

# QUORTIA LTD

Omirou, 20  
3095  
Limassol, Cyprus

HE 310728

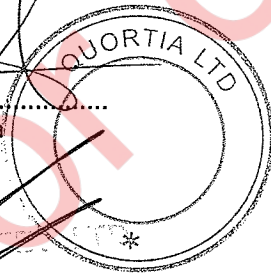
## REPORT AND FINANCIAL STATEMENTS

The Report of the Board of Directors , the Auditor's report and the Financial Statements of the company for the year ended 31 December 2017 are true copies of those presented at the Annual General Meeting.

Signature .....  
Artemakis Thomaidis  
Director

Signature .....  
Veronika Voloshina  
Director

Signature .....  
Team Nominees Limited  
Secretary



## **QUORTIA LTD**

### **REPORT AND FINANCIAL STATEMENTS** For the year ended 31 December 2017

Not for official use

# QUORTIA LTD

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## REPORT AND FINANCIAL STATEMENTS

For the year ended 31 December 2017

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# QUORTIA LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:** Veronika Voloshina (appointed on 1 August 2019)  
Artemakis Thomaides  
Leonid Levitin (resigned on 1 August 2019)

**Company Secretary:** Team Nominees Limited

**Independent Auditors:** Crowe Cyprus Limited  
Certified Public Accountants and Registered Auditors  
Nicolaou Pentradromos Center  
Office 801  
P.O. Box 70726  
3802 Limassol

**Registered office:** Omirou, 20  
3095  
Limassol, Cyprus

**Registration number:** HE310728

# QUORTIA LTD

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## REPORT OF THE BOARD OF DIRECTORS

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

### **Principal activities and nature of operations of the Company**

The principal activities of the Company, which are unchanged from last year, are the holding of investment in real estate companies and the provision of finance.

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

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

### **Dividends**

On 31 December 2017 the Board of Directors approved the payment of an interim dividend of US\$41.664.000 (2016: US\$NIL).

### **Share capital**

#### **Authorised capital**

On 29 March 2017 the authorised share capital of the Company was increased from 11.000 shares to 12.000 shares.

#### **Issued capital**

On 29 March 2017 the Company issued additional 1.000 shares of nominal value of €1 at a share premium of \$29.000.

On 6 November 2017, by passing an extraordinary shareholders resolution, the Company has reduced its share premium by US\$189.333.468 from previous share capital increase in 2016.

### **Board of Directors**

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

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

### **Significant events after the end of the financial year**

Any significant events that occurred after the end of the reporting period are described in note 33 to the financial statements.

### **Independent Auditors**

The Independent Auditors, Crowe Cyprus Limited, 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,

  
Team Nominees Limited  
Secretary

Limassol, 17 October 2019

## Independent Auditor's Report

### To the Members of Quortia Ltd

#### Report on the Audit of the Financial Statements

#### Qualified Opinion

We have audited the accompanying financial statements of parent company Quortia Ltd (the "Company"), which comprise the statement of financial position as at 31 December 2017, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements give a true and fair view of the financial position of parent company Quortia Ltd as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

#### Basis for Qualified Opinion

The Company does not disclose the names, the principal place of business and percentage shareholding of its subsidiaries and associates in notes 17 and 18 to the financial statements respectively, as required by International Accounting Standard 27, Separate Financial Statements. In our opinion, the disclosure of the names, the principal place of business and percentage shareholding of subsidiaries and associates is necessary for the full compliance with IFRSs.

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 qualified opinion.

#### Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Report of the Board of Directors, 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. As described in the Basis for Qualified Opinion section above, inadequate disclosure has been made in the financial statements. Accordingly, we have concluded that the other information is materially misstated with respect to this matter.

# Independent Auditor's Report (continued)

## To the Members of Quortia Ltd

### Responsibilities of the Board of Directors for the Financial Statements

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

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

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

### Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

### Report on Other Legal Requirements

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

- In our opinion, the Report of the Board of Directors has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.

## Independent Auditor's Report (continued)

### To the Members of Quortia Ltd

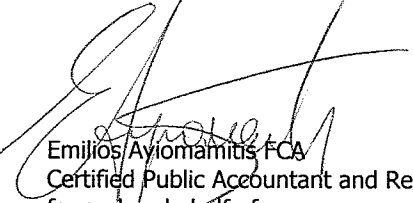
#### Report on Other Legal Requirements (continued)

- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the Board of Directors.

#### 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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2017.



Emiliós Ayiomamitis FCA  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Crowe Cyprus Limited**  
**Certified Public Accountants and Registered Auditors**

Limassol, 17 October 2019



## QUORTIA LTD

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

	Note	2017 US\$	2016 US\$
Dividend income		60,598,245	56,317
Interest income		6,647,657	1,116,030
Interest expense		(442,112)	(1,292,974)
		<u>66,803,790</u>	<u>(120,627)</u>
Other operating income	8	1,151,557	-
Administration expenses		(902,994)	(372,485)
Other expenses	9	(3,474,895)	(12,965,335)
<b>Operating profit/(loss)</b>		<u>63,577,458</u>	<u>(13,458,447)</u>
Net finance income	12	9,375,699	722,779
<b>Profit/(loss) before tax</b>		<u>72,953,157</u>	<u>(12,735,668)</u>
Tax	13	(395,918)	(2,816)
<b>Net profit/(loss) for the year</b>		<u>72,557,239</u>	<u>(12,738,484)</u>
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<u>72,557,239</u>	<u>(12,738,484)</u>

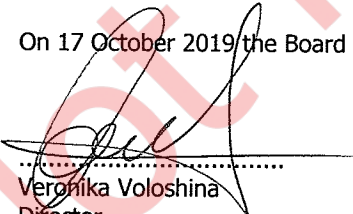
The notes on pages 11 to 35 form an integral part of these financial statements.

# QUORTIA LTD

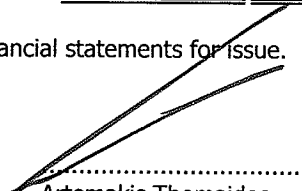
## STATEMENT OF FINANCIAL POSITION 31 December 2017

	Note	2017 US\$	2016 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	15	30.133	6.061
Intangible assets	16	4.599	6.995
Investments in subsidiaries	17	64.876.446	76.464.027
Investments in associates	18	10.354.071	3.000
Capital in joint ventures	19	1.000.000	1.000.000
Available-for-sale investments	20	59	5.850.000
Loans receivable at amortised cost	21	104.727.086	55.382.793
		<u>180.992.394</u>	<u>138.712.876</u>
<b>Current assets</b>			
Receivables	22	5.621.458	5.707.690
Investments at fair value through profit or loss	23	92.888.523	-
Cash at bank	24	57.262.064	50.601.424
		<u>155.772.045</u>	<u>56.309.114</u>
Assets classified as held for sale	25	-	1.997.000
<b>Total assets</b>		<u><b>336.764.439</b></u>	<u>197.018.990</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	26	13.025	11.947
Share premium		46.052.961	206.386.429
Other reserves		233.331.334	52.679
Retained earnings //(accumulated losses)		16.456.374	(14.436.865)
<b>Total equity</b>		<u>295.853.694</u>	<u>192.014.190</u>
<b>Current liabilities</b>			
Trade and other payables	27	98.037	5.003.880
Current tax liabilities	28	352.434	920
Payable dividends	29	40.460.274	-
		<u>40.910.745</u>	<u>5.004.800</u>
<b>Total equity and liabilities</b>		<u><b>336.764.439</b></u>	<u>197.018.990</u>

On 17 October 2019 the Board of Directors of Quortia Ltd authorised these financial statements for issue.

  
Veronika Voloshina  
Director



  
Artemakis Thomaidis  
Director

The notes on pages 11 to 35 form an integral part of these financial statements.

# QUORTIA LTD

## STATEMENT OF CHANGES IN EQUITY For the year ended 31 December 2017

	Note	Share capital US\$	Share premium US\$	Other Reserves US\$	Capital reserve US\$	Translation reserve US\$	Retained earnings/(accumulated losses) US\$	Total US\$
<b>Balance at 1 January 2016</b>		<b>1.324</b>	<b>1.323.975</b>	-	-	<b>52.679</b>	<b>(1.698.381)</b>	<b>(320.403)</b>
<b>Comprehensive income</b>								
Net loss for the year		-	-	-	-	-	(12.738.484)	(12.738.484)
<b>Transactions with owners</b>								
Issue of share capital	26	10.623	205.062.454	-	-	-	-	205.073.077
<b>Balance at 31 December 2016/ 1 January 2017</b>		<b>11.947</b>	<b>206.386.429</b>	-	-	<b>52.679</b>	<b>(14.436.865)</b>	<b>192.014.190</b>
<b>Comprehensive income</b>								
Net profit for the year		-	-	-	-	-	72.557.239	72.557.239
<b>Transactions with owners</b>								
Issue of share capital	26	1.078	29.000.000	-	-	-	-	29.001.078
Dividends	14	-	-	-	-	-	(41.664.000)	(41.664.000)
Share premium reduction		-	(189.333.468)	189.333.468	-	-	-	-
Capital contribution		-	-	-	43.945.187	-	-	43.945.187
<b>Balance at 31 December 2017</b>		<b>13.025</b>	<b>46.052.961</b>	<b>189.333.468</b>	<b>43.945.187</b>	<b>52.679</b>	<b>16.456.374</b>	<b>295.853.694</b>

The notes on pages 11 to 35 form an integral part of these financial statements.

# QUORTIA LTD

## CASH FLOW STATEMENT

For the year ended 31 December 2017

	Note	2017 US\$	2016 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit/(loss) before tax</b>		<b>72,953,157</b>	<b>(12,735,668)</b>
Adjustments for:			
Depreciation of property, plant and equipment	15	6,718	573
Amortisation of computer software	16	2,396	200
Share of (profit) from associates	18	-	1,997,000
Loss from the sale of investments in subsidiaries		460,477	-
(Profit) from the sale of investments in associated undertakings		(103,000)	-
Loss from the sale of investments at fair value through profit or loss		216,550	-
Fair value (gains) on investments at fair value through profit or loss		(995,265)	-
Impairment charge - investments in subsidiaries	17	200,000	12,965,335
Impairment charge - debt investments at amortised cost	21	1,597,868	-
Dividend income		(60,598,245)	(56,317)
Interest income	12	(6,666,413)	-
Interest expense	12	442,112	1,292,974
		<b>7,516,355</b>	<b>3,464,097</b>
<b>Changes in working capital:</b>			
Increase in receivables		(60,511)	(5,680,354)
Increase in investments at fair value through profit or loss		(92,109,808)	-
(Decrease)/increase in trade and other payables		(4,905,843)	4,974,378
Increase in payables to parent		-	-
<b>Cash (used in)/generated from operations</b>		<b>(89,559,807)</b>	<b>2,758,121</b>
Interest received		6,647,657	-
Dividends received		60,598,245	56,317
Tax paid		(44,404)	(1,896)
<b>Net cash (used in)/generated from operating activities</b>		<b>(22,358,309)</b>	<b>2,812,542</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of intangible assets	16	-	(7,195)
Payment for purchase of property, plant and equipment	15	(30,790)	(6,633)
Payment for purchase of available-for-sale investments		(59)	(5,850,000)
Payment for purchase of investments in subsidiaries	17	(710,000)	(80,432,362)
Payment for purchase of investments in associated undertakings	18	(5,420)	(10,997,000)
Payment for purchase of financial assets at amortised cost	21	(50,928,838)	(55,382,793)
Loans repayments received		-	12,376,521
Payment for purchase of assets held for sale		-	(1,997,000)
Proceeds from sale of investments in subsidiary undertakings		9,374,873	-
Deposits in joint ventures	19	-	(1,000,000)
Interest received		18,756	-
<b>Net cash used in investing activities</b>		<b>(42,281,478)</b>	<b>(143,296,462)</b>

The notes on pages 11 to 35 form an integral part of these financial statements.

## QUORTIA LTD

### CASH FLOW STATEMENT

For the year ended 31 December 2017

	Note	2017 US\$	2016 US\$
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from issue of share capital and share premium		<b>29,001,078</b>	205,073,077
Repayments of borrowings		-	(29,879,476)
Interest paid		<b>(442,112)</b>	(1,292,974)
Dividends paid		<b>(1,203,726)</b>	-
Capital contribution		<b>43,945,187</b>	-
<b>Net cash generated from financing activities</b>		<b>71,300,427</b>	173,900,627
<b>Net increase in cash and cash equivalents</b>		<b>6,660,640</b>	33,416,707
Cash and cash equivalents at beginning of the year		<b>50,601,424</b>	17,184,717
<b>Cash and cash equivalents at end of the year</b>	24	<b>57,262,064</b>	50,601,424

The notes on pages 11 to 35 form an integral part of these financial statements.

# QUORTIA LTD

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 1. Incorporation and principal activities

#### Country of incorporation

The Company Quortia Ltd (the "Company") was incorporated in Cyprus on 22 August 2012 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Omirou, 20, 3095, Limassol, Cyprus.

#### Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investment in real estate companies and the provision of finance.

### 2. Basis of preparation

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

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

The Company will also prepare consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from Omirou 20, 3095, Limassol, Cyprus.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2017 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

### 3. Adoption of new or revised standards and interpretations

As from 1 January 2017, the Company adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

The adoption of these Standards had a material effect on the financial statements as follows:

- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from contracts with customers"

As explained below, in accordance with the transition provisions of IFRS 9 and IFRS 15, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18 and IAS 11, and the impact of adoption has been recognised in the opening retained earnings.

#### (i) IFRS 9 "Financial instruments"

The company has early adopted IFRS 9 Financial Instruments issued in July 2014 with date of initial application of 1 January 2017. The requirements of IFRS 9 represent a significant change from IAS39 Financial Instruments: Recognition and Measurement.

The nature and effects of the key changes to the Company's accounting policies resulting from its early adoption of IFRS 9 are summarised below.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 3. Adoption of new or revised standards and interpretations (continued)

#### (i) IFRS 9 "Financial instruments" (continued)

As a result of the adoption of IFRS 9 the Group adopted consequential amendments to IAS 1 Presentation of Financial Statements which requires impairment of financial assets to be presented in a separate line item in the statement of profit or loss and OCI. Additionally the Company adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2017 but generally have not been applied to comparative information.

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity's own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 "Financial Instruments", the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the "hedge ratio" to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Company has adopted IFRS 9 with a date of transition of 1 January 2017, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Company's new accounting policies following adoption of IFRS 9 at 1 January 2017 are set out in note 4.

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 3. Adoption of new or revised standards and interpretations (continued)

#### (i) IFRS 9 "Financial instruments" (continued)

##### Impact of adoption

On 1 January 2017 for debt instruments held by the Company, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). In addition separate assessment for equity instruments held by the Company was performed, in respect of whether they are held for trading or not. As a result of both assessments Management has classified its debt and equity instruments into the appropriate IFRS 9 categories.

As a result of the adoption of IFRS 9 the Company revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2017, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, cash and cash equivalents and bank deposits with original maturity over 3 months and loan commitments and financial guarantees. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk and whether the debt investments qualify as low credit risk.

The Company has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, contract assets, financial assets at amortised cost, cash and cash equivalents, bank deposits with original maturity over 3 months, debt financial assets at FVOCI and loans commitments and financial guarantees.

The Company has adopted the simplified expected credit loss model for its trade receivables, trade receivables with significant financing component, lease receivables and contract assets, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost, cash and cash equivalents, bank deposits with original maturity over 3 months, debt financial assets at FVOCI and loan commitments and financial guarantees.

- *Other financial instruments:*

For all other financial assets Management assessed that the Company's business model for managing the assets is "hold to collect" and these assets meet SPPI tests. As a result all other financial assets were classified as financial assets at amortised cost and reclassified from the category "loans and receivables" under IAS 39, which was "retired". Previously under IAS 39 these financial assets were also measured at amortised cost. Thus there were no impact of adoption of IFRS 9 as of 1 January 2017.

At 31 December 2016, all of the Company's financial liabilities were carried at amortised cost. Starting from 1 January 2017 the Company's financial liabilities continued to be classified at amortised cost.

The assessment of the impact of adoption of IFRS 9 on the Company's accounting policies required management to make certain critical judgments in the process of applying the principles of the new standard. The judgments that had the most significant effect on Management's conclusion are disclosed in note 7.

### 4. 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.

#### Subsidiary companies

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

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### Investments in associates

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

#### Joint arrangements

Joint arrangements are arrangements of which the Company has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Investments in joint arrangements are classified as investments at fair value through profit or loss and are measured at fair value. Gains or losses on investments in joint arrangements are recognised in profit or loss. Dividends from subsidiary companies are recognised in profit or loss when the Company's right to receive payment is established.

#### *Transactions eliminated on consolidation*

Intra group balances, and any unrealised income and expenses arising from intra group transactions are eliminated in preparing consolidated financial statements. Unrealised gains arising from transactions with associates are eliminated against the investment to the extent of the Company's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### Joint arrangements (continued)

##### *Acquisition for entities under common control*

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Group are accounted for as if the acquisition had occurred at the beginning of the earliest comparative year presented or, if later, at the date that common control was established; for this purpose comparatives are restated. The assets and liabilities acquired are recognised at the carrying amounts recognised previously in the Group controlling shareholder's consolidated financial statements. The components of equity of the acquired entities are added to the same components within Group equity and any gain/loss arising is recognised directly in equity.

#### **Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of the assets previous carrying amount and fair value less costs to sell.

#### **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.

- **Dividend income**

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

#### **Finance income**

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

#### **Finance costs**

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

#### **Foreign currency translation**

##### **(1) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's functional and presentation currency.

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### (2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss. Translation differences on available-for-sale financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity. Translation differences on available-for-sale debt securities are recognised in profit or loss.

#### Tax

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

#### Dividends

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

#### Property, plant and equipment

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

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

	%
Computer Hardware	20
Computer Software	33,3
Furniture and Fittings	10

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

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

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

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

#### Computer software

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

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

#### Impairment of non-financial assets

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

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### Financial assets - Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

#### Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

**Amortised cost:** Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

**FVOCI:** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the statement of profit or loss and other comprehensive income.

**FVTPL:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

#### Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### Financial assets - impairment - credit loss allowance for ECL

From 1 January 2017, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the statement of financial position.

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Company applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Company determines low credit risk financial assets.

#### 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.

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Investments

##### *(1) Classification*

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

- Investments at fair value through profit or loss

This category has two sub-categories: investments 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.

- Available-for-sale investments

Available-for-sale investments are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless Management intends to dispose of the investment within twelve months of the reporting date.

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

Regular way purchases and sales of investments 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 investments not carried at fair value through profit or loss. Investments carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale investments and investments at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "investments at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from investments 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.

# QUORTIA LTD

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 4. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Investments (continued)

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

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

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

#### Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

#### 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.

### 5. New accounting pronouncements

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



## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 6. 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:

#### 6.1 Market price risk

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

#### 6.2 Interest rate risk

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

#### 6.3 Credit risk

Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

##### *(i) Risk management*

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

##### *(ii) Impairment of financial assets*

The Company has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables
- cash and cash equivalents

#### Trade receivables and contract assets

#### Debt investments

All of the entity's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 6. Financial risk management (continued)

#### 6.3 Credit risk (continued)

*(ii) Impairment of financial assets (continued)*

*Debt investments at fair value through other comprehensive income*

Debt investments at fair value through other comprehensive income (FVOCI) include listed debt securities. The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

*Other financial assets at amortised cost*

Other financial assets at amortised cost include loans to related parties.

*Loans to related parties, receivables from related parties, other receivables and debt investments at amortised cost and FVOCI*

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Company compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 180 days past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company uses three categories for loans, receivables, other receivables, debt securities at FVOCI which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies, such as Standard and Poor, Moody's and Fitch.

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 6. Financial risk management (continued)

#### 6.3 Credit risk (continued)

##### *(ii) Impairment of financial assets (continued)*

The Company has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the loans, receivables and other receivables, and debt securities the Company accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Company considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

The Company provides for credit losses against loans to related parties, receivables, other receivables, debt securities at FVOCI and cash and cash equivalents. The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Company's maximum exposure to credit risk on these assets as at 31 December 2017.

##### *(iii) Net impairment losses on financial and contract assets recognized in profit or loss*

<b>Impairment losses</b>	<b>2017</b>	<b>2016</b>
	<b>US\$</b>	<b>US\$</b>
Impairment charge - debt investments at amortised cost	<b>(1,597,868)</b>	-
<b>Net impairment (loss) on financial and contract assets</b>	<b>(1,597,868)</b>	-

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

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

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

#### 6.4 Liquidity risk

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

#### 6.5 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 and the Euro. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

# QUORTIA LTD

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## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 6. Financial risk management (continued)

#### 6.6 Capital risk management

Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

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

### 7. 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.

#### *Judgements*

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.

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets available-for-sale has been estimated based on the fair value of these individual assets.

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

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

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 7. Critical accounting estimates and judgments (continued)

#### • Impairment of available-for-sale investments

The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

#### • Impairment of non-financial assets

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

#### • Impairment of intangible assets

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

### 8. Other operating income

	2017 US\$	2016 US\$
Profit from sale of investments in associates	103.000	-
Fair value gains on investments at fair value through profit or loss	995.265	-
Consultancy Income	33.292	-
Proceeds from liquidation	20.000	-
	<u>1.151.557</u>	<u>-</u>

### 9. Other expenses

	2017 US\$	2016 US\$
Impairment charge - receivables	1.000.000	-
Loss from sale of investments in subsidiaries	460.477	-
Loss from sales of investments at fair value through profit or loss	216.550	-
Impairment charge - investments in subsidiaries	200.000	3.968.335
Impairment charge - investments in associates	-	8.997.000
Impairment charge - debt investments at amortised cost	1.597.868	-
	<u>3.474.895</u>	<u>12.965.335</u>

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 10. Expenses by nature

	2017	2016
	US\$	US\$
Staff costs (Note 11)	444.292	208.764
Depreciation and amortisation expense	9.114	773
Auditors' remuneration	32.462	26.289
Rent	52.191	19.460
Annual levy	380	369
Legal fees	129.768	67.737
Other professional fees	175.840	16.267
Travelling	33.181	257
Insurance	1.251	551
Equipment maintenance	1.310	-
Courier expenses	2.242	1.013
Telephone and postage	4.080	1.867
Sundry staff costs	926	15.625
Electricity	2.008	109
Other expenses	13.949	13.404
<b>Total expenses</b>	<b>902.994</b>	<b>372.485</b>

### 11. Staff costs

	2017	2016
	US\$	US\$
Salaries	414.376	192.187
Social security costs	21.629	10.326
Special contribution	-	2.407
Social cohesion fund	8.287	3.844
	<b>444.292</b>	<b>208.764</b>

Average number of employees (including Directors in their executive capacity)	<b>8</b>	<b>8</b>
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### 12. Finance income/(costs)

	2017	2016
	US\$	US\$
Bank interest income	18.756	-
Exchange profit	9.520.149	791.758
<b>Finance income</b>	<b>9.538.905</b>	<b>791.758</b>
Sundry finance expenses	(163.206)	(68.979)
<b>Finance costs</b>	<b>(163.206)</b>	<b>(68.979)</b>
<b>Net finance income</b>	<b>9.375.699</b>	<b>722.779</b>

### 13. Tax

	2017	2016
	US\$	US\$
Corporation tax	346.806	-
Overseas tax	43.484	2.816
Defence contribution	5.628	-
<b>Charge for the year</b>	<b>395.918</b>	<b>2.816</b>

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 13. Tax (continued)

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

	2017 US\$	2016 US\$
Profit/(loss) before tax	<u>72.953.157</u>	<u>(12.735.668)</u>
Tax calculated at the applicable tax rates	9.119.145	(1.591.959)
Tax effect of expenses not deductible for tax purposes	496.982	1.683.684
Tax effect of allowances and income not subject to tax	(9.283.687)	(106.810)
Tax effect of tax losses brought forward	(17.162)	-
Tax effect of tax loss for the year	-	15.085
10% additional charge	31.528	-
Defence contribution current year	5.628	-
Overseas tax in excess of credit claim used during the year	43.484	2.816
<b>Tax charge</b>	<u>395.918</u>	<u>2.816</u>

The corporation tax rate is 12,5%.

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

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

### 14. Dividends

	2017 US\$	2016 US\$
Interim dividend paid	<u>41.664.000</u>	-
	<u>41.664.000</u>	-

On 31 December 2017 the Board of Directors approved the payment of an interim dividend of US\$41.664.000 (2016: US\$NIL).

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

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 15. Property, plant and equipment

	Motor vehicles US\$	Furniture, fixtures and office equipment US\$	Total US\$
<b>Cost</b>			
Additions	-	6.633	6.633
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>-</b>	<b>6.633</b>	<b>6.633</b>
Additions	28.731	2.059	30.790
<b>Balance at 31 December 2017</b>	<b>28.731</b>	<b>8.692</b>	<b>37.423</b>
<b>Depreciation</b>			
Charge for the year	-	572	572
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>-</b>	<b>572</b>	<b>572</b>
Charge for the year	5.267	1.451	6.718
<b>Balance at 31 December 2017</b>	<b>5.267</b>	<b>2.023</b>	<b>7.290</b>
<b>Net book amount</b>			
<b>Balance at 31 December 2017</b>	<b>23.464</b>	<b>6.669</b>	<b>30.133</b>
<b>Balance at 31 December 2016</b>	<b>-</b>	<b>6.061</b>	<b>6.061</b>

### 16. Intangible assets

	Computer software US\$
<b>Cost</b>	
Additions	7.195
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>7.195</b>
<b>Balance at 31 December 2017</b>	<b>7.195</b>
<b>Amortisation</b>	
Amortisation for the year	200
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>200</b>
Amortisation for the year	2.396
<b>Balance at 31 December 2017</b>	<b>2.596</b>
<b>Net book amount</b>	
<b>Balance at 31 December 2017</b>	<b>4.599</b>
<b>Balance at 31 December 2016</b>	<b>6.995</b>



# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 17. Investments in subsidiaries

	2017 US\$	2016 US\$
Balance at 1 January	76.464.027	-
Additions	710.000	80.432.362
Disposals	(7.735.350)	-
Impairment charge	(200.000)	(3.968.335)
Transfer to associates	(4.495.650)	-
Capital Contributions	133.419	-
<b>Balance at 31 December</b>	<b>64.876.446</b>	<b>76.464.027</b>

During 2017 the Company acquired 100% of the share capital of Subsidiary F, a property rental company. The transaction has been accounted for by the purchase method of accounting.

During 2017 the Company acquired 100% of the share capital of Subsidiary G, a property rental company. The transaction has been accounted for by the purchase method of accounting.

During 2017 the Company acquired 100% of the share capital of Subsidiary I, which has been dissolved on 7 April 2017.

During 2017 the Company acquired 100% of the share capital of Subsidiary J, which has been dissolved on 7 April 2017.

In the prior year, the Company held a 100% interest in Subsidiary H & Subsidiary C and accounted for the investments as subsidiaries.

In 2017, the Company disposed of a 65% Associate C to a third party for a consideration of US\$4.050.150. The Company has retained the remaining 35% interest as an investment in associates.

In 2017, the Company disposed of a 61,42% interest in Associate H to a third party for a consideration of US\$3.224.723. The Company has retained the remaining 38,58% interest as an investment in associates. These transactions have resulted in the recognition of a loss in profit or loss, calculated as follows:

	US\$
Proceeds of disposals	7.274.873
Less: carrying amount of net assets of subsidiary when control is lost	(7.735.350)
<b>Loss recognized</b>	<b>(460.477)</b>

### 18. Investments in associates

	2017 US\$	2016 US\$
Balance at 1 January	3.000	-
Additions	5.421	10.997.000
Impairment charge	-	(8.997.000)
Transfer from subsidiaries	4.495.650	-
Transfer from assets classified as held for sale	5.850.000	-
Transfer to assets classified as held for sale	-	(1.997.000)
<b>Balance at 31 December</b>	<b>10.354.071</b>	<b>3.000</b>

### 19. Investments in joint ventures

	2017 US\$	2016 US\$
Balance at 1 January	1.000.000	-
Additions	-	1.000.000
<b>Balance at 31 December</b>	<b>1.000.000</b>	<b>1.000.000</b>

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 19. Investments in joint ventures (continued)

The details of the joint ventures are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<b>2017</b> Holding %	2016 Holding %	<b>2017</b> US\$	2016 US\$
JV A	Russia	Leasing of land	50	50	<u>1.000.000</u>	<u>1.000.000</u>
					<b>1.000.000</b>	<b>1.000.000</b>

### 20. Available-for-sale investments

	<b>2017</b> US\$	2016 US\$
Balance at 1 January	<b>5.850.000</b>	-
Additions	<b>59</b>	5.850.000
Transfer to associates	<b>(5.850.000)</b>	-
<b>Balance at 31 December</b>	<b>59</b>	<b>5.850.000</b>

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<b>2017</b> Holding %	2016 Holding %	<b>2017</b> US\$	2016 US\$
AFS A	Russia	41,48	29,27	-	5.850.000
AFS B	Cyprus	5	0	<u>59</u>	-
				<b>59</b>	<b>5.850.000</b>

Available-for-sale investments are classified as non-current assets, unless they are expected to be realised within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

### 21. Loans receivable at amortised cost

	<b>2017</b> US\$	2016 US\$
Balance at 1 January	<b>55.382.793</b>	-
Additions	<b>50.928.838</b>	55.382.793
Impairment charge	<b>(1.584.545)</b>	-
<b>Balance at 31 December</b>	<b>104.727.086</b>	<b>55.382.793</b>

The following are included in profit or loss with respect to financial assets at amortised cost:

	<b>2017</b> US\$	2016 US\$
Impairment charge - debt investments at amortised cost	<b>(767.186)</b>	-
<b>Net (loss) on financial assets at amortised cost</b>	<b>(767.186)</b>	<b>-</b>

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 22. Receivables

	2017	2016
	US\$	US\$
Receivables from own subsidiaries (Note 30.4)	11.979	-
Receivables from associates (Note 30.4)	4.979.748	5.673.222
Shareholders' current accounts - debit balances (Note 30.5)	695	-
Deposits and prepayments	37.816	31.114
Other receivables	585.851	297
Refundable VAT	5.369	3.057
	<u>5.621.458</u>	<u>5.707.690</u>

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

The exposure of the Company to credit risk and impairment losses in relation to receivables is reported in note 6 of the financial statements.

### 23. Investments at fair value through profit or loss

	2017	2016
	US\$	US\$
Balance at 1 January	-	-
Additions	91.893.258	-
Change in fair value	995.265	-
<b>Balance at 31 December</b>	<u>92.888.523</u>	<u>-</u>

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

In the cash flow statement, investments at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of investments at fair value through profit or loss are recorded in operating income.

### 24. Cash at bank

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

	2017	2016
	US\$	US\$
Cash at bank	57.275.387	-
Expected credit loss	(13.323)	-
	<u>57.262.064</u>	<u>-</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

### 25. Assets classified as held for sale

The major classes of assets and liabilities comprising the disposal group classified as held for sale are as follows:

	2017	2016
	US\$	US\$
Other financial assets - Investment in associate	-	1.997.000
<b>Net assets</b>	<u>-</u>	<u>1.997.000</u>

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 25. Assets classified as held for sale (continued)

During 2017, the Company disposed its 24% interest in Associate F to a third party for a consideration of US\$2.100.000.

This transaction has resulted in the recognition of a gain in profit or loss.

### 26. Share capital

	2017 Number of shares	2017 EURE	2017 US\$	2016 Number of shares	2016 EURE	2016 US\$
<b>Authorised</b>						
Ordinary shares of €1 each	<u>12.000</u>	<u>12.000</u>	<u>13.025</u>	<u>11.000</u>	<u>11.000</u>	<u>11.947</u>
<b>Issued and fully paid</b>			US\$			US\$
Balance at 1 January	<u>11.000</u>	<u>11.000</u>	<u>11.947</u>	<u>11.000</u>	<u>11.000</u>	<u>11.947</u>
Issue of shares	<u>1.000</u>	<u>-</u>	<u>1.078</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Balance at 31 December</b>	<u><u>12.000</u></u>	<u><u>11.000</u></u>	<u><u>13.025</u></u>	<u><u>11.000</u></u>	<u><u>11.000</u></u>	<u><u>11.947</u></u>

#### Authorised capital

On 29 March 2017 the authorised share capital of the Company was increased from 11.000 shares to 12.000 shares.

#### Issued capital

On 29 March 2017 the Company issued 1.000 shares of nominal value of €1 at a share premium of \$29.000.

On 6 November 2017, by passing an extraordinary shareholders resolution, the Company has reduced its share premium by US\$189.333.468 from previous share capital increase in 2016.

### 27. Trade and other payables

	2017 US\$	2016 US\$
Social insurance and other taxes	<u>3.554</u>	<u>3.428</u>
Shareholders' current accounts - credit balances (Note 30.6)	<u>9.691</u>	<u>595</u>
Accruals	<u>69.547</u>	<u>33.287</u>
Other creditors	<u>15.245</u>	<u>4.966.570</u>
	<u><u>98.037</u></u>	<u><u>5.003.880</u></u>

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

### 28. Current tax liabilities

	2017 US\$	2016 US\$
Corporation tax	<u>346.806</u>	<u>-</u>
Special contribution for defence	<u>5.628</u>	<u>920</u>
	<u><u>352.434</u></u>	<u><u>920</u></u>

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 29. Payable dividends

	2017 US\$	2016 US\$
Balance at 1 January	-	-
Dividends for the year	41.664.000	-
Payments	<u>(1.203.726)</u>	-
<b>Balance at 31 December</b>	<b><u>40.460.274</u></b>	-

### 30. Related party transactions

The following transactions were carried out with related parties:

#### 30.1 Directors' remuneration

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

	2017 US\$	2016 US\$
Directors' remuneration	<u>218.215</u>	<u>119.911</u>
	<b><u>218.215</u></b>	<b><u>119.911</u></b>

#### 30.2 Income from related parties

	2017 US\$	2016 US\$	
Subsidiaries	Interest Income	3.010.370	586.011
Associates	Interest Income	1.836	-
Subsidiaries	Dividend Income	60.460.118	-
Associates	Dividend Income	138.128	-
Related party	Director fees	16.645	-
Subsidiaries	Investment income	20.000	-
	<b><u>63.647.097</u></b>	<b><u>586.011</u></b>	

#### 30.3 Acquisition from related parties

	2017 US\$	2016 US\$	
Related party A	Acquisition of subsidiary	100.000	-
	<b><u>100.000</u></b>	<b><u>-</u></b>	

#### 30.4 Receivables from related parties (Note 22)

<u>Name</u>	2017 US\$	2016 US\$
Subsidiary	11.979	-
Associates	<u>4.979.748</u>	<u>5.673.222</u>
	<b><u>4.991.727</u></b>	<b><u>5.673.222</u></b>

#### 30.5 Shareholders' current accounts - debit balances (Note 22)

	2017 US\$	2016 US\$
As at 31 December	<u>695</u>	<u>-</u>
	<b><u>695</u></b>	<b><u>-</u></b>

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

# QUORTIA LTD

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2017

### 30. Related party transactions (continued)

#### 30.6 Shareholders' current accounts - credit balances (Note 27)

	2017 US\$	2016 US\$
As at 31 December	<u>9.691</u>	<u>595</u>
	<u>9.691</u>	<u>595</u>

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

### 31. Contingent liabilities

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

### 32. Commitments

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

### 33. Significant events after the end of the financial year

The Company acquired and disposed a number of investments, during 2018, in its normal course of business.

**Independent auditor's report on pages 3 to 5**

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