(4.811)	(3.171)
	(4.811)	(3.171)

21. Related party transactions

The Company is controlled by J&T Private Equity Group Limited, incorporated in Cyprus, which owns 100% of the Company's shares.
Until 15 December 2016, the ultimate controlling parties were nine non resident individuals and one resident individual.
However, as from 15 December 2016, the ultimate controlling parties are eight non resident individuals and one resident individual.

The following transactions were carried out with related parties:

21.1 Directors' remuneration

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

	2017	2016
	€	€
Directors' fees	476	476
	476	476

21.2 Interest income

	2017	2016
	€	€
J&T Private Equity B.V.	2.319.257	2.741.304
	2.319.257	2.741.304

21.3 Interest expense

	2017	2016
	€	€
J&T Private Equity B.V.	559.332	80.617
	559.332	80.617

21.4 Loans to associates (Note 13)

	2017	2016
	€	€
J&T Private Equity B.V.	33.124.339	47.462.793
	33.124.339	47.462.793

21.5 Loans from related undertakings (Note 18)

	2017	2016
	€	€
J&T Private Equity B.V.	6.279.861	22.920.594
	6.279.861	22.920.594

22. Contingent liabilities

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

23. Commitments

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

24. 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.

On 23 April 2018, the interest payment relating to the fixed rate debentures was made.

Independent auditor's report on pages 4 to 6

DETAILED INCOME STATEMENT
Year ended 31 December 2017

	Page	2017 €	2016 €
Revenue			
Dividend income		**227.835**	687.933
Interest income		**716.479**	3.696
Loan interest income		**2.465.737**	3.755.036
Net gain on trading in financial instruments		**164.978**	2.660.711
Net fair value gains on financial assets at fair value through profit or loss		**1.569.126**	274.150
Other operating income			
Profit from share derivatives		**10.290.000**	-
Profit from sale of available-for-sale financial assets		**100.000**	580
Exchange profit		**3.662.882**	935.776
		19.197.037	8.317.882
Operating expenses			
Administration expenses	43	**(164.994)**	(160.550)
		19.032.043	8.157.332
Other operating expenses			
Broker commission and charges		**(118.191)**	(59.490)
Loss from sale of available-for-sale financial assets		**(123.607)**	(6.834)
Fair value losses on financial assets at fair value through profit or loss		**(10.640.005)**	(1.773.925)
Operating profit		**8.150.240**	6.317.083
Finance costs	44	**(8.026.146)**	(4.851.704)
Net profit for the year before tax		**124.094**	1.465.379

OTHER OPERATING EXPENSES
Year ended 31 December 2017

	2017 €	2016 €
Administration expenses		
Annual levy	**350**	350
Courier expenses	**1.190**	1.250
Certification and legalisation expenses	**1.103**	2.062
Auditors' remuneration for the statutory audit of annual accounts	**18.000**	15.000
Auditors' remuneration for other assurance services	**13.090**	13.090
Auditors' remuneration - prior years	**2.850**	3.040
Accounting fees	**12.495**	12.495
Other professional fees	**31.177**	31.871
Translation fees	**901**	885
Directors' fees	**476**	476
Fines	**1.608**	577
Administration and fees for bonds	**81.754**	79.454
	164.994	160.550

FINANCE COSTS
Year ended 31 December 2017

	2017	2016
	€	€
Finance costs		
Interest expense		
Loan interest	**559.332**	241.060
Bank overdraft interest	**31**	690
Loan interest on REPO agreements	**125.262**	765.146
Debenture interest	**3.084.467**	2.990.455
Sundry finance expenses		
Bank charges	**11**	13
Net foreign exchange losses		
Realised foreign exchange loss	**946.879**	34.510
Unrealised foreign exchange loss	**3.310.164**	819.830
	8.026.146	4.851.704

COMPUTATION OF CORPORATION TAX
Year ended 31 December 2017

	Page	€	€
Net profit per income statement	42		124.094
Add:			
Broker commission and charges		118.191	
Loss from sale of available-for-sale financial assets		123.607	
Fair value losses on financial assets at fair value through profit or loss		10.640.005	
Realised foreign exchange loss		946.879	
Unrealised foreign exchange loss		3.310.164	
Annual levy		350	
Fines		1.608	
Disallowed interest		976.800	
			16.117.604
			16.241.698
Less:			
Profit from share derivatives		10.290.000	
Profit from sale of available-for-sale financial assets		100.000	
Profit from sale of financial assets at fair value through profit or loss		164.978	
Fair value gains on financial assets at fair value through profit or loss		1.569.126	
Dividends received		227.835	
Realised foreign exchange profit		1.592.671	
Unrealised foreign exchange profit		2.070.211	
			(16.014.821)
Chargeable income for the year			226.877

Calculation of corporation tax	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	226.877	12,50	28.359,63
Tax paid provisionally	240.000		(30.000,00)
TAX REFUNDABLE			(1.640,37)