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**NBI INVESTMENTS LIMITED**

**FINANCIAL STATEMENTS**  
31 December 2017

# **NBI INVESTMENTS LIMITED**

## **FINANCIAL STATEMENTS**

31 December 2017

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# NBI INVESTMENTS LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Liudmila Lisanskaya  
Petros Nakouzi  
Konstantin Yasnov  
Anna Tropikhina  
Sergei Potapov (Resigned on 29 December 2017)

**Company Secretary:**

Andreas Petrou  
Lakedaimonias 15  
Strovolos, 2028  
Nicosia, Cyprus

**Independent Auditors:**

CosmoCo Ltd  
Certified Public Accountants and Registered auditors  
6, Neoptolemou Street  
1087, Nicosia, Cyprus

**Registered office:**

Arch. Makariou III, 256  
Eftapaton Court 2 Unit A, Office 4  
3105, Limassol  
Cyprus

**Bankers:**

Bank of Cyprus Public Company Ltd  
Bank Otkritie Financial Corporation (Public Joint-Stock Company)  
Limited Liability Company "Inbank"  
Rigensis Bank AS  
PPF Banka A.S

**Registration number:**

HE289258

## **Independent Auditor's Report**

### **To the Members of NBI Investments Limited**

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

##### **Opinion**

We have audited the financial statements of NBI Investments Limited (the "Company"), which are presented in pages 5 to 27 and comprise the statement of financial position as at 31 December 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

##### **Basis for Opinion**

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

##### **Other Information**

The Board of Directors is responsible for the other information. The other information comprises the information included in the additional information to the statement of profit or loss and other comprehensive income in pages 28 to 30, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

##### **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.





## **Independent Auditor's Report (continued)**

### **To the Members of NBI Investments Limited**

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 skepticism throughout the audit. We also:

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

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



## **Independent Auditor's Report (continued)**

### **To the Members of NBI Investments Limited**

#### **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.

Stelios Ioannou  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**CosmoCo Ltd**  
**Certified Public Accountants and Registered auditors**

Nicosia, 23 April 2018

## NBI INVESTMENTS LIMITED

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

	Note	2017 €	2016 €
<b>Revenue</b>	5	<b>940.448</b>	853.895
Administration expenses		<b>(635.428)</b>	(682.846)
Other expenses		<b>(15)</b>	(7)
<b>Operating profit</b>	6	<b>305.005</b>	171.042
Finance income	8	<b>18.232</b>	79.894
Finance costs	8	<b>(69.748)</b>	(42.667)
<b>Profit before tax</b>		<b>253.489</b>	208.269
Tax	9	<b>(17.258)</b>	(21)
<b>Net profit for the year</b>		<b>236.231</b>	208.248
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<b>236.231</b>	208.248

The notes on pages 9 to 27 form an integral part of these financial statements.

# NBI INVESTMENTS LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2017

	Note	2017 €	2016 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	10	72.655	56.001
Intangible assets	11	<u>3.280</u>	<u>1.675</u>
		<b>75.935</b>	<b>57.676</b>
<b>Current assets</b>			
Trade and other receivables	12	113.448	103.390
Financial assets at fair value through profit or loss	13	106	120
Refundable taxes	18	8.242	8.242
Cash at bank and in hand	14	<u>1.127.161</u>	<u>1.036.663</u>
		<b>1.248.957</b>	<b>1.148.415</b>
<b>Total assets</b>		<b>1.324.892</b>	<b>1.206.091</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	15	302.000	302.000
Retained earnings		<u>968.665</u>	<u>732.434</u>
<b>Total equity</b>		<b>1.270.665</b>	<b>1.034.434</b>
<b>Current liabilities</b>			
Trade and other payables	17	36.970	171.604
Borrowings	16	-	53
Current tax liabilities	18	<u>17.257</u>	<u>-</u>
		<b>54.227</b>	<b>171.657</b>
<b>Total equity and liabilities</b>		<b>1.324.892</b>	<b>1.206.091</b>

On 23 April 2018 the Board of Directors of NBI Investments Limited authorised these financial statements for issue.

  
 .....  
 Liudmila Lisanskaya  
 Director

  
 .....  
 Petros Nakouzi  
 Director

  
 .....  
 Konstantin Yasnov  
 Director

The notes on pages 9 to 27 form an integral part of these financial statements.



## NBI INVESTMENTS LIMITED

### STATEMENT OF CHANGES IN EQUITY

31 December 2017

	Share capital €	Retained earnings €	Total €
<b>Balance at 1 January 2016</b>	<b>302.000</b>	<b>524.186</b>	<b>826.186</b>
Total comprehensive income for the year	-	208.248	208.248
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>302.000</b>	<b>732.434</b>	<b>1.034.434</b>
Total comprehensive income for the year	-	236.231	236.231
<b>Balance at 31 December 2017</b>	<b>302.000</b>	<b>968.665</b>	<b>1.270.665</b>

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

## NBI INVESTMENTS LIMITED

### STATEMENT OF CASH FLOWS

31 December 2017

	Note	2017 €	2016 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Profit before tax</b>		<b>253.489</b>	208.269
Adjustments for:			
Depreciation of property, plant and equipment	10	<b>19.882</b>	16.402
Unrealised exchange loss/(profit)		<b>55.789</b>	(40.938)
Amortisation of computer software	11	<b>2.022</b>	825
Fair value losses on financial assets at fair value through profit or loss		<b>15</b>	7
Interest income	8	<b>(5)</b>	(70)
Interest expense	8	<b>3</b>	15
		<b>331.195</b>	184.510
<b>Changes in working capital:</b>			
Increase in trade and other receivables		<b>(10.058)</b>	(24.561)
(Decrease)/increase in trade and other payables		<b>(134.634)</b>	152.078
<b>Cash generated from operations</b>		<b>186.503</b>	312.027
Tax paid		-	(194)
<b>Net cash generated from operating activities</b>		<b>186.503</b>	311.833
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of intangible assets	11	<b>(3.627)</b>	(2.500)
Payment for purchase of property, plant and equipment	10	<b>(36.536)</b>	(67.131)
Interest received		<b>5</b>	70
<b>Net cash used in investing activities</b>		<b>(40.158)</b>	(69.561)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unrealised exchange (loss)		<b>(55.791)</b>	40.938
Interest paid		<b>(3)</b>	(15)
<b>Net cash (used in)/generated from financing activities</b>		<b>(55.794)</b>	40.923
<b>Net increase in cash and cash equivalents</b>		<b>90.551</b>	283.195
Cash and cash equivalents at beginning of the year		<b>1.036.610</b>	753.415
<b>Cash and cash equivalents at end of the year</b>	14	<b>1.127.161</b>	1.036.610

The notes on pages 9 to 27 form an integral part of these financial statements.

# **NBI INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2017

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company NBI Investments Limited (the "Company") was incorporated in Cyprus on 23 June 2011 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 256, Eftapaton Court 2 Unit A, Office 4, 3105, Limassol, Cyprus.

#### **Principal activity**

The principal activities of the Company are the investment services which are the reception and transmission of orders in relation to one or more financial instruments and execution of orders on behalf of clients and the portfolio management as well as the ancillary services which are the safekeeping and administration of financial instruments for the account of clients, including custodianship and related services such as cash/collateral management, the granting credits or loans to an investor to allow him to carry out a transaction in one or more financial instruments, where the firm granting the credit or loan is involved in the transaction, and the foreign exchange services where these are connected to the provision of investment services. The Company is regulated from the Cyprus Securities and Exchange Commission (CYSEC) under authorisation number 162/12 issued on 4 January 2012 by which it is licensed to provide the above mentioned services.

### **2. Significant accounting policies**

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

#### **Basis of preparation**

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

#### **Adoption of new and revised IFRSs**

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

#### **Standards issued but not yet effective**

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

##### **(i) Issued by the IASB and adopted by the European Union**

- IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).
- IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).

##### **(ii) Issued by the IASB but not yet adopted by the European Union**

- IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).
- IFRS 17 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2021).
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (effective for annual periods beginning on or after 1 January 2018).
- Amendments to IFRS 4: Applying IFRS 9 "Financial Instruments" with IFRS 4 "Insurance Contracts" (effective for annual periods beginning on or after 1 January 2018).



# NBI INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (continued)

#### Adoption of new and revised IFRSs (continued)

##### (ii) Issued by the IASB but not yet adopted by the European Union (continued)

- Clarifications to IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2018).
- Annual Improvements to IFRSs 2014–2016 Cycle (issued on 8 December 2016) (effective for annual periods beginning on or after 1 January 2018)
- Amendments to IAS 40: "Transfers of Investment Property" (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 22 "Foreign Currency Transactions and Advance Consideration" (effective for annual periods beginning on or after 1 January 2018).
- IFRIC Interpretation 23 "Uncertainty over Income Tax Treatments" (effective for annual periods beginning on or after 1 January 2019).

The above are expected to have no significant impact on the Company's financial statements when they become effective.

#### Revenue recognition

Revenue comprises the invoiced amount for the sale of services net of Value Added Tax, rebates and discounts. Revenue comprises the fair value of the consideration received or receivable for the sale of services in the ordinary course of the Company's activities. Revenue is recognised when it is probable that economic benefits associated with the transaction will flow to the Company and the revenue can be reliably measured.

- **Rendering of services**

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **Fee and commission income**

Brokerage commissions: Brokerage commissions are recognised when the ownership of the securities is transferred.

- **Interest income**

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

- **Dividend income**

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

#### Employee benefits

The Company's contributions are expensed as incurred and are included in staff costs. The Company has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

#### Finance income

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



# NBI INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (continued)

#### Finance costs

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

#### Foreign currency translation

**(1) Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

**(2) Transactions and balances**

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

#### Tax

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

#### Dividends

Dividend distribution to the 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. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

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

	%
Furniture, fixtures and office equipment	10
Computer hardware	20

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

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

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

# **NBI INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2017

### **2. Significant accounting policies (continued)**

#### **Property, plant and equipment (continued)**

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.

#### **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.



# NBI INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (continued)

#### Impairment of non-financial assets

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

#### Financial instruments

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

##### Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

##### Financial assets

###### (1) Classification

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

- Financial assets at fair value through profit or loss

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

- Loans and receivables

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

- Held-to-maturity investments

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



# NBI INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

- Available-for-sale financial assets

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

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

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

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

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

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

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



# NBI INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 2. Significant accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

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

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

##### Cash and cash equivalents

Cash and cash equivalents include cash in hand and deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are shown within borrowings in current liabilities.

##### Borrowings

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

##### Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

##### Derivatives and hedge accounting

Derivatives are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

The Company holds derivative financial instruments to hedge its foreign currency and interest rate exposures.

Embedded derivatives are separated from the host contract and accounted for separately if certain criteria are met.

# **NBI INVESTMENTS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2017

### **2. Significant accounting policies (continued)**

#### **Derecognition of financial assets and liabilities**

##### Financial assets

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

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

##### Financial liabilities

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

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

#### **Offsetting financial instruments**

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

#### **Share capital**

Ordinary shares are classified as equity.

#### **Off Balancesheet arrangements**

In order to render investment services to clients, the Company holds assets on behalf of clients. The assets are kept in the Company's name on behalf of its clients in a fiduciary capacity and are not included as part of the Company's assets and liabilities in the financial statements.

#### **Comparatives**

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



# NBI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 3. Financial risk management

#### Financial risk factors

The Company's activities expose it to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below. The primary objectives of the financial risk management are to establish risk limits and then ensure that exposure to the risks stays within these limits.

#### 3.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. As at 31 December 2017, the Company held financial assets at fair value through profit or loss that are susceptible to market price risk arising from uncertainties about future prices of the investments (Note 13). Although the amount of financial assets at fair value through profit or loss is immaterial, the Company will manage any market risk arising in the future from holding these financial assets, through diversification of its investment portfolio.

#### 3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. As at 31 December 2017, the Company did not have any borrowings. The Company as at 31 December 2017 had fixed rate deposits as per table below. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

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

	2017 €	2016 €
<b>Fixed rate instruments</b>		
Financial assets	<u>1.653</u>	<u>3.117</u>
	<b>1.653</b>	<b>3.117</b>

#### Sensitivity analysis

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

#### 3.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with various medium to high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution both in Cyprus and abroad. As at 31 December 2017, there were no impaired receivables (2016: €Nil).

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

	2017 €	2016 €
Trade and other receivables	<b>27.588</b>	24.170
Cash at bank	<u><b>1.127.161</b></u>	<u>1.035.843</u>
	<b>1.154.749</b>	<b>1.060.013</b>

# NBI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 3. Financial risk management (continued)

#### 3.4 Liquidity risk

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

As at 31 December 2017, the management of the Company does not believe the current maturity profile of the Company exposes itself to any material liquidity risk, taking into account the level of cash at year end.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

<b>31 December 2017</b>	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Trade and other payables	2.320	2.320	-	2.320	-	-	-
	<b>2.320</b>	<b>2.320</b>	<b>-</b>	<b>2.320</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>31 December 2016</b>	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Bank overdrafts	53	53	53	-	-	-	-
Trade and other payables	160.305	160.305	-	160.305	-	-	-
	<b>160.358</b>	<b>160.358</b>	<b>53</b>	<b>160.305</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### 3.5 Currency risk

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

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

	<b>Liabilities</b>		<b>Assets</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
	€	€	€	€
United States Dollars	-	154.869	<b>227.666</b>	65.031
Russian Roubles	-	1.346	<b>1.450</b>	2.044
	<b>-</b>	<b>156.215</b>	<b>229.116</b>	<b>67.075</b>

At 31 December 2017, if the Euro had weakened/strengthened by 10% relative to the US dollar and Russian Rouble with all other variables held constant, post-tax loss for the year would have been €21.178 higher/lower (2016: €11.092).



# NBI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 3. Financial risk management (continued)

#### 3.6 Capital risk management

Capital risk is the risk that the Company may lose value on its capital. When managing capital, the Company's objectives are to safeguard the Company's ability to continue as a going concern in order to provide terms for shareholders and for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Management of the Company carries out regular risk reviews and based on the identified level of risks ensures the adequate relation of the risk profile of the Company to its capital.

The legal and regulatory framework under which the Company operates, the Cyprus Securities and Exchange Commission ("CySEC"), stipulates that the Company must maintain a minimum capital adequacy ratio of 8%. The method of calculation is set up by the regulatory authority based on the International Basel II capital adequacy standards. The Company aims to always maintain a high capital adequacy ratio well above the required minimum. As at 31 December 2017 and 31 December 2016, the Company's capital adequacy ratio was in excess of the minimum requirement set up by the Cyprus Securities and Exchange Commission ("CySEC").

According to the requirements of Cyprus Securities and Exchange Commission Directive DI144-2007-05 – Capital Requirements of Investment Firms, the Company should disclosed more detailed information related to risks and risk management on the Company's website. As a result, detailed information related to risks and risk management are disclosed on the Company's website [www.nbinvest.com](http://www.nbinvest.com).

The capital risk management is currently considered by Management as one of the priority directions for the development of a risk management function and it is evolving together with the increasing business requirements.

The Company has complied will all externally imposed capital requirements throughout 2017 and 2016.

#### Fair value estimation

The carrying amounts and fair values of certain financial assets and liabilities are as follows:

	Carrying amounts		Fair values	
	2017	2016	2017	2016
	€	€	€	€
<b>Financial assets</b>				
Cash and cash equivalents	1.127.161	1.036.663	1.127.161	1.036.663
Fair value through profit or loss	106	120	106	120
<b>Financial liabilities</b>				
Amortised cost				
Current borrowings	-	(53)	-	(53)
	<u>1.127.267</u>	<u>1.036.730</u>	<u>1.127.267</u>	<u>1.036.730</u>

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

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

# NBI INVESTMENTS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 4. Critical accounting estimates and judgments

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

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

#### *Judgments*

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

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The 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 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.



# NBI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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

#### • Impairment of intangible asset

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.

### 5. Revenue

	2017	2016
	€	€
Rendering of services	218.062	98.735
Other operating income	722.386	755.160
	<u>940.448</u>	<u>853.895</u>

### 6. Operating profit

	2017	2016
	€	€
Operating profit is stated after charging the following items:		
Amortisation of computer software (included in "Administration expenses") (Note 11)	2.022	825
Depreciation of property, plant and equipment (Note 10)	19.882	16.402
Non executive directors' fees	10.300	12.000
Staff costs including Directors in their executive capacity (Note 7)	402.175	329.364
Auditors' remuneration	5.000	5.000
	<u>5.000</u>	<u>5.000</u>

### 7. Staff costs

	2017	2016
	€	€
Salaries	372.302	301.723
Social security costs	22.427	18.058
Special contribution	-	3.549
Social cohesion fund	7.446	6.034
	<u>402.175</u>	<u>329.364</u>
Average number of employees (including Directors in their executive capacity)	<u>9</u>	<u>5</u>

## NBI INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### 8. Finance income/(costs)

	2017	2016
	€	€
Interest income	5	70
Exchange profit	<u>18.227</u>	<u>79.824</u>
<b>Finance income</b>	<b><u>18.232</u></b>	<b><u>79.894</u></b>
Net foreign exchange losses	(63.188)	(38.366)
Interest expense	(3)	(15)
Sundry finance expenses	<u>(6.557)</u>	<u>(4.286)</u>
<b>Finance costs</b>	<b><u>(69.748)</u></b>	<b><u>(42.667)</u></b>
<b>Net finance (costs)/income</b>	<b><u>(51.516)</u></b>	<b><u>37.227</u></b>

Interest income is analysed as follows:

	2017	2016
	€	€
Bank deposits	<u>5</u>	<u>70</u>
	<u><u>5</u></u>	<u><u>70</u></u>

#### 9. Tax

	2017	2016
	€	€
Corporation tax - current year	17.257	-
Defence contribution - current year	<u>1</u>	<u>21</u>
<b>Charge for the year</b>	<b><u>17.258</u></b>	<b><u>21</u></b>

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

	2017	2016
	€	€
Profit before tax	<u>253.489</u>	<u>208.269</u>
Tax calculated at the applicable tax rates	31.686	26.034
Tax effect of expenses not deductible for tax purposes	10.682	8.493
Tax effect of allowances and income not subject to tax	(5.017)	(12.140)
Tax effect of tax losses brought forward	(21.663)	(22.387)
10% additional charge	1.569	-
Defence contribution current year	<u>1</u>	<u>21</u>
<b>Tax charge</b>	<b><u>17.258</u></b>	<b><u>21</u></b>

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%.



# NBI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 10. Property, plant and equipment

	Furniture, fixtures and office equipment €	Computer hardware €	Total €
<b>Cost</b>			
Balance at 1 January 2016	4.381	12.926	17.307
Additions	470	66.661	67.131
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>4.851</b>	<b>79.587</b>	<b>84.438</b>
Additions	12.429	24.107	36.536
<b>Balance at 31 December 2017</b>	<b>17.280</b>	<b>103.694</b>	<b>120.974</b>
<b>Depreciation</b>			
Balance at 1 January 2016	1.694	10.341	12.035
Charge for the year	485	15.917	16.402
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>2.179</b>	<b>26.258</b>	<b>28.437</b>
Charge for the year	1.728	18.154	19.882
<b>Balance at 31 December 2017</b>	<b>3.907</b>	<b>44.412</b>	<b>48.319</b>
<b>Net book amount</b>			
<b>Balance at 31 December 2017</b>	<b>13.373</b>	<b>59.282</b>	<b>72.655</b>
<b>Balance at 31 December 2016</b>	<b>2.672</b>	<b>53.329</b>	<b>56.001</b>

### 11. Intangible assets

	Computer software €
<b>Cost</b>	
Balance at 1 January 2016	24.530
Additions	2.500
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>27.030</b>
Additions	3.627
<b>Balance at 31 December 2017</b>	<b>30.657</b>
<b>Amortisation</b>	
Balance at 1 January 2016	24.530
Amortisation for the year (Note 6)	825
<b>Balance at 31 December 2016/ 1 January 2017</b>	<b>25.355</b>
Amortisation for the year (Note 6)	2.022
<b>Balance at 31 December 2017</b>	<b>27.377</b>
<b>Net book amount</b>	
<b>Balance at 31 December 2017</b>	<b>3.280</b>
<b>Balance at 31 December 2016</b>	<b>1.675</b>

## NBI INVESTMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### 12. Trade and other receivables

	2017	2016
	€	€
Trade receivables	9.810	5.981
Deposits and prepayments	78.911	73.804
Other receivables	17.778	18.189
Refundable VAT	6.949	5.416
	<u>113.448</u>	<u>103.390</u>

The Company does not hold any collateral over the trading balances.

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

#### 13. Financial assets at fair value through profit or loss

	2017	2016
	€	€
Balance at 1 January	120	127
Change in fair value	(14)	(7)
<b>Balance at 31 December</b>	<u>106</u>	<u>120</u>

The financial assets at fair value through profit or loss represent shares in Bank of Cyprus Public Company Ltd that were obtained as a result of the "bail in" provisions applicable on Bank of Cyprus Public Company Ltd.

#### 14. Cash at bank and in hand

	2017	2016
	€	€
Cash at bank and in hand	1.127.161	1.036.663
	<u>1.127.161</u>	<u>1.036.663</u>

Included in bank balances there is an amount of €1.650 (2016: €1.950) that has been pledged as a security for the issue of three letters of guarantee in favour of the Cyprus Chief Immigration Officer needed for the foreign employees of the Company under the local laws and regulations (Note 23).

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

	2017	2016
	€	€
Cash at bank and in hand	1.127.161	1.036.663
Bank overdrafts (Note 16)	-	(53)
	<u>1.127.161</u>	<u>1.036.610</u>

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



# NBI INVESTMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

### 15. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>302.000</u>	<u>302.000</u>	<u>302.000</u>	<u>302.000</u>
		€		€
<b>Issued and fully paid</b>				
Balance at 1 January	<u>302.000</u>	<u>302.000</u>	<u>302.000</u>	<u>302.000</u>
<b>Balance at 31 December</b>	<u>302.000</u>	<u>302.000</u>	<u>302.000</u>	<u>302.000</u>

### 16. Borrowings

	2017 €	2016 €
<b>Current borrowings</b>		
Bank overdrafts (Note 14)	<u>-</u>	<u>53</u>

### 17. Trade and other payables

	2017 €	2016 €
Accruals	<u>34.650</u>	<u>11.299</u>
Other payables	<u>2.320</u>	<u>160.305</u>
	<u>36.970</u>	<u>171.604</u>

### 18. Current tax liabilities/(current tax assets)

	2017 €	2016 €
Corporation tax	<u>9.015</u>	<u>(8.242)</u>
	<u>9.015</u>	<u>(8.242)</u>

### 19. Operating Environment of the Company

#### Operating environment in Cyprus

Following a long and relatively deep economic recession, the Cyprus economy began to record positive growth in 2015 which accelerated during 2016. The restrictive measures and capital controls which were in place since March 2013 were lifted in April 2015 and on the back of the strength of the economy's performance and the strong implementation of required measures and reforms, Cyprus exited its economic adjustment programme in March 2016. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have proceeded with a number of upgrades of the credit ratings for the Cypriot sovereign, and although the rating continues to be 'non-investment grade', the Cyprus government has regained access to the capital markets. The outlook for the Cyprus economy over the medium term remains positive, however, there are downside risks to the growth projections emanating from the high levels of non performing exposures, uncertainties in the property markets, as well as potential deterioration in the external environment for Cyprus, including continuation of the recession in Russia in conditions of protracted declines in oil prices; weaker than expected growth in the euro area as a result of worsening global economic conditions; slower growth in the UK with a weakening of the pound as a result of uncertainty regarding the result of the Brexit referendum; and political uncertainty in Europe in view of Brexit and the refugee crisis.

## NBI INVESTMENTS LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

#### 19. Operating Environment of the Company (continued)

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

The Company's management has assessed the situation and has concluded that no provisions or impairment charges are necessary to be made on its financial and non financial assets.

#### Operating environment in Russian Federation

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2016, the Russian economy has been negatively impacted by low oil prices, ongoing political tension in the region and continuing international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. This operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could significantly differ from actual results.

#### 20. Related party transactions

The following transactions were carried out with related parties:

##### 20.1 Directors' remuneration

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

	2017	2016
	€	€
Non executive directors' fees	10.300	12.000
Directors' remuneration	<u>219.785</u>	<u>220.428</u>
	<u>230.085</u>	<u>232.428</u>

#### 21. Off Balance sheet arrangements

The Company in its ordinary course of business which primarily involves investment services holds on behalf of clients' cash and securities. These assets are not included in these financial statements (off balance sheet items). The clients cash balances and fair value of securities in different currencies as at 31 December 2017 were €25.086.036 (2016: €20.111.359) and €38.254.208 (2016: €44.585.683) respectively.

#### 22. Contingent liabilities

##### Off balance sheet risk

In the normal course of business, the Company enters into agreements to manage funds and assets of clients in accordance with the criteria established by the client. As a common practice, according to those agreements, the Company has no potential liability in respect of any losses and damage suffered by the clients as the result of common risks of investing and owning of the securities, except if resulting from gross negligence or willful default of the Company. Moreover, the Company does not provide any guaranteed returns to its clients from the assets that the Company manages on behalf of them.

As at 31 December 2017 and 2016 the Company was not engaged in any litigation proceedings.



## **NBI INVESTMENTS LIMITED**

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### **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2017

#### **23. Commitments**

The Company has issued three letters of guarantee in favour of the Cyprus Chief Immigration officer needed for the foreign employees of the Company under the local laws and regulations for the amount of €1.650 (2016: €1.950). The amount is repayable upon demand subject to the local laws and regulations.

The Company had no any other capital or other commitments as at 31 December 2017 and 2016 (Note 14).

#### **24. Events after the reporting period**

There are no material events after the reporting date, which affect the Company's financial statements as at 31 December 2017.

**Independent auditor's report on pages 2 to 4**

## NBI INVESTMENTS LIMITED

### DETAILED INCOME STATEMENT

31 December 2017

	Page	2017 €	2016 €
<b>Revenue</b>			
Rendering of services		<b>218.062</b>	98.735
Other operating income		<b>722.386</b>	755.160
<b>Operating expenses</b>			
Administration expenses	29	<b>(635.428)</b>	(682.846)
		<b>305.020</b>	171.049
<b>Other operating expenses</b>			
Fair value losses on financial assets at fair value through profit or loss		<b>(15)</b>	(7)
<b>Operating profit</b>		<b>305.005</b>	171.042
Finance income	30	<b>18.232</b>	79.894
Finance costs	30	<b>(69.748)</b>	(42.667)
<b>Net profit for the year before tax</b>		<b>253.489</b>	208.269



## NBI INVESTMENTS LIMITED

### ADMINISTRATIVE EXPENSES

31 December 2017

	2017 €	2016 €
<b>Administration expenses</b>		
Directors' remuneration	<b>219.785</b>	220.428
Staff salaries	<b>152.517</b>	81.295
Social security costs	<b>22.427</b>	18.058
Special contribution	-	3.549
Social cohesion fund	<b>7.446</b>	6.034
Rent	<b>19.720</b>	13.200
Common expenses	<b>1.044</b>	1.286
Licenses and taxes	<b>780</b>	289
Municipality taxes	<b>672</b>	653
Annual levy	<b>350</b>	350
Electricity	<b>1.777</b>	1.667
Water supply and cleaning	<b>1.625</b>	1.137
Insurance	-	155
Repairs and maintenance	<b>1.789</b>	40
Sundry expenses	<b>689</b>	54
Telephone and postage	<b>3.560</b>	3.380
Courier expenses	<b>1.527</b>	1.864
Stationery and printing	<b>1.709</b>	1.193
Subscriptions and contributions	<b>2.258</b>	1.654
Staff training	<b>2.148</b>	1.410
Computer supplies and maintenance	<b>3.523</b>	2.610
Computer software	<b>21.553</b>	-
Auditors' remuneration	<b>5.000</b>	5.000
Accounting fees	<b>18.000</b>	23.350
Other professional fees	<b>76.463</b>	44.073
Non executive directors' fees	<b>10.300</b>	12.000
Travelling	<b>2.966</b>	10.520
Entertaining	<b>308</b>	672
Internal Audit expenses	<b>7.000</b>	7.010
Commission to OTKRITIE Bank	-	34.706
Cysec Fees	<b>7.199</b>	5.296
Depository fees	<b>19.389</b>	162.686
Amortisation of computer software	<b>2.022</b>	825
Depreciation	<b>19.882</b>	16.402
	<b>635.428</b>	682.846

## NBI INVESTMENTS LIMITED

### FINANCE INCOME/COST

31 December 2017

	2017 €	2016 €
<b>Finance income</b>		
Bank interest	5	70
Realised foreign exchange profit	11.290	2.891
Unrealised foreign exchange profit	6.937	76.933
	<u>18.232</u>	<u>79.894</u>
<b>Finance costs</b>		
<b>Interest expense</b>		
Bank overdraft interest	2	2
Interest on taxes	1	13
<b>Sundry finance expenses</b>		
Bank charges	6.557	4.286
<b>Net foreign exchange losses</b>		
Realised foreign exchange loss	462	2.371
Unrealised foreign exchange loss	62.726	35.995
	<u>69.748</u>	<u>42.667</u>