EARL MANAGEMENT LIMITED
(EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

FINANCIAL STATEMENTS
31 December 2017

Πιστοποιημένο ακριβές αντίγραφο των πρωτότυπων Οικονομικών Καταστάσεων και Εκθέσεων του Διοικητικού Συμβουλίου και των Ελεγκτών όπως παρουσιάστηκαν στην Ετήσια Γενική Συνέλευση.

....
Σύμβουλος

....
Γραμματέας

EARL MANAGEMENT LIMITED (EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

FINANCIAL STATEMENTS
For the year ended 31 December 2017

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EARL MANAGEMENT LIMITED (EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Michalina Zinonos Iosif Bakaleynik (appointed on 13 March 2017, resigned on 25 September 2017)
Company Secretary:	WCS-Worldwide Corporate Secretarial Limited
Independent Auditors:	LIS Primus Audit and Tax Ltd Certified Public Accountants and Registered Auditors 205 Arch. Makarios III Ave. Victory House 4th Floor 3030 Limassol
Registered office:	32 Kritis Papachristoforou Building, 4th floor 3087 Limassol Cyprus
Bankers:	Bank of Cyprus Public Company Ltd Deutsche Bank
Registration number:	HE141590

PRIMUS
AUDIT & TAX

Independent Auditor's Report

To the Members of Earl Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Earl Management Limited (the "Company"), which are presented in pages 5 to 24 and comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

The sole Director is responsible for the other information. The other information comprises the information included in the management report and the additional information to the statement of profit or loss and other comprehensive income on pages 25 to 26, 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.

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Independent Auditor's Report (continued)

To the Members of Earl Management Limited

Responsibilities of the Board of Directors for the financial statements

The sole Director 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 sole Director 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 sole Director 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 sole Director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The sole Director is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Independent Auditor's Report (continued)

To the Members of Earl Management Limited

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

We communicate with the sole Director 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.

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.

Comparative figures

The financial statements of the Company for the year ended 31 December 2016 were audited by another auditor who expressed an unmodified opinion on those financial statements on 18 August 2017.

George Lakkotripis
Certified Public Accountant and Registered Auditor
for and on behalf of

LIS Primus Audit and Tax Ltd
Certified Public Accountants and Registered Auditors

Limassol, 26 August 2019

EARL MANAGEMENT LIMITED (EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
For the year ended 31 December 2017

	Note	2017 RR	2016 RR
Loan interest income	10	**32,497,186**	24,608,808
Loan interest expense	15	**(35,782,943)**	(36,181,052)
Net result from financing		**(3,285,757)**	(11,572,244)
Net fair value loss on financial assets at fair value through profit or loss	12	**(1,157,542)**	-
Loss on sale of investment in associate	9	**-**	(4,461,436)
Other operating income		**-**	23,111
Net foreign exchange profit		**6,661,622**	26,590,410
Administration expenses		**(1,735,737)**	(1,684,503)
Operating profit	5	**482,586**	8,895,338
Finance costs	6	**(532,811)**	(292,730)
(Loss)/profit before tax		**(50,225)**	8,602,608
Tax	7	**(80,782)**	-
Net (loss)/profit for the year		**(131,007)**	8,602,608
Other comprehensive income		**-**	-
Total comprehensive income for the year		**(131,007)**	8,602,608

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

EARL MANAGEMENT LIMITED (EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

STATEMENT OF FINANCIAL POSITION
31 December 2017

	Note	2017 RR	2016 RR
ASSETS			
Non-current assets			
Intangible assets	8	**211,599**	-
Non-current loans receivable	10	**155,448,205**	119,988,956
		155,659,804	119,988,956
Current assets			
Receivables	11	-	13,565,000
Loans receivable	10	**164,012,676**	-
Financial assets at fair value through profit or loss	12	**48,411,208**	-
Refundable taxes	17	-	63,005
Cash and cash equivalents	13	**7,803,329**	98,817,605
		220,227,213	112,445,610
Total assets		**375,887,017**	232,434,566
EQUITY AND LIABILITIES			
Equity			
Share capital	14	**121,673**	114,573
Share premium		**283,690,334**	159,522,294
Translation reserve		-	1,509,813
Accumulated losses		**(202,572,739)**	(203,951,545)
Total equity		**81,239,268**	(42,804,865)
Non-current liabilities			
Borrowings	15	**226,243,718**	-
		226,243,718	-
Current liabilities			
Payables	16	**529,551**	140,594
Borrowings	15	**67,861,694**	275,098,837
Current tax liabilities	17	**12,786**	-
		68,404,031	275,239,431
Total liabilities		**294,647,749**	275,239,431
Total equity and liabilities		**375,887,017**	232,434,566

On 26 August 2019 the sole Director of Earl Management Limited authorised these financial statements for issue.

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Michalina Zinonos
Director

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

EARL MANAGEMENT LIMITED (EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

STATEMENT OF CHANGES IN EQUITY

For the year ended 31 December 2017

	Note	Share capital RR	Share premium RR	Translation reserve RR	Accumulated losses RR	Total RR
Balance at 1 January 2016		**109,117**	**-**	**-**	**(212,554,153)**	**212,445,036)**
Comprehensive income						
Net profit for the year		-	-	-	8,602,608	8,602,608
Transactions with owners						
Issue of share capital	14	5,456	159,522,294	-	-	159,527,750
Other movements						
Exchange difference arising on the translation from functional to presentation currency		-	-	1,509,813	-	1,509,813
Balance at 31 December 2016/ 1 January 2017		**114,573**	**159,522,294**	**1,509,813**	**(203,951,545)**	**(42,804,865)**
Comprehensive income						
Net loss for the year		-	-	-	(131,007)	(131,007)
Transactions with owners						
Issue of share capital	14	7,100	124,168,040	-	-	124,175,140
Other movements						
Change in functional and presentation currency		-	-	(1,509,813)	1,509,813	-
Balance at 31 December 2017		**121,673**	**283,690,334**	**-**	**(202,572,739)**	**81,239,268**

Share premium is not available for distribution.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 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.

EARL MANAGEMENT LIMITED (EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

STATEMENT OF CASH FLOWS
For the year ended 31 December 2017

	Note	**2017 RR**	2016 RR
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(50,225)**	8,602,608
Adjustments for:			
Amortisation of computer software	8	**105,800**	-
Loss on sale of investment in associate	9	**-**	4,461,436
Fair value losses on financial assets at fair value through profit or loss	12	**1,157,542**	-
Interest income	10	**(32,497,186)**	(24,608,808)
Interest expense	15	**35,782,943**	36,181,052
Unrealised exchange gain on loans	10,15	**(8,441,489)**	(12,828,558)
		(3,942,615)	11,807,730
Changes in working capital:			
Decrease/(increase) in receivables		**13,565,000**	(13,565,000)
Increase in financial assets at fair value through profit or loss		**(49,568,750)**	-
Increase in payables		**383,966**	140,594
Cash used in operations		**(39,562,399)**	(1,616,676)
Loans granted	10	**(250,996,101)**	-
Loans repayments received	10	**81,817,257**	56,763,399
Net cash (used in)/generated from operating activities		**(208,741,243)**	55,146,723
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	8	**(317,399)**	-
Net cash used in investing activities		**(317,399)**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital	14	**124,175,140**	159,527,750
Repayments of borrowings	15	**(103,150,985)**	(144,379,957)
Proceeds from borrowings	15	**97,020,211**	-
Net cash generated from financing activities		**118,044,366**	15,147,793
Net (decrease)/increase in cash and cash equivalents		**(91,014,276)**	70,294,516
Cash and cash equivalents at beginning of the year		**98,817,605**	28,523,089
Cash and cash equivalents at end of the year	13	**7,803,329**	98,817,605

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

1. Incorporation and principal activities

Country of incorporation

Earl Management Limited (the "Company") was incorporated in Cyprus on 29 September 2003 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is located at 32 Kritis, Papachristoforou Building, 4th floor, 3087 Limassol, Cyprus.

Change of Company name

On 28 December 2017, the Company changed its name from Fairways Investments Overseas Limited to Earl Management Limited.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and group financing.

2. Summary of significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention as modified by the measurement of financial assets at fair value through profit or loss.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2017. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Revenue recognition

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

- **Interest income**

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

Finance costs

Interest expense and other borrowing costs are charged to profit or loss using the effective interest method.

2. Summary of significant accounting policies (continued)

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 Russian Rubles (RR), which is the Company's functional and presentation currency. With effect from 1 January 2017 the Company's functional currency is the Russian Ruble. Management reconsidered the factors and indicators that determine its functional currency as per IAS 21 " The effects of changes in foreign exchange rates" and determined that the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions is the Russian Ruble. According to IAS 21, once determined, the functional currency is not changed unless there is a change in those underlying transactions, events and conditions. As there has not been any change in those underlying transactions, events and conditions, the use of US Dollars in prior periods as the functional currency is treated as an error. Management deems it impracticable to determine the cumulative effect of the error and thus it has not corrected the prior periods error by retrospective restatement.

(2) Change in presentation currency

With effect from 1 January 2017, the Company changed its presentation currency from US Dollars to Russian Ruble. In order to satisfy the requirements of IAS 21 with respect to a change in presentation currency, the statutory financial information, as previously reported in the Company's financial statements for all previous years, have been retranslated from US Dollar into Russian Ruble using the procedures outlined below:

(i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the reporting date;

(ii) income and expenses for each statement of profit or loss and other comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component of equity as a cumulative translation reserve.

(3) 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.

2. Summary of 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.

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.

Receivables

Receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest 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.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

  This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

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

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

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

Cash and cash equivalents

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

Borrowings

Borrowings are recognised initially at fair value, 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Company incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

2. Summary of significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

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

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors
The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market price risk
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments.

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 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
	RR	RR
Fixed rate instruments		
Financial assets	**319,460,881**	119,988,956
Financial liabilities	**(294,105,412)**	(275,098,837)
	25,355,469	(155,109,881)

3.3 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company's exposure to credit risk is considered significant since 79% of its receivables are due from only three parties.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2017	2016
	RR	RR
Other loans receivable	**189,112,677**	-
Loans receivable from related parties	**130,348,204**	119,988,956
Bank current accounts	**7,803,329**	98,817,605
Receivables from related parties	**-**	13,565,000
	327,264,210	232,371,561

3.4 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company's exposure to liquidity risk is not considered significant as it maintains significant liquid assets to meet its short term obligations.

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.

3. Financial risk management (continued)

3.4 Liquidity risk (continued)

31 December 2017	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
	RR	RR	RR	RR	RR	RR
Bank loans	59,873,455	60,179,215	60,179,215	-	-	-
Other loans	234,231,957	307,351,082	7,988,239	-	-	299,362,843
	294,105,412	**367,530,297**	**68,167,454**	**-**	**-**	**299,362,843**

31 December 2016	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years
	RR	RR	RR	RR	RR	RR
Other loans	275,098,837	275,098,837	-	275,098,837	-	-
	275,098,837	275,098,837	-	275,098,837	-	-

3.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, the Euro and the Swiss franc. 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
	RR	RR	**RR**	RR
United States Dollars	**226,243,718**	264,071,094	**56,658,955**	-
Euro	**-**	11,027,744	**-**	-
Swiss franc	**7,988,238**	-	**-**	-
	234,231,956	275,098,838	**56,658,955**	-

3.6 Capital risk management

Capital includes equity shares and share premium.

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

Fair value estimation

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Company is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

3. Financial risk management (continued)

Fair value estimation (continued)

Fair value measurements recognised in statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2017	Level 1 RR	Level 2 RR	Level 3 RR	Total RR
Financial assets				
Financial assets at fair value through profit or loss	48,411,208	-	-	48,411,208
Total	**48,411,208**	**-**	**-**	**48,411,208**

4. Critical accounting estimates and judgments

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

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

Judgments

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

- **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.

4. Critical accounting estimates and judgments (continued)

- **Impairment of loans receivable**

The Company assesses, at each reporting date, whether there is objective evidence that a loan receivable may be impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the loan receivable that can be reliably estimated. Evidence of impairment may include indications that the borrower is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows to be derived from the financial asset. If such evidence exists, the company estimates the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred) discounted at the financial asset's original effective interest rate and compares it with the asset's carrying amount. If the latter is higher, then the asset's carrying amount is reduced by the difference, through the use of an allowance account.

5. Operating profit

	2017	2016
	RR	RR
Operating profit is stated after charging the following items:		
Amortisation of computer software (Note 8)	**105,800**	-
Auditors' remuneration	**206,256**	159,770

6. Finance costs

	2017	2016
	RR	RR
Bank charges	**532,811**	-
Other finance expenses	**-**	292,730
	532,811	292,730

7. Tax

	2017	2016
	RR	RR
Corporation tax - current year	**80,782**	-
Charge for the year	**80,782**	-

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

	2017	2016
	RR	RR
(Loss)/profit before tax	**(50,225)**	8,602,608
Tax calculated at the applicable tax rates	**(6,278)**	1,075,326
Tax effect of expenses not deductible for tax purposes	**5,268,317**	-
Tax effect of allowances and income not subject to tax	**(5,188,601)**	(1,075,326)
10% additional charge	**7,344**	-
Tax charge	**80,782**	-

7. Tax (continued)

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

8. Intangible assets

	Computer software RR
Cost	
Additions	317,399
Balance at 31 December 2017	**317,399**
Amortisation	
Amortisation for the year	105,800
Balance at 31 December 2017	**105,800**
Net book amount	
Balance at 31 December 2017	**211,599**

9. Investment in associate

	2017 RR	2016 RR
Balance at 1 January	-	18,026,436
Disposals	-	(18,026,436)
Balance at 31 December	-	-

During the year 2016, the Company disposed its 50% interest in JSC Vladimirskaya Lisingovaya Kompaniya for the amount of RR13,565,000, thus incurring a loss of RR4,461,436.

10. Non-current loans receivable

	2017 RR	2016 RR
Balance at 1 January	**119,988,956**	152,143,547
New loans granted	**250,996,101**	-
Repayments	**(81,817,257)**	(56,763,399)
Interest charged	**32,497,186**	24,608,808
Exchange difference	**(2,204,105)**	-
Balance at 31 December	**319,460,881**	119,988,956

	2017 RR	2016 RR
Other loans receivable	**189,112,677**	-
Loans to company under common control (Note 18.1)	**130,348,204**	119,988,956
	319,460,881	119,988,956
Less current portion	**(164,012,676)**	-
Non-current portion	**155,448,205**	119,988,956

The details of other loans receivable are as follows:

	Terms	Guarantee	2017 RR	2016 RR
Loan 1	Carries interest at 20% per annum, repayable by 2 April 2018	One guarantee in place for an amount up to US$1.5 million, valid up to 31 December 2025	**56,658,955**	-
Loan 2	Carries interest at 21% per annum, repayable by 18 April 2019	Three guarantees in place each for an amount up to RR150 million	**55,138,082**	-
Loan 3	Carries interest at 21% per annum, repayable by 19 April 2019	Two guarantees in place each for an amount up to RR150 million	**65,001,151**	-
Loan 4	Carries interest at 21% per annum, repayable by 25 April 2019	-	**10,184,110**	-
Loan 5	Carries interest at 16.5% per annum, repayable by 23 November 2020	-	**2,130,379**	-
			189,112,677	-

During the year 2018, loan 1 was assigned towards a Company's existing lender (included in other loans - Note 15) for a consideration equal to 90% of the loans carrying amount.

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

	2017 RR	2016 RR
United States Dollars	**56,658,955**	-
Russian Ruble	**262,801,926**	119,988,956
	319,460,881	119,988,956

10. Non-current loans receivable (continued)

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

For a summary of key terms and conditions relating to the loans to company under common control, refer to note 18 of the financial statements.

11. Receivables

	2017 RR	2016 RR
Shareholder's current account (Note 18.2)	-	13,565,000
	-	13,565,000

For a summary of key terms and conditions relating to the shareholder's current account, refer to note 18 of the financial statements.

12. Financial assets at fair value through profit or loss

	2017 RR	2016 RR
Balance at 1 January	-	-
Additions	49,568,750	-
Change in fair value	(1,157,542)	-
Balance at 31 December	48,411,208	-

13. Cash and cash equivalents

Cash balances are analysed as follows:

	2017 RR	2016 RR
Bank current accounts	7,803,329	98,817,605
	7,803,329	98,817,605

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

14. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €1.71 each	6,000	10,260	6,000	10,260
		RR		RR
Issued and fully paid				
Balance at 1 January	1,050	114,573	1,000	109,117
Issue of shares	60	7,100	50	5,456
Balance at 31 December	1,110	121,673	1,050	114,573

14. Share capital (continued)

Authorised capital

On 29 November 2016 the authorised share capital of the Company was increased by an additional 5,000 ordinary shares of €1.71 each.

Issued capital

On 26 September 2017 and 25 November 2017, the Company increased its issued capital through the issue of 10 ordinary shares of €1.71 at a premium of €79,998.29 per share, amounting to a total of €800,000 (RR54,844,240), and 50 ordinary shares of €1.71 at a premium of €19,998.29 per share, amounting to a total of €1,000,000 (RR69,330,900), respectively.

On 29 November 2016, the Company increased its issued capital through the issue of 50 ordinary shares of €1.71 at a premium of €49,998.29 per share, amounting to a total of €2,500,000 (RR159,527,7500).

15. Borrowings

	2017	2016
	RR	RR
Balance at 1 January	**275,098,837**	396,126,300
Additions	**97,020,211**	-
Repayments	**(103,150,985)**	(144,379,957)
Interest charged	**35,782,943**	36,181,052
Exchange difference	**(10,645,594)**	(12,828,558)
Balance at 31 December	**294,105,412**	275,098,837

	2017	2016
	RR	RR
Current borrowings		
Bank loans	**59,873,455**	-
Other loans	**7,988,239**	275,098,837
	67,861,694	275,098,837
Non-current borrowings		
Other loans	**226,243,718**	-
Total	**294,105,412**	275,098,837

Maturity of borrowings:

	2017	2016
	RR	RR
Within one year	**67,861,694**	275,098,837
Between one and five years	**226,243,718**	-
	294,105,412	275,098,837

15. Borrowings (continued)

The details of the loans payable are as follows:

	Terms	2017 RR	2016 RR
Bank loan 1	Carries interest at 8.3% per annum, repayable on 11 January 2018	**24,109,151**	-
Bank loan 2	Carries interest at 8.3% per annum, repayable on 11 January 2018	**25,744,948**	-
Bank loan 3	Carries interest at 7.85% per annum, repayable on 22 March 2018	**10,019,356**	-
Other loan 1	Carried interest at 16.5% per annum	**-**	264,071,094
Other loan 2	Carried interest at 16.5% per annum	**-**	11,027,744
Other loan 3	Carries interest at 3% per annum, repayable by 2 February 2018	**7,973,309**	-
Other loan 4	Carries no interest, no specified repayment date	**14,929**	-
Other loan 5	Carries interest at 8% per annum, repayable by 4 December 2022	**57,941,067**	-
Other loan 6	Carries interest at 8% per annum, repayable by 4 December 2022	**28,970,533**	-
Other loan 7	Carries interest at 8% per annum, repayable by 4 December 2022	**28,970,533**	-
Other loan 8	Carries interest at 8% per annum, repayable by 4 December 2022	**28,970,533**	-
Other loan 9	Carries interest at 8% per annum, repayable by 4 December 2022	**28,970,533**	-
Other loan 10	Carries interest at 8% per annum, repayable by 4 December 2022	**28,970,533**	-
Other loan 11	Carries interest at 8% per annum, repayable by 4 December 2022	**23,449,982**	-
		294,105,407	275,098,838

The Company's borrowings are denominated in the following currencies:

	2017 RR	2016 RR
United States Dollars	**226,243,718**	264,071,094
Euro	**-**	11,027,744
Russian Ruble	**59,873,456**	-
Swiss Franc	**7,988,238**	-
	294,105,412	275,098,838

16. Payables

	2017 RR	2016 RR
Accruals	**529,551**	140,594
	529,551	140,594

17. Current tax (liabilities)/current tax assets

	2017 RR	2016 RR
Corporation tax	**(12,786)**	63,005
	(12,786)	63,005

18. Related party balances and transactions

The related party balances and transactions are as follows:

18.1 Loans to company under common control (Note 10)

	Terms	2017 RR	2016 RR
Vladimir Leasing Company LLC	Carries interest 14% per annum, repayable by 27 December 2019	**50,578,045**	70,270,306
Vladimir Leasing Company LLC	Carries interest 14% per annum, repayable by 27 December 2019	**49,710,570**	49,718,650
Vladimir Leasing Company LLC	Carries interest 14% per annum, repayable by 7 August 2019	**30,059,589**	-
		130,348,204	119,988,956

18.2 Shareholder's current account (Note 11)

	2017 RR	2016 RR
Opening balance	**13,565,000**	-
Disposal of investment in associate	**-**	13,565,000
Repayment	**(13,565,000)**	-
Closing balance	**-**	13,565,000

The shareholder's current account carries no interest and has no specified repayment date.

19. Contingent liabilities

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

20. Commitments

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

21. Events after the reporting period

Other thas as disclosed in note 10, there were other no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 2 to 4

ADMINISTRATIVE EXPENSES
For the year ended 31 December 2017

	2017 RR	2016 RR
Administration expenses		
Licenses and taxes	-	23,050
Annual levy	26,478	-
Sundry expenses	-	31,420
Courier expenses	72,999	44,462
Auditors' remuneration	206,256	159,770
Accounting fees	339,503	350,112
Other professional fees	130,997	-
Legal and professional	430,453	285,876
Fines	-	132,717
Travelling	-	657,096
Management fees	421,461	-
Translation fees	1,790	-
Amortisation of computer software	105,800	-
	1,735,737	1,684,503

EARL MANAGEMENT LIMITED (EX-FAIRWAY INVESTMENTS OVERSEAS LIMITED)

COMPUTATION OF CORPORATION TAX
For the year ended 31 December 2017

	Page	RR	RR
Net loss per income statement	5		(50,225)
Add:			
Depreciation		105,800	
Fair value losses on financial assets at fair value through profit or loss		1,157,542	
Disallowed interest		35,782,943	
Notional Interest on Back to back loans		2,937,500	
Expenses		2,162,748	
			42,146,533
			42,096,308
Less:			
Interest income		32,497,186	
Unrealised foreign exchange profit		6,661,622	
NID deduction granted on loan receivables		2,350,000	
			(41,508,808)
Chargeable income for the year			587,500
			€
Converted into € at RR 68.866800 = €1			8,531

Calculation of corporation tax	Income €	Rate %	Total € c	Total RR
Tax at normal rates:				
Chargeable income as above	8,531	12.50	1,066.38	73,438
10% additional charge			106.64	7,344
TAX PAYABLE			1,173.02	80,782