

**M.C. FANDEOS Co LTD**

*Chartered Certified Accountants*

**FAIRWAY INVESTMENTS OVERSEAS  
LIMITED**

**REPORT AND FINANCIAL STATEMENTS**  
31 December 2013

Not for Official Use

Head Office Limassol: 172, Archiepiscopou Makariou III  
Ave., Melford Tower, 4<sup>th</sup>/ 5<sup>th</sup> floor, 3027 Limassol, Cyprus  
Tel.: +357 25 024 500 | Fax: +357 25 029 321

Nicosia Branch: 41, Themistokli Dervi Str., Hawaii Tower  
Office 501, 1066 Nicosia, Cyprus  
Tel.: +357 22 780 080

 **PrimeGlobal**  
*An Association of  
Independent Accounting Firms*



**AUTHORISED  
TRAINING  
EMPLOYER**

P.O.Box 51146, 3502 Limassol, Cyprus | URL: [www.fandeos.com](http://www.fandeos.com) | Email: [office@fandeos.com](mailto:office@fandeos.com)

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

---

## REPORT AND FINANCIAL STATEMENTS

31 December 2013

### CONTENTS

|  | <b>PAGE</b> |
|--|-------------|
| Board of Directors and other Officers  | 1           |
| Report of the Board of Directors   | 2           |
| Independent auditor's report   | 3 - 4       |
| Statement of profit or loss and other comprehensive income                               | 5           |
| Statement of financial position  | 6           |
| Statement of changes in equity   | 7           |
| Cash flow statement  | 8           |
| Notes to the financial statements  | 9 - 17      |
| Additional information to the Statement of profit or loss and other comprehensive income | 18 - 21     |

# **FAIRWAY INVESTMENTS OVERSEAS LIMITED**

---

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

**Board of Directors:**

Michailina Zinonos  
Thomas A Grolimund

**Company Secretary:**

WCS-Worldwide Corporate Secretarial Ltd

**Independent Auditors:**

M.C. FANDEOS CO LTD  
CHARTERED CERTIFIED ACCOUNTANTS  
172, Archiepiscopou Makariou III Ave.  
Melford Tower, 4th floor  
3027 Limassol  
Cyprus

**Registered office:**

32, Kritis Street  
Papachristoforou Building  
4th Floor  
3087 Limassol, Cyprus

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

---

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2013.

### Principal activity

The principal activity of the Company are the provision of financing services and trading of financial assets.

### Results

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

### Dividends

The Board of Directors does not recommend the payment of a dividend.

### Share capital

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

### Board of Directors

The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2013.

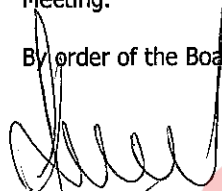
In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

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

### Independent Auditors

The Independent Auditors, M.C. FANDEOS CO 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,



Michailina Zinonos  
Director

Limassol, 6 May 2016



# M.C. FANDEOS CO LTD

Chartered Certified Accountants

## Independent auditor's report

### To the Members of Fairway Investments Overseas Limited

#### Report on the financial statements

We have audited the financial statements of the parent company Fairway Investments Overseas Limited (the "Company") on pages 5 to 17 which comprise the statement of financial position as at 31 December 2013, and the 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 financial statements*

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

#### *Auditor's responsibility*

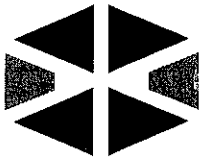
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about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

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

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

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of parent company Fairway Investments Overseas Limited as at 31 December 2013, 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.



# M.C. FANDEOS CO LTD

Chartered Certified Accountants

## Independent auditor's report (continued)

### To the Members of Fairway Investments Overseas Limited

#### Report on other legal requirements

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

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

#### Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

M. C. Fandeos Co Ltd  
Chartered Certified Accountants  
P.O. Box 51146  
3502 LIMASSOL

**M.C. FANDEOS CO LTD**  
**CHARTERED CERTIFIED ACCOUNTANTS**

Limassol, 6 May 2016

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

|   | Note | 2013<br>US\$     | 2012<br>US\$     |
|---|------|------------------|------------------|
| Interest income                                       |      | 609,648          | 340,670          |
| Interest expense                                      |      | (581,698)        | (454,933)        |
| <b>Gross profit/(loss)</b>                            |      | <b>27,950</b>    | <b>(114,263)</b> |
| Selling and distribution expenses                     |      | (11,024)         | (326,846)        |
| Administration expenses                               |      | (54,423)         | (17,063)         |
| Other expenses  |      | (251)            | -                |
| <b>Operating loss</b>                                 |      | <b>(37,748)</b>  | <b>(458,172)</b> |
| Finance income  | 3    | -                | 70,466           |
| Finance costs   | 3    | (99,987)         | (1,790)          |
| <b>Loss before tax</b>                                |      | <b>(137,735)</b> | <b>(389,496)</b> |
| Tax   | 4    | -                | -                |
| <b>Net loss for the year</b>                          |      | <b>(137,735)</b> | <b>(389,496)</b> |
| <b>Other comprehensive income</b>                     |      |                  |                  |
| Available-for-sale financial assets - Fair value Loss |      | -                | (40,619)         |
| <b>Other comprehensive income for the year</b>        |      | <b>-</b>         | <b>(40,619)</b>  |
| <b>Total comprehensive income for the year</b>        |      | <b>(137,735)</b> | <b>(430,115)</b> |

The notes on pages 9 to 17 form an integral part of these financial statements.

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2013

|                                     | Note | 2013<br>US\$       | 2012<br>US\$       |
|-------------------------------------|------|--------------------|--------------------|
| <b>ASSETS</b>                       |      |                    |                    |
| <b>Non-current assets</b>           |      |                    |                    |
| Available-for-sale financial assets | 5    | -                  | 145,299            |
| Non-current loans receivable        | 6    | <u>4,160,601</u>   | <u>3,940,481</u>   |
|                                     |      | <b>4,160,601</b>   | <b>4,085,780</b>   |
| <b>Current assets</b>               |      |                    |                    |
| Receivables                         | 7    | 4,478              | 4,384              |
| Refundable taxes                    | 13   | 2,552              | -                  |
| Cash at bank                        | 8    | <u>536,378</u>     | <u>699,160</u>     |
|                                     |      | <b>543,408</b>     | <b>703,544</b>     |
| <b>Total assets</b>                 |      | <b>4,704,009</b>   | <b>4,789,324</b>   |
| <b>EQUITY AND LIABILITIES</b>       |      |                    |                    |
| <b>Equity</b>                       |      |                    |                    |
| Share capital                       | 9    | 1,948              | 1,948              |
| Other reserves                      | 10   | -                  | 15,349             |
| Accumulated losses                  |      | <u>(1,209,557)</u> | <u>(1,071,822)</u> |
| <b>Total equity</b>                 |      | <b>(1,207,609)</b> | <b>(1,054,525)</b> |
| <b>Non-current liabilities</b>      |      |                    |                    |
| Borrowings                          | 11   | <u>5,908,171</u>   | <u>5,800,238</u>   |
|                                     |      | <b>5,908,171</b>   | <b>5,800,238</b>   |
| <b>Current liabilities</b>          |      |                    |                    |
| Trade and other payables            | 12   | 3,442              | 38,984             |
| Borrowings                          | 11   | 5                  | -                  |
| Current tax liabilities             | 13   | -                  | <u>4,627</u>       |
|                                     |      | <b>3,447</b>       | <b>43,611</b>      |
| <b>Total liabilities</b>            |      | <b>5,911,618</b>   | <b>5,843,849</b>   |
| <b>Total equity and liabilities</b> |      | <b>4,704,009</b>   | <b>4,789,324</b>   |

On 6 May 2016 the Board of Directors of Fairway Investments Overseas Limited authorised these financial statements for issue.

  
Michailina Zinoños  
Director

The notes on pages 9 to 17 form an integral part of these financial statements.



## FAIRWAY INVESTMENTS OVERSEAS LIMITED

### STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

|  | Share capital<br>US\$ | Fair value reserve -<br>available-for-sale<br>financial assets<br>US\$ | Accumulated<br>(losses)<br>US\$ | Total<br>US\$      |
|--|-----------------------|--|---------------------------------|--------------------|
| <b>Balance at 1 January 2012</b>                       | <b>1,948</b>          | <b>55,968</b>  | <b>(682,326)</b>                | <b>(624,410)</b>   |
| Net loss for the year                                  | -                     | -  | (389,496)                       | (389,496)          |
| Other comprehensive income for the year                | -                     | (40,619)   | -                               | (40,619)           |
| <b>Balance at 31 December 2012/ 1<br/>January 2013</b> | <b>1,948</b>          | <b>15,349</b>  | <b>(1,071,822)</b>              | <b>(1,054,525)</b> |
| Net loss for the year                                  | -                     | -  | (137,735)                       | (137,735)          |
| Other comprehensive income for the year                | -                     | (15,349)   | -                               | (15,349)           |
| <b>Balance at 31 December 2013</b>                     | <b>1,948</b>          | <b>-</b>   | <b>(1,209,557)</b>              | <b>(1,207,609)</b> |

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 9 to 17 form an integral part of these financial statements.

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## CASH FLOW STATEMENT

Year ended 31 December 2013

|   | Note | 2013<br>US\$            | 2012<br>US\$            |
|---|------|-------------------------|-------------------------|
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                               |      |                         |                         |
| <b>Loss before tax</b>  |      | <b>(137,735)</b>        | (389,496)               |
| Adjustments for:  |      |                         |                         |
| Unrealised exchange loss/(profit)   |      | 98,655                  | (70,466)                |
| Loss from the sale of available-for-sale financial assets                 |      | 251                     | -                       |
| Fair value gains on financial assets at fair value through profit or loss |      | (15,349)                | -                       |
| Interest income   |      | (609,648)               | (527,644)               |
| Interest expense  | 3    | <u>581,698</u>          | <u>454,933</u>          |
| <b>Cash flows used in operations before working capital changes</b>       |      | <b>(82,128)</b>         | (532,673)               |
| Increase in receivables   |      | (94)                    | (46)                    |
| (Decrease)/increase in trade and other payables                           |      | <u>(35,542)</u>         | <u>4,606</u>            |
| <b>Cash flows used in operations</b>                                      |      | <b>(117,764)</b>        | (528,113)               |
| Interest received   |      | 609,648                 | -                       |
| Tax (paid)/refunded   |      | <u>(7,179)</u>          | <u>93</u>               |
| <b>Net cash flows from/(used in) operating activities</b>                 |      | <b><u>484,705</u></b>   | <b><u>(528,020)</u></b> |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                               |      |                         |                         |
| Payment for purchase of investments in associated undertakings            |      | -                       | (151)                   |
| Loans granted   |      | <u>(220,120)</u>        | <u>(557,307)</u>        |
| Proceeds from sale of available-for-sale financial assets                 |      | 145,048                 | -                       |
| Proceeds from sale of investments in associated undertakings              |      | -                       | 151                     |
| <b>Net cash flows used in investing activities</b>                        |      | <b><u>(75,072)</u></b>  | <b><u>(557,307)</u></b> |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                               |      |                         |                         |
| Proceeds from borrowings  |      | 107,933                 | 1,206,662               |
| Unrealised exchange (loss)  |      | (98,655)                | 70,466                  |
| Interest paid   |      | <u>(581,698)</u>        | <u>-</u>                |
| <b>Net cash flows (used in)/from financing activities</b>                 |      | <b><u>(572,420)</u></b> | <b><u>1,277,128</u></b> |
| <b>Net (decrease) /increase in cash and cash equivalents</b>              |      | <b>(162,787)</b>        | 191,801                 |
| Cash and cash equivalents:  |      |                         |                         |
| At beginning of the year  |      | <u>699,160</u>          | <u>507,359</u>          |
| <b>At end of the year</b>   | 8    | <b><u>536,373</u></b>   | <b><u>699,160</u></b>   |

The notes on pages 9 to 17 form an integral part of these financial statements.

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Fairway Investments Overseas Limited (the "Company") was incorporated in Cyprus on 29 September 2003 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 32, Kritis Street, Papachristoforou Building, 4th Floor, 3087 Limassol, Cyprus.

#### Principal activity

The principal activity of the Company are the provision of financing services and trading of financial assets.

### 2. 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 of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2013.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, the provisions of International Accounting Standard 27 "Consolidated and separate financial statements" that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

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.

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### Revenue recognition

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

- **Income from investments in securities**

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

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

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2013 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Interest income**

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

#### Debtors and provisions for bad debts

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

#### Finance 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 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 United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) **Transactions and balances**

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

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### Dividends

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

#### Financial instruments

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

#### 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.

#### Financial assets

##### *(1) Classification*

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

- Loans and receivables

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

##### *(2) Recognition and measurement*

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

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

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

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

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

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

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

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

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

##### Cash and cash equivalents

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



# FAIRWAY INVESTMENTS OVERSEAS LIMITED

---

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Borrowings

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

#### 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.

#### 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.

#### Non-current liabilities

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

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 3. Finance income/cost

|   | 2013<br>US\$    | 2012<br>US\$   |
|---|-----------------|----------------|
| Exchange profit                         | -               | 70,466         |
| <b>Finance income</b>                   | <b>-</b>        | <b>70,466</b>  |
| Net foreign exchange transaction losses | (95,972)        | 2,222          |
| Sundry finance expenses                 | (4,015)         | (4,012)        |
| <b>Finance costs</b>                    | <b>(99,987)</b> | <b>(1,790)</b> |
| <b>Net finance (costs)/income</b>       | <b>(99,987)</b> | <b>68,676</b>  |

### 4. Tax

The corporation tax rate is 12,5% (2012:10%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

The Company's chargeable income for the year amounted to US\$27,579 which has been set off against tax losses brought forward. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years

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

|  | 2013<br>US\$ | 2012<br>US\$   |
|--|--------------|----------------|
| Balance at 1 January                                   | 145,299      | 185,918        |
| Disposals  | (145,299)    | -              |
| Revaluation difference transferred to equity (Note 10) | -            | (40,619)       |
| <b>Balance at 31 December</b>                          | <b>-</b>     | <b>145,299</b> |

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

|   | 2013<br>US\$ | 2012<br>US\$ |
|---|--------------|--------------|
| Loss from sale of available-for-sale financial assets | (251)        | -            |
| Net loss on available-for-sale financial assets       | (251)        | -            |

### 6. Non-current loans receivable

|                  | 2013<br>US\$     | 2012<br>US\$     |
|------------------|------------------|------------------|
| Loans receivable | 4,160,601        | 3,940,481        |
|                  | <b>4,160,601</b> | <b>3,940,481</b> |

The loans are repayable as follows:

|                            | 2013<br>US\$ | 2012<br>US\$ |
|----------------------------|--------------|--------------|
| Between one and five years | 4,160,601    | 3,940,481    |

The fair value of receivable loans approximates to their carrying amounts as presented above.



# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

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

The company has receivable loans with CJSC Orekhovo Zuevskaya(borrower) with principal amount US\$337,870 and accumulated interest US\$243,961. The borrower faces certain difficulties in repaying the loans to the Company and on this basis the Company has made a specific bad debt provision of US\$ 56,987 in the current period.

### 7. Receivables

|   | 2013<br>US\$ | 2012<br>US\$ |
|---|--------------|--------------|
| Shareholders' current accounts - debit balances (Note 14) | 4,478        | 4,384        |
|   | <u>4,478</u> | <u>4,384</u> |

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

### 8. Cash at bank

|              | 2013<br>US\$   | 2012<br>US\$   |
|--------------|----------------|----------------|
| Cash at bank | 536,378        | 699,160        |
|              | <u>536,378</u> | <u>699,160</u> |

### 9. Share capital

|                               | 2013<br>Number of<br>shares | 2013<br>US\$ | 2012<br>Number of<br>shares | 2012<br>US\$ |
|-------------------------------|-----------------------------|--------------|-----------------------------|--------------|
| <b>Authorised</b>             |                             |              |                             |              |
| Ordinary shares of €1,71 each | 1,000                       | -            | 1,000                       | -            |
| <b>Issued and fully paid</b>  |                             |              |                             |              |
| Balance at 1 January          | 1,000                       | 1,948        | 1,000                       | 1,948        |
| <b>Balance at 31 December</b> | <u>1,000</u>                | <u>1,948</u> | <u>1,000</u>                | <u>1,948</u> |

### 10. Other reserves

|  | Fair value reserve -<br>available-for-sale<br>financial assets<br>US\$ | Total<br>US\$ |
|--|--|---------------|
| Balance at 1 January 2012                          | 55,968   | 55,968        |
| Fair value adjustment (Note 5)                     | (40,619)   | (40,619)      |
| <b>Balance at 31 December 2012/ 1 January 2013</b> | <u>15,349</u>  | <u>15,349</u> |
| Transfer to net profit due to disposal             | (15,349)   | (15,349)      |
| <b>Balance at 31 December 2013</b>                 | <u>-</u>   | <u>-</u>      |

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 11. Borrowings

|   | 2013<br>US\$     | 2012<br>US\$     |
|---|------------------|------------------|
| <b>Current borrowings</b>               |                  |                  |
| Bank overdrafts (Note 8)                | 5                | -                |
| <b>Non current borrowings</b>           |                  |                  |
| Other loans                             | <u>5,908,171</u> | <u>5,800,238</u> |
| <b>Total</b>                            | <u>5,908,176</u> | <u>5,800,238</u> |
| <br>Maturity of non-current borrowings: |                  |                  |
|   | 2013<br>US\$     | 2012<br>US\$     |
| Between two and five years              | <u>5,908,171</u> | <u>5,800,238</u> |

### 12. Trade and other payables

|          | 2013<br>US\$ | 2012<br>US\$  |
|----------|--------------|---------------|
| Accruals | <u>3,442</u> | <u>38,984</u> |
|          | <u>3,442</u> | <u>38,984</u> |

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

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

|                                  | 2013<br>US\$   | 2012<br>US\$ |
|----------------------------------|----------------|--------------|
| Corporation tax                  | (2,552)        | -            |
| Special contribution for defence | -              | 4,627        |
|                                  | <u>(2,552)</u> | <u>4,627</u> |

### 14. Related party transactions

The following transactions were carried out with related parties:

#### 14.1 Shareholders' current accounts - debit balances (Note 7)

|   | 2013<br>US\$ | 2012<br>US\$ |
|---|--------------|--------------|
| Shareholders' current accounts - debit balances | <u>4,478</u> | <u>4,384</u> |
|   | <u>4,478</u> | <u>4,384</u> |

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

### 15. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2013.

### 16. Commitments

The Company had no capital or other commitments as at 31 December 2013.

**FAIRWAY INVESTMENTS OVERSEAS LIMITED**

---

NOTES TO THE FINANCIAL STATEMENTS  
Year ended 31 December 2013

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

Not for official Use

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## DETAILED INCOME STATEMENT

Year ended 31 December 2013

|   | Page | 2013<br>US\$            | 2012<br>US\$            |
|---|------|-------------------------|-------------------------|
| <b>Revenue</b>  |      |                         |                         |
| Interest income                                       |      | 609,648                 | 340,670                 |
| Interest expense                                      |      | <u>(581,698)</u>        | <u>(454,933)</u>        |
| <b>Gross profit/(loss)</b>                            |      | <b>27,950</b>           | <b>(114,263)</b>        |
| <b>Operating expenses</b>                             |      |                         |                         |
| Administration expenses                               | 19   | (54,423)                | (17,063)                |
| Selling and distribution expenses                     | 19   | <u>(11,024)</u>         | <u>(326,846)</u>        |
|   |      | <b>(37,497)</b>         | <b>(458,172)</b>        |
| <b>Other operating expenses</b>                       |      |                         |                         |
| Loss from sale of available-for-sale financial assets |      | <u>(251)</u>            | -                       |
| <b>Operating loss</b>                                 |      | <b>(37,748)</b>         | <b>(458,172)</b>        |
| Finance income  | 20   | -                       | 70,466                  |
| Finance costs   | 20   | <u>(99,987)</u>         | <u>(1,790)</u>          |
| <b>Net loss for the year before tax</b>               |      | <b><u>(137,735)</u></b> | <b><u>(389,496)</u></b> |

## FAIRWAY INVESTMENTS OVERSEAS LIMITED

### OPERATING EXPENSES

Year ended 31 December 2013

|                                | 2013<br>US\$  | 2012<br>US\$  |
|--------------------------------|---------------|---------------|
| <b>Administration expenses</b> |               |               |
| Licenses and taxes             | 460           | 454           |
| Auditors' remuneration         | 3,442         | 3,898         |
| Accounting fees                | 7,777         | -             |
| Other professional fees        | 42,744        | 12,711        |
|                                | <u>54,423</u> | <u>17,063</u> |

|  | 2013<br>US\$  | 2012<br>US\$   |
|--|---------------|----------------|
| <b>Selling and distribution expenses</b> |               |                |
| Bad debts written off                    | 11,024        | 326,846        |
|  | <u>11,024</u> | <u>326,846</u> |

## FAIRWAY INVESTMENTS OVERSEAS LIMITED

### FINANCE INCOME/COST

Year ended 31 December 2013

|  | 2013<br>US\$  | 2012<br>US\$  |
|--|---------------|---------------|
| <b>Finance income</b>                          |               |               |
| Unrealised exchange profit                     | -             | 70,466        |
|  | <u>-</u>      | <u>70,466</u> |
| <b>Finance costs</b>                           |               |               |
| <b>Sundry finance expenses</b>                 |               |               |
| Bank charges                                   | 4,015         | 4,012         |
| <b>Net foreign exchange transaction losses</b> |               |               |
| Realised exchange loss                         | (2,683)       | (2,222)       |
| Unrealised exchange loss                       | 98,655        | -             |
|  | <u>99,987</u> | <u>1,790</u>  |

# FAIRWAY INVESTMENTS OVERSEAS LIMITED

## COMPUTATION OF CORPORATION TAX

Year ended 31 December 2013

|   |            |        |                   |
|---|------------|--------|-------------------|
| Net loss per income statement                         | Page<br>18 | US\$   | US\$<br>(137,735) |
| <b>Add:</b>   |            |        |                   |
| Deemed interest on loans receivable                   |            | 54,153 |                   |
| Loss from sale of available-for-sale financial assets |            | 251    |                   |
| Unrealised exchange loss                              |            | 98,655 |                   |
| Interest on taxes                                     |            | 1,091  |                   |
| Disallowed interest                                   |            | 10,704 |                   |
| Special levy  |            | 460    |                   |
|   |            |        | <u>165,314</u>    |
| <b>Chargeable income for the year</b>                 |            |        | <u>27,579</u>     |

Converted into € at US\$ 1.330000 = €1 €  
20,736

Loss brought forward (322,532)

**Loss carried forward** (301,796)

### CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

| Tax year | Profits/(losses)<br>for the tax year | Gains Offset |      | Gains Offset |      | Gains Offset |      |
|----------|--------------------------------------|--------------|------|--------------|------|--------------|------|
|          |                                      | Amount €     | Year | Amount €     | Year | Amount €     | Year |
| 2008     | (49,498)                             | -            |      | -            |      | -            |      |
| 2009     | (3,950)                              | -            |      | -            |      | -            |      |
| 2010     | 6,273                                | 5,251        | 2007 | 1,022        | 2008 | -            |      |
| 2011     | 49,632                               | 48,476       | 2008 | 1,156        | 2009 | -            |      |
| 2012     | (319,738)                            | -            |      | -            |      | -            |      |
| 2013     | 20,736                               | 2,794        | 2009 | 17,942       | 2012 | -            |      |

Net loss carried forward (301,796)

Not for official Use