



**PRUDENTIA CAPITAL (CYPRUS)
LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2017

PRUDENTIA CAPITAL (CYPRUS) LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2017

CONTENTS

PAGE

Board of Directors and other officers	1
Report of the Board of Directors	2
Independent auditor's report	3 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Cash flow statement	9
Notes to the financial statements	10 - 31
Additional information to the statement of profit or loss and other comprehensive income	32 - 36

PRUDENTIA CAPITAL (CYPRUS) LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Michalis Kyriakides (appointed 29 March 2017) Gerd Kurt Jakob Allan Dennis Cooper Sergey Kolesnikov (appointed 28 January 2020) Polymage Directors Limited (resigned 28 January 2020)
Company Secretary:	Polymage Secretarial Limited
Independent Auditors:	XLS Audit Ltd Certified Public Accountants and Registered Auditors Riga Feraiou, 11, floor 2 3095, Limassol Cyprus
Registered office:	Riga Feraiou, 11, 2nd floor 3095, Limassol Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Union Bancaire Privee
Registration number:	HE190683

PRUDENTIA CAPITAL (CYPRUS) LIMITED

REPORT OF THE BOARD OF DIRECTORS

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

Principal 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 participating in the management of investments where the Company participates or holds control (similar to private equity Company). In addition the Company provides financial services to related parties.

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

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

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 5 and 6 of the financial statements.

Dividends

On 6 June 2017 the Board of Directors approved the payment of an interim dividend of €47,818,352 (2016: €NIL).

Share capital

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

Board of Directors

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

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

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

Independent Auditors

The Independent Auditors, XLS Audit Ltd, were appointed in replacement of the previous auditors Bluelink Ltd and 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,



Michalis Kyriakides
Director

Limassol, 24 March 2020



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Independent Auditor's Report

To the Members of Prudentia Capital (Cyprus) Limited

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Prudentia Capital (Cyprus) Limited (the "Company"), which are presented in pages 6 to 31 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, 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 Qualified Opinion

As stated in note 2 to the financial statements, the Company has not prepared consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and International Financial Reporting Standard 10 'Consolidated Financial Statements'. In our opinion, the presentation of consolidated information is necessary for a proper understanding of the financial position, the financial performance and the cash flows of the Company and its subsidiaries.

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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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 qualified opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the report of the Board of Directors and the additional information to the statement of profit or loss and other comprehensive income in pages 32 to 36, 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.

Independent Auditor's Report (continued)

To the Members of Prudentia Capital (Cyprus) Limited

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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



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Independent Auditor's Report (continued)

To the Members of Prudentia Capital (Cyprus) Limited

Report on Other Legal Requirements

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

- In our opinion, the Report of the Board of Directors has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Directors except that the Company has not prepared a consolidated Report of the Board of Directors, since as explained in the Basis for Qualified Opinion section of our report, the Company has not prepared consolidated financial statements.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 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.

Christos Economides, FCCA
Certified Public Accountant and Registered Auditor
for and on behalf of
XLS Audit Ltd
Certified Public Accountants and Registered Auditors

Limassol, 24 March 2020

PRUDENTIA CAPITAL (CYPRUS) LIMITED

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

	Note	2017 €	2016 €
Dividend income		10,209,603	628,616
Loan interest income		327,233	136,124
Interest expense		(945,511)	(884,930)
Gross profit/(loss)		9,591,325	(120,190)
Other operating income	7	64,018,887	-
Net foreign exchange (loss)/profit	13	(77,717)	70,001
Administration and selling expenses	8	(3,394,504)	(2,030,432)
Other expenses	9	(2,158,402)	(1,150,240)
Operating profit/(loss)		67,979,589	(3,230,861)
Net finance costs	12	(8,238)	(6,912)
Profit/(loss) before tax		67,971,351	(3,237,773)
Tax	14	(2,235)	(165,797)
Net profit/(loss) for the year		67,969,116	(3,403,570)
Other comprehensive income			
Investments in subsidiaries - Loss transferred to net profit due to disposal		-	(25,000)
Other comprehensive income for the year		-	(25,000)
Total comprehensive income for the year		67,969,116	(3,428,570)

The notes on pages 10 to 31 form an integral part of these financial statements.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2017

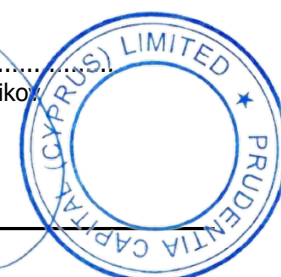
	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Property, plant and equipment	16	4,686	5,334
Investments in subsidiaries	18	12,174,290	83,993,113
Investments in associates	19	1,464,235	69,000
Available-for-sale financial assets	20	-	110,000
Non-current loans receivable	21	-	1,120,464
		<u>13,643,211</u>	<u>85,297,911</u>
Current assets			
Receivables	22	253,308	34,509
Loans receivable	21	4,246,842	-
Cash at bank and in hand	23	3,513,787	87,144
		<u>8,013,937</u>	<u>121,653</u>
Total assets		<u>21,657,148</u>	<u>85,419,564</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	24	2,000	2,000
Other reserves		-	74,394,414
Retained earnings /(accumulated losses)		13,051,126	(7,099,638)
Total equity		<u>13,053,126</u>	<u>67,296,776</u>
Non-current liabilities			
Loan from shareholder	25	6,200,841	6,271,615
		<u>6,200,841</u>	<u>6,271,615</u>
Current liabilities			
Trade and other payables	26	2,403,074	9,690,507
Borrowings	25	107	2,160,558
Current tax liabilities	27	-	108
		<u>2,403,181</u>	<u>11,851,173</u>
Total liabilities		<u>8,604,022</u>	<u>18,122,788</u>
Total equity and liabilities		<u>21,657,148</u>	<u>85,419,564</u>

On 24 March 2020 the Board of Directors of Prudentia Capital (Cyprus) Limited authorised these financial statements for issue.

.....
Michalis Kyriakides
Director

.....
Gerd Kurt Jakob
Director

.....
Sergey Kolesnikov
Director



The notes on pages 10 to 31 form an integral part of these financial statements.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2017

	Note	Share capital €	Fair value reserve €	earnings/(accumulated losses) €	Retained losses) €	Total €
Balance at 1 January 2016		2,000	22,393,553	(3,721,067)	18,674,486	
Net loss for the year		-	-	(3,403,570)	(3,403,570)	
Other comprehensive income for the year		-	52,025,861	-	52,025,861	
Investment in subsidiaries - Profit transferred to Profit and Loss due to disposal		-	(25,000)	25,000	-	
Balance at 31 December 2016/ 1 January 2017		2,000	74,394,414	(7,099,638)	67,296,776	
Net profit for the year		-	-	67,969,116	67,969,116	
Other comprehensive income for the year		-	(74,394,414)	-	(74,394,414)	
Dividends	15	-	-	(47,818,352)	(47,818,352)	
Balance at 31 December 2017		2,000	-	13,051,126	13,053,126	

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.

The notes on pages 10 to 31 form an integral part of these financial statements.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

CASH FLOW STATEMENT

31 December 2017

	Note	2017 €	2016 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit/(loss) before tax		67,971,351	(3,237,773)
Adjustments for:			
Depreciation of property, plant and equipment	16	1,503	1,332
Exchange difference arising on the translation of non-current assets in foreign currencies		40,999	-
Unrealised exchange loss/(profit)		71,083	(50,901)
Amortisation of computer software	17	-	399
Share of profit from associates	19	(110,000)	-
(Profit)/loss from the sale of investments in subsidiaries		(63,422,107)	1,150,240
Impairment charge - investments in subsidiaries	18	1,102,792	-
Dividend income		(10,209,603)	(628,616)
Interest income		(327,233)	(136,124)
Interest expense	12	945,511	884,930
		(3,935,704)	(2,016,513)
Changes in working capital:			
Decrease/(increase) in receivables		991,381	(790,486)
Increase in receivables from own subsidiaries		(1,330,020)	(26,631)
Increase in Directors' current accounts		12,427	66,890
(Decrease)/increase in trade and other payables		(7,287,124)	2,825,490
Decrease in payables to own subsidiaries		(108,058)	(46,900)
		(11,657,098)	11,850
Cash (used in)/generated from operations		(11,657,098)	11,850
Interest received		173,337	-
Dividends received		10,209,603	628,616
Tax paid		(2,343)	(165,689)
Net cash (used in)/generated from operating activities		(1,276,501)	474,777
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	17	-	(399)
Payment for purchase of property, plant and equipment	16	(855)	(6,666)
Payment for purchase of investments in subsidiaries	18	(13,327,350)	(4,891,258)
Payment for purchase of investments in associated undertakings	19	(1,921,309)	-
Loans granted		(3,259,533)	-
Loans repayments received		233,902	-
Proceeds from sale of investments in subsidiary undertakings (net of cost of acquisition)		73,140,075	2,145,000
Proceeds from sale of investments in associated undertakings		567,074	460,000
Net cash generated from/(used in) investing activities		55,432,004	(2,293,323)
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(3,377,659)	-
Repayment of loans from related companies		-	(554,041)
Proceeds from borrowings		980,482	2,420,335
Interest paid		(513,438)	-
Dividends paid		(47,818,352)	-
Net cash (used in)/generated from financing activities		(50,728,967)	1,866,294
Net increase in cash and cash equivalents		3,426,536	47,748
Cash and cash equivalents at beginning of the year		87,144	39,396
Cash and cash equivalents at end of the year	23	3,513,680	87,144

The notes on pages 10 to 31 form an integral part of these financial statements.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

1. Incorporation and principal activities

Country of incorporation

The Company Prudentia Capital (Cyprus) Limited (the "Company") was incorporated in Cyprus on 29 December 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Riga Feraiou 11, 2nd floor, 3095, Limassol, Cyprus. Riga Feraiou, 11, 2nd floor, 3095, Limassol, Cyprus.

Change of Company name

On 12 February 2018, the Company changed its name from Prudentia Holding (Cyprus) Limited to Prudentia Capital (Cyprus) Limited.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and participating in the management of investments where the Company participates or holds control (similar to private equity Company). In addition the Company provides financial services to related parties.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU), except for the preparation of consolidated financial statements as required by the Cyprus Companies Law, Cap. 113 and by the International Financial Reporting Standard 10 'Consolidated Financial Statements'. The financial statements have been prepared under the historical cost convention as modified by the revaluation of investments in subsidiaries.

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.

3. 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.

Consolidated financial statements

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Company does not intend to issue consolidated financial statements for the year ended 31 December 2017, a qualified opinion has been issued regarding this matter.

Subsidiary companies

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

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

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3. Significant accounting policies (continued)

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Investments in associates are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

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.

- **Commission income**

Commission income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

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

- **Dividend income**

Dividend income from investments is recognised when the shareholders' rights to receive payment have been established.

Debtors and provisions for bad debts

Bad debts are written off to profit or loss and a specific provision is made, where it is considered necessary. No general provision for bad debts is made. Trade debtors are stated after deducting the specific provision for bad and doubtful debts, if any.

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.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3. Significant accounting policies (continued)

Foreign currency translation (continued)

(2) Transactions and balances

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

Tax

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

Dividends

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

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	20
Computer Hardware	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Company. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3. Significant accounting policies (continued)

Computer software

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

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

Impairment of non-financial assets

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

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. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: Loans and receivables 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.

- **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.

(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. Loans and receivables are carried at amortised cost using the effective interest method.

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

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

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

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale securities 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.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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 on hand, deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

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.

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.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

3. Significant accounting policies (continued)

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity.

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.

4. New accounting pronouncements

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.

5. Financial risk management

Financial risk factors

The Company is exposed to 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:

5.1 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.

At the reporting date the interest rate profile of interest-bearing financial instruments was:

	2017	2016
	€	€
Fixed rate instruments		
Financial assets	4,246,842	1,120,464
Financial liabilities	<u>(6,200,841)</u>	<u>(8,432,173)</u>
	<u><u>(1,953,999)</u></u>	<u><u>(7,311,709)</u></u>

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

5. Financial risk management (continued)

Sensitivity analysis

Any increase/(decrease) in interest rates will have no effect on results and equity of the Company, because, all financial instruments are fixed rate.

5.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk.

Except as detailed in the following table, the carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the maximum credit exposure without taking account of the value of any collateral obtained:

	2017	2016
	€	€
Loans receivable	4,246,842	1,120,464
Bank current accounts	3,513,725	87,144
Receivables from related companies	39,782	27,414
Other trade receivables	204,295	-
	<u>16,011,489</u>	<u>2,472,244</u>

5.3 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 €	3-12 months €	2-5 years €
Bank overdrafts	107	107	-
Trade and other payables	106,151	106,151	-
Payables to related parties	2,174,630	2,174,630	-
Loans from shareholders	6,200,841	-	6,200,841
	<u>8,481,729</u>	<u>2,280,888</u>	<u>6,200,841</u>

31 December 2016

	Carrying amounts €	3-12 months €	2-5 years €
Other loans	2,052,500	2,562,500	-
Trade and other payables	3,751,859	3,751,859	-
Payables to related parties	5,913,067	3,948,784	-
Loans from subsidiaries	108,058	112,268	-
Loans from shareholders	6,271,615	-	7,243,448
	<u>18,097,099</u>	<u>10,375,411</u>	<u>7,243,448</u>

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

5. Financial risk management (continued)

5.4 Currency risk

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

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the reporting date are as follows:

	Liabilities		Assets	
	2017	2016	2017	2016
	€	€	€	€
United States Dollars	107	-	645,513	707,195
British Pounds	-	110,645	64,538	972
	<u>107</u>	<u>110,645</u>	<u>710,051</u>	<u>708,167</u>

A 10% strengthening/weakening of the Euro against the US Dollar and the British Pound at 31 December 2017 would have no material impact on the statement of profit and loss and other comprehensive income.

5.5 Capital risk management

Capital includes equity shares, retained earnings and fair value reserve.

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.

6. Critical accounting estimates, judgments and assumptions

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

Critical accounting estimates and assumptions

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **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.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

6. Critical accounting estimates, judgments and assumptions (continued)

Critical judgements in applying the Company's accounting policies

- **Impairment of investments in subsidiaries/associates**

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

- **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 non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Valuation of non-listed investments**

The Company uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the reporting date.

7. Other operating income

	2017	2016
	€	€
Payable written off	49,037	-
Discounts received	480	-
Loans payable written - off	108,109	-
Profit from sale of investments in subsidiaries	63,422,107	-
Bad debts recovered	301,072	-
Sundry operating income	138,082	-
	64,018,887	-

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

8. Administration and selling expenses

	2017	2016
	€	€
Staff costs (Note 10)	87,667	23,731
Rent	13,512	3,378
Municipality taxes	165	-
Annual levy	350	350
Electricity	310	-
Sundry expenses	150	3,056
Telephone and postage	481	6,419
Stationery and printing	235	-
Subscriptions and contributions	112	-
Auditors' remuneration - current year	7,500	5,500
Auditors' remuneration - prior years	-	1,500
Legal fees	1,922,332	86,013
Revenue stamps	-	301
Bad debts written off	8,756	1,566,806
Consulting fees	15,080	187,054
Other professional fees	1,336,351	95,804
Fixed assets of small value	-	350
Waiver of rights	-	48,439
Amortisation of computer software	-	399
Depreciation	1,503	1,332
	<u>3,394,504</u>	<u>2,030,432</u>

9. Other expenses

	2017	2016
	€	€
Compensation for late payment	383,317	-
Impairment charge - loans receivable	672,293	-
Loss from sale of investments in subsidiaries	-	1,150,240
Impairment charge - investments in subsidiaries	1,102,792	-
	<u>2,158,402</u>	<u>1,150,240</u>

10. Expenses by nature

	2017	2016
	€	€
Staff costs (Note 10) (Note 11)	87,667	23,731
Depreciation and amortisation expense	1,503	1,731
Auditors' remuneration - current year	7,500	5,500
Auditors' remuneration - prior years	-	1,500
Trade receivables - impairment charge for bad and doubtful debts	8,756	1,566,806
Other professional fees	1,336,351	-
Legal fees	1,922,332	-
Consulting fees	15,080	-
Other expenses	15,315	431,164
Total expenses	<u>3,382,149</u>	<u>2,035,170</u>

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

11. Staff costs (Note 10)

	2017	2016
	€	€
Wages	81,136	21,250
Social security costs	5,168	2,056
Social cohesion fund	1,363	425
	<u>87,667</u>	<u>23,731</u>
Average number of employees	<u>1</u>	<u>1</u>

12. Finance costs

	2017	2016
	€	€
Sundry finance expenses	8,238	6,912
Finance costs	<u>8,238</u>	<u>6,912</u>

13. Net (loss)/profit from foreign exchange transactions

	2017	2016
	€	€
Realised exchange (loss)/profit	(6,634)	21,375
Unrealised exchange (loss)/profit	(71,083)	48,626
	<u>(77,717)</u>	<u>70,001</u>

Realised exchange (loss)/profit arises from transactions in foreign currencies, translated to Euro using the rate of exchange ruling at the date of the transaction.

The unrealised exchange (loss)/profit arises from monetary assets and liabilities denominated in foreign currencies, translated to Euro using the rate of exchange ruling at the reporting date.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

14. Tax

	2017	2016
	€	€
Corporation tax - prior years	2,235	-
Overseas tax	-	165,797
Charge for the year	2,235	165,797

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/(loss) before tax	67,971,351	(3,237,773)
Tax calculated at the applicable tax rates	8,496,419	(404,722)
Tax effect of expenses not deductible for tax purposes	709,700	465,419
Tax effect of allowances and income not subject to tax	(9,204,152)	(87,543)
Tax effect of tax losses brought forward	(1,967)	-
Tax effect of tax loss for the year	-	26,846
Prior year tax	2,235	-
Overseas tax in excess of credit claim used during the year	-	165,797
Tax charge	2,235	165,797

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%.

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

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2017, the balance of tax losses which is available for offset against future taxable profits amounts to €987,266 for which no deferred tax asset is recognised in the statement of financial position.

The Company's chargeable income for the year amounted to €15,735 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

15. Dividends

	2017	2016
	€	€
Interim dividend paid	47,818,352	-
	47,818,352	-

On 6 June 2017 the Board of Directors approved the payment of an interim dividend of €47,818,352 (2016: €NIL).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

16. Property, plant and equipment

	Furniture, fixtures and office equipment €	Computer Hardware €	Total €
Cost			
Additions	3,201	3,465	6,666
Balance at 31 December 2016/ 1 January 2017	3,201	3,465	6,666
Additions	855	-	855
Balance at 31 December 2017	4,056	3,465	7,521
Depreciation			
Charge for the year	639	693	1,332
Balance at 31 December 2016/ 1 January 2017	639	693	1,332
Charge for the year	810	693	1,503
Balance at 31 December 2017	1,449	1,386	2,835
Net book amount			
Balance at 31 December 2017	2,607	2,079	4,686
Balance at 31 December 2016	2,562	2,772	5,334

17. Intangible assets

	Computer software €
Cost	
Additions	399
Balance at 31 December 2016/ 1 January 2017	399
Balance at 31 December 2017	399
Amortisation	
Amortisation for the year	399
Balance at 31 December 2016/ 1 January 2017	399
Balance at 31 December 2017	399
Net book amount	
Balance at 31 December 2017	-

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

18. Investments in subsidiaries

	2017	2016
	€	€
Balance at 1 January	83,993,113	30,371,234
Additions	13,327,350	4,891,258
Disposals	(9,717,968)	-
Impairment charge	(1,102,792)	(3,295,240)
Reclassified from investment in associates	69,001	-
Revaluation difference transferred from equity due to disposal	(74,394,414)	52,025,861
Balance at 31 December	<u>12,174,290</u>	<u>83,993,113</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2017 Holding %	2016 Holding %	2017 €	2016 €
Conet Technologies AG	Germany	IT systems and consulting	0%	93,97%	-	82,776,877
RGE Energy UK Ltd	UK	Sustainable Energy Solutions	0%	100%	-	1,102,792
Jencap Global Ltd	Belize	Holding company	100%	100%	113,443	113,443
Questax Holding AG	Germany	Software Engineer	95.04%	95.04%	10,209,604	1
Sussex Global Capital (Cyprus) Ltd	Cyprus	Holding company	67%	0%	670	-
Panoval Global Ltd	Cyprus	Holding company	100%	0%	1,324,071	-
Kampororo Power Management Ltd	Tanzania	Professional services	66.66%	0%	69,001	-
SBU Photovoltaik Gmbh	Germany	Engineering company	100%	0%	292,500	-
EcoShare Solutions Gmbh	Germany	Real estate company	100%	0%	165,001	-
					<u>12,174,290</u>	<u>83,993,113</u>

During the year the Company acquired additional 51.598 shares in Conet Technologies AG for a total consideration of € 1,413,941, thus increasing its share in Conet Technologies AG to 96.81%.

On 6 September 2017 the Company sold its entire share (96.81%) in Conet Technologies AG to Conet Technologies Holding GmbH for a total consideration of €84,317,880 out of which €8,700,000 paid directly by the buyer to Dr. Gerd Kurt Jakob in relation to 300,000 shares held in trust by the Company on behalf of him.

During the year the Company incorporated Sussex Global Capital (Cyprus) Ltd for which it holds 67% of its share capital and Panoval Global Ltd, for which the Company holds 100% of its share capital.

The Company also contributed a total amount of US\$1,560,000 to Panoval Global Ltd as a Capital reserve which is also included in the initial cost of investment. Panoval Global Ltd holds 90% of Panoval Asia Ltd who owns a factory in Vietnam which is engaged in the production of label base material.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

18. Investments in subsidiaries (continued)

During the year, the Company bought 80% of the share capital of SBU Photovoltaik GmbH from its shareholder Dr. Gerd Kurt Jakob, for a total consideration of EUR 70,000. The other 20% is owned by the general director of SBU Photovoltaik GmbH. The shares of SBU Photovoltaik GmbH are held in a trust by Dr. Gerd Jakob on behalf of the Company. In addition, the shareholder loan to SBU Photovoltaik GmbH, amounted to EUR 222,500, has been converted to capital reserve. SBU Photovoltaik GmbH is a small engineering Company that builds utility scale solar power plants.

During the year, the Company also bought 100% of the share capital of EcoShare Solutions GmbH from its shareholder Dr. Gerd Kurt Jakob, for a consideration of total EUR 125,000. The shares of EcoShare Solutions GmbH are held in trust by Dr. Gerd Kurt Jakob on behalf of the Company. EcoShare Solutions GmbH is in the early stages of construction of a real estate project in Reichenbach, Germany. Another EUR 40,000, provided by the Company to EcoShare Solutions GmbH was converted to equity during 2017.

19. Investments in associates

	2017 €	2016 €
Balance at 1 January	69,000	529,000
Additions	1,921,310	-
Disposals	(567,074)	(460,000)
Reclassified from available-from-sale-financial assets	110,000	-
Reclassified to investment in subsidiaries	(69,001)	-
Balance at 31 December	1,464,235	69,000

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2017 Holding %	2016 Holding %	2017 €	2016 €
Kampororo Power Management Ltd	Tanzania	Professional services	0%	33.33%	-	69,000
Fosset Investments Ltd	BVI	Holding private equity assets	37,55%	0%	1,464,235	-
					1,464,235	69,000

During the year the shareholder of the Company Dr. Gerd Kurt Jakob contributed to the Company additional 5,000 ordinary shares in Kampororo Power Management Ltd, held by him, with no consideration, increasing the Company's stakehold in Kampororo Power Management Ltd to 66,66% (2016:33,33%). The investment has been reclassified to investments in subsidiaries.

20. Available-for-sale financial assets

	2017 €	2016 €
Balance at 1 January	110,000	-
Additions	-	110,000
Reclassified to investments in associates	(110,000)	-
Balance at 31 December	-	110,000

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2017 Holding %	2016 Holding %	2017 €	2016 €
Fosset Investments Ltd	BVI	Holding private equity assets	0%	5.38%	-	110,000
					<u>-</u>	<u>110,000</u>

On 2 June 2017 the Company entered into a sale purchase agreement with Silvergrove Investments Ltd for the acquisition of additional 4,919 shares in Fosset Investments Ltd for a total consideration of US\$2,300,00.

On 4 September 2017 the Company sold 1,702 shares of Fosset Investments Ltd to Solibay Capital Partners Inc. for a total consideration of US\$794,835.

At the year end 31 December 2017, the Company's stakehold in Fosset Investments Ltd increased to 37,55% (2016:5,38%). The investment has been reclassified to investments in associates.

21. Non-current loans receivable

	2017 €	2016 €
Loans to own subsidiaries (Note 28.2)	4,190,157	941,391
Loans to associates (Note 28.2)	56,685	179,073
	4,246,842	1,120,464
Less current portion	(4,246,842)	-
Non-current portion	<u>-</u>	<u>1,120,464</u>

The loans are repayable as follows:

	2017 €	2016 €
Within one year	4,246,842	-
Between one and five years	<u>-</u>	<u>1,120,464</u>

The Company's loans receivable are denominated in the following currencies:

	2017 €	2016 €
United States Dollars	29,417	645,755
Euro	4,217,425	474,709
	<u>4,246,842</u>	<u>1,120,464</u>

The exposure of the Company to credit risk in relation to loans receivable is reported in note 5 of the financial statements.

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

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

21. Non-current loans receivable (continued)

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

	2017	2016
Loans to own subsidiaries	4%-10%	5% - 8%
Loans to associates	3%	5% - 8%

22. Receivables

	2017	2016
	€	€
Receivables from own subsidiaries (Note 28.1)	36,510	27,414
Receivables from related companies (Note 28.1)	3,273	-
Accrued income	2,200	2,200
Other receivables	204,295	-
Refundable VAT	7,030	4,895
	<u>253,308</u>	<u>34,509</u>

The Company has recognised a loss of €8,756 (2016: €1,566,806) for the impairment of its trade receivables during the year ended 31 December 2017. The loss has been included in selling and distribution costs in profit or loss.

The fair values of 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 receivables is reported in note 5 of the financial statements.

23. Cash at bank and in hand

	2017	2016
	€	€
Cash at bank and in hand	3,513,787	87,144
	<u>3,513,787</u>	<u>87,144</u>

Cash and cash equivalents by currency:

	2017	2016
	€	€
Euro	3,513,787	86,172
British Pounds	-	831
	<u>3,513,787</u>	<u>87,003</u>

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

	2017	2016
	€	€
Cash at bank and in hand	3,513,787	87,144
Bank overdrafts (Note 25)	(107)	-
	<u>3,513,680</u>	<u>87,144</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 5 of the financial statements.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

24. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €1 each	<u>2,000</u>	<u>2,000</u>	2,000	2,000
Issued and fully paid				
Balance at 1 January	<u>2,000</u>	<u>2,000</u>	2,000	2,000
Balance at 31 December	<u>2,000</u>	<u>2,000</u>	2,000	2,000

25. Borrowings

	2017 €	2016 €
Current borrowings		
Bank overdrafts (Note 23)	107	-
Other loans	-	2,052,500
Loans from subsidiaries (Note 28.4)	-	108,058
	<u>107</u>	2,160,558
Non-current borrowings		
Loans from shareholders (Note 28.4)	<u>6,200,841</u>	6,271,615
Total	<u>6,200,948</u>	8,432,173

New borrowings obtained:

	2017 €	2016 €
Balance at 1 January	8,432,174	5,971,598
Proceeds during the year	1,189,980	2,420,336
Repayments during the year	(4,098,418)	(554,041)
Interest	789,210	612,830
Exchange difference	(3,889)	(18,550)
Amount written - off	<u>(108,109)</u>	-
Balance at 31 December	<u>6,200,948</u>	8,432,173

Maturity of non-current borrowings:

	2017 €	2016 €
Between two and five years	<u>6,200,841</u>	6,271,615

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

	2017	2016
Other loans	-	2.5% p.m
Loans from subsidiaries	-	4%
Loans from shareholders	4.5%	4.5%

The fair value of borrowings approximates their carrying amount.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

25. Borrowings (continued)

The Company borrowings are denominated in the following currencies:

	2017	2016
	€	€
United States Dollars	107	-
Euro	6,200,841	8,324,115
British Pounds	-	108,058
	<u>6,200,948</u>	<u>8,432,173</u>

26. Trade and other payables

	2017	2016
	€	€
Trade payables	106,151	3,751,859
Social insurance and other taxes	3,407	2,809
Shareholders' current accounts - credit balances (Note 28.5)	2,174,629	2,174,629
Accruals	118,887	22,773
Payables to related parties (Note 28.3)	-	3,738,437
	<u>2,403,074</u>	<u>9,690,507</u>

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

27. Current tax liabilities

	2017	2016
	€	€
Special contribution for defence	-	108
	<u>-</u>	<u>108</u>

28. Related party transactions

The following transactions were carried out with related parties:

28.1 Receivables from related parties (Note 22)

Name	Nature of transactions	2017	2016
		€	€
Jencap Global Ltd	Financing	26,510	26,510
Rill Holding Inc.	Financing	-	904
EcoShare Solutions GmbH	Financing	10,000	-
Deutsche Eco International GmbH	Financing	3,273	-
		<u>39,783</u>	<u>27,414</u>

The receivables from related parties were provided interest free, and there was no specified repayment date.

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

28. Related party transactions (continued)

28.2 Loans to related parties (Note 21)

	<u>Interest rate</u>	2017 €	2016 €
Kampororo Power Management Ltd	5%	122,278	87,122
EcoShare Solutions GmbH	8%	156,739	145,539
SBU Photovoltaik GmbH	5%	-	182,062
Jencap Global Ltd	8%	-	613,790
RGF Africa Energy (Rwanda) Ltd	8%	-	57,021
Daniel Prokopy	8%	-	34,930
Richard Price	3%	56,685	-
Panoval Global Ltd	8%	2,178,784	-
Sussex Global Capital (Cyprus) Ltd	4%	7,318	-
Questax AG	8%	1,725,038	-
		<u>4,246,842</u>	<u>1,120,464</u>

For the details of the loans from related parties please see note 21.

28.3 Payables to related parties (Note 26)

<u>Name</u>	<u>Nature of transactions</u>	2017 €	2016 €
Fairway Trust Ltd	Trade	-	3,689,337
ECM Beteiligungen GmbH	Trade	-	49,100
		<u>-</u>	<u>3,738,437</u>

The payables to related parties were provided interest free, and there was no specified repayment date.

28.4 Loans from related parties (Note 25)

	<u>Interest rate</u>	2017 €	2016 €
Dr Gerd Jakob	4.5%	6,200,841	6,271,615
RGE Energy UK Ltd	4%	-	108,058
		<u>6,200,841</u>	<u>6,379,673</u>

The loan payable to RGE Energy UK Ltd has been written - off during 2017 since the company is under liquidation process and is not expected to claim back the loan payable. Also a signed waiver confirmation has been received by RGE Energy Ltd.

28.5 Shareholders' current accounts - credit balances (Note 25 and 26)

	2017 €	2016 €
Shareholders' current accounts - credit balances	<u>2,174,630</u>	<u>2,174,629</u>
	<u>2,174,630</u>	<u>2,174,629</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

29. Contingent liabilities

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

30. Commitments

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

PRUDENTIA CAPITAL (CYPRUS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

31. Events after the reporting period

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

Independent auditor's report on pages 3 to 5

PRUDENTIA CAPITAL (CYPRUS) LIMITED

DETAILED INCOME STATEMENT

31 December 2017

	Page	2017 €	2016 €
Revenue			
Dividend income		10,209,603	628,616
Loan interest income		327,233	136,124
Interest expense		(945,511)	(884,930)
Other operating income			
Net (loss)/profit from foreign exchange transactions		(77,717)	70,001
Payable written off		49,037	-
Sundry operating income		138,082	-
Discounts received		480	-
Loans payable written - off		108,109	-
Bad debts recovered		301,072	-
Profit from sale of investments in subsidiaries		63,422,107	-
		73,532,495	(50,189)
Operating expenses			
Administration and selling expenses	33	(3,394,504)	(2,030,432)
		70,137,991	(2,080,621)
Other operating expenses			
Compensation for late payment		(383,317)	-
Impairment of loans receivable		(672,293)	-
Loss from sale of investments in subsidiaries		-	(1,150,240)
Impairment charge - investments in subsidiaries		(1,102,792)	-
Operating profit/(loss)			
Finance costs	34	67,979,589	(3,230,861)
		(8,238)	(6,912)
Net profit/(loss) for the year before tax			
		67,971,351	(3,237,773)

PRUDENTIA CAPITAL (CYPRUS) LIMITED

OPERATING EXPENSES

31 December 2017

	2017	2016
	€	€
Administration and selling expenses		
Wages	81,136	21,250
Social insurance	5,168	2,056
Social cohesion fund	1,363	425
Rent	13,512	3,378
Municipality taxes	165	-
Annual levy	350	350
Electricity	310	-
Sundry expenses	150	3,056
Telephone and postage	481	6,419
Stationery and printing	235	-
Subscriptions and contributions	112	-
Auditors' remuneration - current year	7,500	5,500
Auditors' remuneration - prior years	-	1,500
Legal fees	1,922,332	86,013
Revenue stamps	-	301
Bad debts written off	8,756	1,566,806
Consulting fees	15,080	187,054
Other professional fees	1,336,351	95,804
Fixed assets of small value	-	350
Waiver of rights	-	48,439
Amortisation of computer software	-	399
Depreciation	1,503	1,332
	<u>3,394,504</u>	<u>2,030,432</u>

PRUDENTIA CAPITAL (CYPRUS) LIMITED

FINANCE EXPENSES

31 December 2017

	2017 €	2016 €
Finance costs		
Sundry finance expenses		
Bank charges	8,087	6,764
Other finance expenses	<u>151</u>	<u>148</u>
	<u>8,238</u>	<u>6,912</u>
Net (loss)/profit from foreign exchange transactions		
	2017	2016
	€	€
Realised exchange (loss)/profit	(6,634)	21,375
Unrealised exchange (loss)/profit	<u>(71,083)</u>	<u>48,626</u>
	<u>(77,717)</u>	<u>70,001</u>

PRUDENTIA CAPITAL (CYPRUS) LIMITED

COMPUTATION OF WEAR AND TEAR ALLOWANCES

31 December 2017

	Year	%	COST			ANNUAL ALLOWANCES				Net value 31-Dec-17 €	
			Balance 01-Jan-17 €	Additions for the year €	Disposals for the year €	Balance 31-Dec-17 €	Balance 01-Jan-17 €	Charge for the year €	On disposals €		Balance 31-Dec-17 €
<u>Furniture, fixtures and office equipment</u>											
Office furniture	2016	20	3,200	-	-	3,200	639	640	-	1,279	1,921
Blinds	2017	20	-	662	-	662	-	132	-	132	530
Shredder	2017	20	-	192	-	192	-	38	-	38	154
			<u>3,200</u>	<u>854</u>	<u>-</u>	<u>4,054</u>	<u>639</u>	<u>810</u>	<u>-</u>	<u>1,449</u>	<u>2,605</u>
<u>Computer Hardware</u>											
Computer Hardware	2016	20	3,465	-	-	3,465	693	693	-	1,386	2,079
			<u>3,465</u>	<u>-</u>	<u>-</u>	<u>3,465</u>	<u>693</u>	<u>693</u>	<u>-</u>	<u>1,386</u>	<u>2,079</u>
Total			<u>6,665</u>	<u>854</u>	<u>-</u>	<u>7,519</u>	<u>1,332</u>	<u>1,503</u>	<u>-</u>	<u>2,835</u>	<u>4,684</u>
<u>Computer software</u>											
Microsoft office	2016	100	399	-	-	399	399	-	-	399	-
			<u>399</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>399</u>	<u>-</u>	<u>-</u>	<u>399</u>	<u>-</u>

PRUDENTIA CAPITAL (CYPRUS) LIMITED

COMPUTATION OF CORPORATION TAX 31 December 2017

	Page	€	€
Net profit per income statement	32		67,971,351
<u>Add:</u>			
Depreciation		1,503	
Impairment of loans receivable		672,293	
Impairment charge - investments in subsidiaries		1,102,792	
Realised foreign exchange loss		6,634	
Unrealised foreign exchange loss		71,083	
Annual levy		350	
Notional interest		6,422	
Disallowed interest		625,804	
Provision for bad debts		904	
Other non-allowable expenses		<u>3,189,812</u>	
			<u>5,677,597</u>
			73,648,948
<u>Less:</u>			
Annual wear and tear allowances	35	1,503	
Profit from sale of investments in subsidiaries		63,422,107	
Dividends received		<u>10,209,603</u>	
			<u>(73,633,213)</u>
Chargeable income for the year			15,735
Loss brought forward			<u>(1,003,305)</u>
Loss			(987,570)
Unutilised loss of the year 2011 not carried forward			<u>304</u>
Net loss carried forward			<u><u>(987,266)</u></u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	2012	2013	2014	2015	2016	2017
	€	€	€	€	€	€
Profits/(losses) for the tax year	(6,961)	(5,853)	(253,720)	(521,700)	(214,767)	15,735
Gains Offset (€)	6,961	5,853	2,921	-	-	-
- Year	2017	2017	2017			
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (987,266)