

VONPENDE HOLDINGS P.L.C.
REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
31 December 2015

C. Efstathiou Audit Ltd

Εγκεκριμένοι Λογιστές

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VONPENDE HOLDINGS P.L.C.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS 31 December 2015

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VONPENDE HOLDINGS P.L.C.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Stella Koukounis (appointed on 5 November, 2015) Christos Kinanis Marina Tsoy Andri Michael
Company Secretary:	Andri Michael
Independent Auditors:	C. Efstathiou Audit Ltd Certified Public Accountants and Registered Auditors 8 Kennedy Avenue Athienitis Building 2nd floor, Office 201 1087 Nicosia
Registered office:	Chrysanthou Mylona, 2 Dali, P.C. 2540, Nicosia, Cyprus
Bankers:	Bank of Cyprus Public Company Ltd LLC CB "National Standard", Russia
Registration number:	HE216944

VONPENDE HOLDINGS P.L.C.

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2015.

Principal activities

The principal activities of the Group comprise the trading in investments, the receiving and granting of loans and acting as a principal in trading of metal and any other product or commodity.

Review of current position, future developments and significant risks

The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory. On 8 February, 2016 the Company's share capital was listed to the Cyprus Stock Exchange Emerging Companies Market.

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

Results and Dividends

The Group's results for the year are set out on page 5. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

Authorised capital

The Company's authorised share capital was 2.000 ordinary shares of nominal value of EUR 1 each. On 3 February, 2015 the Company's authorised share capital was converted to 8.000 ordinary shares of nominal value of EUR 0,25 each. On 3 February, 2015 the Company's authorised share capital was increased by 392.000 ordinary shares of EUR 0,25 each.

Issued capital

The Company issued 2.000 ordinary shares of nominal value of EUR 1 each. On 3 February, 2015 the issued share capital was converted to 8.000 ordinary shares of nominal value of EUR 0,25 each. On 3 February, 2015 the Company issued 392.000 ordinary shares of EUR 0,25 each.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 1.

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

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

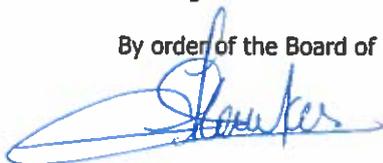
Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 26 to the consolidated financial statements.

Independent Auditors

The Independent Auditors, C. Efstathiou Audit Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Stella Koukounis
Director

Nicosia, 25 April 2016

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C. Efstathiou Audit Ltd
Certified Public Accountants

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Independent auditor's report

To the Members of Vonpende Holdings P.L.C.

Report on the consolidated financial statements

We have audited the consolidated financial statements of Vonpende Holdings P.L.C. (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 5 to 24 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Opinion

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

Independent auditor's report (continued)

To the Members of Vonpende Holdings P.L.C.

Report on other legal requirements

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

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the 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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Costas Efstathiou
Certified Public Accountant and Registered Auditor
for and on behalf of

C. Efstathiou Audit Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 25 April 2016

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 EUR	2014 EUR
Revenue	5	69.813.206	9.812.452
Cost of sales	6	<u>(37.425.961)</u>	<u>(5.420.677)</u>
Gross profit		32.387.245	4.391.775
Other income	7	310.730	-
Negative goodwill	8	-	9.281.546
Administration expenses	9	(823.907)	(127.646)
Other expenses	10	<u>-</u>	<u>(294.559)</u>
Operating profit		31.874.068	13.251.116
Net finance costs	11	<u>(31.339.171)</u>	<u>(3.581.513)</u>
Profit before tax		534.897	9.669.603
Tax	12	<u>(613)</u>	<u>(34.507)</u>
Net profit for the year		<u>534.284</u>	<u>9.635.096</u>
Other comprehensive income			
Foreign exchange difference - reserve	12	<u>2.532.822</u>	<u>645.325</u>
Other comprehensive income for the year		<u>2.532.822</u>	<u>645.325</u>
Total comprehensive income for the year		<u>3.067.106</u>	<u>10.280.421</u>

The notes on pages 9 to 24 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	2015 EUR	2014 EUR
ASSETS			
Non-current assets			
Investments in associates	13	-	10.651.974
Loans receivable	15	<u>1.258.552.649</u>	<u>1.313.780.592</u>
		<u>1.258.552.649</u>	<u>1.324.432.566</u>
Current assets			
Trade and other receivables	16	957.691	21.498.118
Loans receivable	15	3.056.906	335.697.053
Available-for-sale financial assets	14	-	20.379.403
Financial assets at fair value through profit or loss	17	1.250.000	-
Cash at bank and in hand		<u>1.252.090</u>	<u>13.189.634</u>
		<u>6.516.687</u>	<u>390.764.208</u>
Total assets		<u>1.265.069.336</u>	<u>1.715.196.774</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	100.000	2.000
Foreign exchange reserve		3.178.147	645.325
Retained earnings		<u>23.333.490</u>	<u>22.781.943</u>
Total equity		<u>26.611.637</u>	<u>23.429.268</u>
Non-current liabilities			
Borrowings	19	<u>1.236.837.480</u>	<u>1.659.214.094</u>
		<u>1.236.837.480</u>	<u>1.659.214.094</u>
Current liabilities			
Trade and other payables	20	1.619.606	32.518.905
Current tax liabilities	21	613	34.507
		<u>1.620.219</u>	<u>32.553.412</u>
Total liabilities		<u>1.238.457.699</u>	<u>1.691.767.506</u>
Total equity and liabilities		<u>1.265.069.336</u>	<u>1.715.196.774</u>

On 25 April 2016 the Board of Directors of Vonpende Holdings P.L.C. authorised these consolidated financial statements for issue.


.....
Stella Koukounis
Director


.....
Christos Kinanis
Director

The notes on pages 9 to 24 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

Note	Share capital EUR	Foreign exchange reserve EUR	Retained earnings EUR	Total EUR
Balance at 1 January 2014	2.000	-	13.134.643	13.136.643
Comprehensive income				
Net profit for the year	-	-	9.635.096	9.635.096
Foreign exchange difference	-	645.325	12.204	657.529
Balance at 31 December 2014/ 1 January 2015	2.000	645.325	22.781.943	23.429.268
Comprehensive income				
Net profit for the year	-	-	534.284	534.284
Issue of share capital	18 98.000	-	-	98.000
Foreign exchange difference	-	2.532.822	17.263	2.550.085
Balance at 31 December 2015	100.000	3.178.147	23.333.490	26.611.637

The notes on pages 9 to 24 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED CASH FLOW STATEMENT

Year ended 31 December 2015

	Note	2015 EUR	2014 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		534.897	9.669.603
Adjustments for:			
Exchange difference arising on the translation of non-current assets in foreign currencies		-	881.721
Unrealised exchange loss		71.221.110	761.608
Loss from the sale of investments in associated undertakings		-	1.134
Negative goodwill		-	(9.281.546)
Impairment charge - investments in associates	13	-	67.493
Dividend income	5	(1.061)	-
Interest expense	11	620	35.090
Interest income		(77.050.701)	(8.542.253)
		(5.295.135)	(6.407.150)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		22.853.640	(21.496.518)
Increase in financial assets at fair value through profit or loss		(1.250.000)	-
(Decrease)/increase in trade and other payables		(34.615.432)	32.484.601
Cash (used in)/generated from operations		(18.306.927)	4.580.933
Interest received		78.416.675	9.337.066
Dividends received		1.080	-
Tax paid		(34.507)	-
Net cash generated from operating activities		60.076.321	13.917.999
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries		-	(12.150.000)
Loans repayments received		576.604.508	-
Proceeds from sale of available-for-sale financial assets		22.711.253	13.163.300
Proceeds from sale of investments in associated undertakings		11.870.793	-
Interest received		506	2.839
Net cash generated from investing activities		611.187.060	1.016.139
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		98.000	-
Repayments of borrowings		(612.227.095)	-
Unrealised exchange (loss)		(71.221.110)	(832.725)
Interest received / (paid)		620	(38.366)
Effect of exchange rate changes on balances of cash held in foreign currencies		-	(879.458)
Net cash used in financing activities		(683.349.585)	(1.750.549)
Net increase in cash and cash equivalents		(12.086.204)	13.183.589
Cash and cash equivalents at beginning of the year		13.189.633	6.045
Effect of exchange rate fluctuations on cash held		148.661	-
Cash and cash equivalents at end of the year		1.252.090	13.189.634

The notes on pages 9 to 24 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

1. Incorporation and principal activities

Country of incorporation

The Company Vonpende Holdings P.L.C. (the "Company") was incorporated in Cyprus on 20 December, 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Chrysanthou Mylona, 2, Dali, P.C. 2540, Nicosia, Cyprus.

Principal activities

The principal activities of the Group comprise the trading in investments, the receiving and granting of loans and acting as a principal in trading of metal and any other product or commodity.

2. Accounting policies

The principal accounting policies adopted in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all years presented in these consolidated financial statements unless otherwise stated.

Basis of preparation

These consolidated 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. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, investment property, available-for-sale financial assets, and financial assets and financial liabilities at fair value through profit or loss.

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 Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these consolidated 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 consolidated financial statements of the Group.

Basis of consolidation

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 Group consolidated financial statements comprise the financial statements of the parent company Vonpende Holdings Limited and the financial statements of the following subsidiary: "Wing Hang Enterprises Limited".

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Accounting policies (continued)

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Accounting policies (continued)

Business combinations (continued)

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Business combinations that took place prior to 1 January 2010 were accounted for in accordance with the previous version of IFRS 3.

Associates

Associates are all entities over which the Group 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.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Revenue recognition

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

- **Sale of products**

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

- **Income from investments in securities**

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

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

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2015 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Accounting policies (continued)

Revenue recognition (continued)

- **Commission income**

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

- **Interest income**

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

Finance income

Finance income includes interest income which is recognised based on an accrual basis.

Finance costs

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Group'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 (EUR), which is the Group'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.

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 Group's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Group's shareholders.

Financial instruments

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

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Accounting policies (continued)

Financial instruments (continued)

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 Group 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.

Financial assets

(1) Classification

The Group 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 Group's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Group's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

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

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Accounting policies (continued)

Financial Instruments (continued)

Financial assets (continued)

- Held-to-maturity investments

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

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Group 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 Group has transferred substantially all risks and rewards of ownership. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

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

The Group 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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 consolidated cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

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 Group 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 Group 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

2. Accounting policies (continued)

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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 consolidated statement of financial position.

Share capital

Ordinary shares are classified as equity.

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 Group 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 Group 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 Group'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 Group'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. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.3 Credit risk

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

3.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

3. Financial risk management (continued)

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 Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.6 Capital risk management

The Group 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 Group's overall strategy remains unchanged from last year.

Fair value estimation

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

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

4. Critical accounting estimates and judgments

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

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

- **Provision for bad and doubtful debts**

The Group 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 Group 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

4. Critical accounting estimates and judgments (continued)

• 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 Group 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 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 Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

• Valuation of non-listed investments

The Group 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.

5. Revenue

	2015	2014
	EUR	EUR
Sales of cement products	3.653.465	1.252.961
Dividend income	1.061	-
Interest income	77.050.204	8.539.657
Net (loss)/gain on sale of promissory note / financial instruments	<u>(10.891.524)</u>	<u>19.834</u>
	<u>69.813.206</u>	<u>9.812.452</u>

6. Cost of sales

	2015	2014
	EUR	EUR
Purchases of cement products	3.247.792	1.119.886
Services paid	51.479	59.939
Commissions paid	496.867	-
Interest expense	<u>33.629.823</u>	<u>4.240.852</u>
	<u>37.425.961</u>	<u>5.420.677</u>

7. Other income

	2015	2014
	EUR	EUR
Amount payable written off	143.251	-
Other income	<u>167.479</u>	<u>-</u>
	<u>310.730</u>	<u>-</u>

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

8. Negative goodwill

	2015 EUR	2014 EUR
Negative goodwill	-	(9.281.546)
	<u>-</u>	<u>(9.281.546)</u>

On 17 November 2014, Vonpende Holdings Limited acquired 100% of the shareholding of Wing Hang Enterprises Limited, and this resulted into a negative goodwill of €25,8 millions. The main operations of Wing Hang Enterprises Limited, is the trading in cement and the receiving and granting of loans.

9. Administration expenses

	2015 EUR	2014 EUR
Directors fees	15.000	-
Rent	1.000	1.702
Professional fees	709.964	111.900
Services paid	39.591	-
Auditors' remuneration - current year	19.336	5.454
Auditors' remuneration - prior years	4.900	-
Accounting fees	21.672	-
Legal fees	2.323	-
Other expenses	2.223	-
Expenses for increase of share capital	2.568	-
Custodian fees	-	8.240
Company annual charge	350	350
Expenses for change to public company	4.980	-
	<u>823.907</u>	<u>127.646</u>

10. Other expenses

	2015 EUR	2014 EUR
Amounts receivable written off	-	227.066
Impairment charge - investments in associates	-	67.493
	<u>-</u>	<u>294.559</u>

11. Finance income/cost

	2015 EUR	2014 EUR
Interest income	497	2.596
Exchange profit	39.900.590	-
Finance income	<u>39.901.087</u>	<u>2.596</u>
Net foreign exchange transaction losses	(71.221.110)	(3.545.109)
Interest expense	(620)	(35.090)
Other finance expenses	(18.528)	(3.910)
Finance costs	<u>(71.240.258)</u>	<u>(3.584.109)</u>
Net finance costs	<u>(31.339.171)</u>	<u>(3.581.513)</u>

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

12. Tax

	2015 EUR	2014 EUR
Corporation tax - current year	<u>613</u>	<u>34.507</u>
Charge for the year	<u>613</u>	<u>34.507</u>

13. Investments in associates

	2015 EUR	2014 EUR
Balance at 1 January	10.651.974	19.067.724
Additions	-	203.966
Disposals	(11.870.793)	(10.284)
Impairment charge	-	(612.165)
Exchange differences	1.218.819	(7.997.267)
Balance at 31 December	<u>-</u>	<u>10.651.974</u>

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	2015 Holding %	2014 Holding %
OJSC Eruvil	Russia	-	23

14. Available-for-sale financial assets

	2015 EUR	2014 EUR
Balance at 1 January	20.379.403	173.246.082
Net disposals	(20.379.403)	(152.866.679)
Balance at 31 December	<u>-</u>	<u>20.379.403</u>

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.

15. Loans receivable

	2015 EUR	2014 EUR
Loans receivable	<u>1.261.609.555</u>	<u>1.649.477.645</u>
	1.261.609.555	1.649.477.645
Less current portion	(3.056.906)	(335.697.053)
Non-current portion	<u>1.258.552.649</u>	<u>1.313.780.592</u>

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31-December 2015

15. Loans receivable (continued)

The loans are repayable as follows:

	2015 EUR	2014 EUR
Within one year	3.056.906	335.697.053
Between one and five years	1.258.552.649	1.201.227.733
After five years	-	112.552.859
	<u>1.261.609.555</u>	<u>1.649.477.645</u>

16. Trade and other receivables

	2015 EUR	2014 EUR
Trade receivables	799.882	438.909
Promissory notes receivable	153.224	21.057.609
Shareholders' current accounts - debit balances (Note 22.2)	2.593	-
Deposits and prepayments	1.992	1.600
	<u>957.691</u>	<u>21.498.118</u>

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

17. Financial assets at fair value through profit or loss

	2015 EUR	2014 EUR
Balance at 1 January	-	-
Additions	1.250.000	-
Balance at 31 December	<u>1.250.000</u>	<u>-</u>

Financial assets designated as at fair value through profit or loss are analysed as follows:

	2015 EUR	2014 EUR
Financial assets at fair value through profit or loss		
Subordinated contingent convertible bonds of a Company incorporated in Cyprus:	<u>1.250.000</u>	-
	<u>1.250.000</u>	-

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

In the consolidated 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 consolidated 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

18. Share capital

	2015 Number of shares	2015 EUR	2014 Number of shares	2014 EUR
Authorised				
Ordinary shares of EUR1 each	2.000	2.000	2.000	2.000
Conversion to 8.000 shares of EUR 0,25 each	6.000	-	-	-
Ordinary shares of EUR 0,25 each	392.000	98.000	-	-
	400.000	100.000	2.000	2.000
Issued and fully paid				
Balance at 1 January	2.000	2.000	2.000	2.000
Conversion to 8.000 shares of EUR 0,25 each	6.000	-	-	-
Issue of shares	392.000	98.000	-	-
Balance at 31 December	400.000	100.000	2.000	2.000

Authorised capital

The Company's authorised share capital was 2.000 ordinary shares of nominal value of EUR 1 each. On 3 February, 2015 the Company's authorised share capital was converted to 8.000 ordinary shares of nominal value of EUR 0,25 each. On 3 February, 2015 the Company's authorised share capital was increased by 392.000 ordinary shares of EUR 0,25 each.

Issued capital

The Company issued 2.000 ordinary shares of nominal value of EUR 1 each. On 3 February, 2015 the issued share capital was converted to 8.000 ordinary shares of nominal value of EUR 0,25 each. On 3 February, 2015 the Company issued 392.000 ordinary shares of EUR 0,25 each.

19. Borrowings

	2015 EUR	2014 EUR
Non-current borrowings		
Trade loans payable	1.236.837.480	1.659.214.094

Maturity of non-current borrowings:

	2015 EUR	2014 EUR
Between one to two years	1.048.075.710	-
Between two and five years	188.761.770	22.330.939
After five years	-	1.636.883.155
	1.236.837.480	1.659.214.094

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

20. Trade and other payables

	2015	2014
	EUR	EUR
Trade payables	6.240	350.505
Promissory notes payable	835.904	31.673.403
Defence tax on rent payable	23	-
Shareholders' current accounts - credit balances (Note 22.3)	101.335	36.943
Accruals	676.104	458.054
	<u>1.619.606</u>	<u>32.518.905</u>

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

21. Current tax liabilities

	2015	2014
	EUR	EUR
Corporation tax	613	34.507
	<u>613</u>	<u>34.507</u>

22. Related party transactions

The following transactions were carried out with related parties:

22.1 Directors' remuneration

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

	2015	2014
	EUR	EUR
Directors' fees	15.000	-
	<u>15.000</u>	<u>-</u>

22.2 Shareholders' current accounts - debit balances (Note 16)

	2015	2014
	EUR	EUR
Shareholders' current accounts	2.593	-
	<u>2.593</u>	<u>-</u>

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

22.3 Shareholders' current accounts - credit balances (Note 20)

	2015	2014
	EUR	EUR
Shareholders' current accounts	101.335	36.943
	<u>101.335</u>	<u>36.943</u>

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

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Year ended 31 December 2015

23. Significant subsidiaries

In year 2015 the Group includes the Company and Wing Hang Enterprises Ltd (100%). Wing Hang Enterprises Ltd was incorporated in Hong Kong on 30 August 1999 as a private company with limited liability and transferred domicile to Nevis on 5 December 2003. The Group's principal activities are the receiving and granting of loans, the trading in investments and acting as a principal in trading of metal and any other product or commodity.

24. Contingent liabilities

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

25. Commitments

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

26. Events after the reporting period

On 8 February, 2016 the Company's share capital was listed to the Cyprus Stock Exchange Emerging Companies Market.

Independent auditor's report on pages 3 and 4