Company Registration No. C 55616

EVAN GROUP PLC
Report and Financial Statements
for the year ended 31 December 2017

CONTENTS

GENERAL INFORMATION

Registration

Evan Group plc ("the company") is registered in Malta as a public limited liability company under the Companies Act (Cap 386). The company's registration number is C 55616.

Directors

Michael Nave
Rigistrasse 4
Kilchberg
Zurich 8802
SWITZERLAND

Ulrich Gerstner
Rebbergstrasse 7B
8832 Wollerau
SWITZERLAND

Company Secretary

Thomas Jacobsen
168, St Christopher Street
Valletta VLT 1467
MALTA

Registered Office

168, St. Christopher Street
Valletta VLT 1467
MALTA

Auditor

RSM Malta
Mdina Road
Zebbug ZBG 9015
MALTA

DIRECTOR'S REPORT

The directors present the annual report and the financial statements for the financial year ended 31 December 2017.

Principal activity

The company is principally engaged in that of a holding company.

Review of the business

The statement of comprehensive income is set out on page 7.

During the year under review the company registered a loss before tax of EUR 1,901,706 (2016: Loss before tax of €124,568). No dividends were declared and distributed during the year.

The directors expect that the present level of activity to increase and some growth should be achieved over the coming year.

Directors

During the year ended 31 December 2017, the directors were as listed on page 2. In accordance with the company's Memorandum and Articles of Association, the present directors are to remain in office.

Events after the reporting period

There were no adjusting or significant non-adjusting events that occurred between the reporting date and the date of the financial statements.

Future developments

The company is not envisaging any changes in operating activities for the forthcoming years.

Statement of directors responsibilities

The Companies Act (Cap 386) requires the directors to prepare financial statements for each financial period which give a true and fair view of the financial position of the company as at the end of the financial period and of the profit or loss for that period.

The directors are also responsible for ensuring that:

- appropriate accounting policies have been consistently applied and supported by reasonable and prudent judgements and estimates;
- the financial statements have been drawn up in accordance with generally accepted accounting principles and practices;
- the financial statements are prepared on the basis that the company must be presumed to be carrying on its business as a going concern; and
- account has been taken of income and charges relating to the accounting period, irrespective of the date of receipt or payment.

The directors are also responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act (Cap 386). This responsibility includes designing, implementing and maintaining such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatements whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTOR'S REPORT - continued

Auditor

RSM Malta has expressed their willingness to continue in office and a resolution for their re-appointment will be proposed at the Annual General Meeting.

Ulrich Gerstner
Director

Michael Nave
Director

30 April 2019

RSM

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INDEPENDENT AUDITORS' REPORT

To the Shareholders of Evan Group plc

Opinion

We have audited the accompanying financial statements of Evan Group plc ("the Company") set out on pages 9 to 23, which comprise the statement of financial position as at 31 December 2017, and the statement of 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 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 (IFRS) as adopted by the European Union (EU), and have been properly prepared in accordance with the requirements of the Companies Act (Cap. 386).

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 *Auditors' 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 accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, 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 Matter

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

INDEPENDENT AUDITORS' REPORT – continued

Other Information

The directors are responsible for the other information. The other information comprises the general information and the directors' report. Our opinion on the financial statements does not cover the other information, including the directors' report.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above 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 on the other information that we have obtained prior to the date of this auditors' report, 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.

Under Article 179(3) of the Companies Act (Cap. 386), we are required to consider whether the information given in the directors' report is compliant with the disclosure requirements of Article 177 of the same Act.

Based on the work we have performed, in our opinion:

- the directors' report has been prepared in accordance with the Companies Act (Cap. 386);
- the information given in the directors' report for the financial year on which the financial statements had been prepared is consistent with those in the financial statements; and
- in light of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the directors' report.

Responsibilities of the Directors for the Financial Statements

The directors are responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS as adopted by the EU and the requirements of the Companies Act (Cap.386), and for such internal control as the directors determine 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 directors are 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 directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The directors are responsible for overseeing the Company's financial reporting process.

RSM

INDEPENDENT AUDITORS' REPORT – continued

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 auditors' 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 directors.

- Conclude on the appropriateness of the 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 auditors' 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 auditors' 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 fair presentation.

RSM

INDEPENDENT AUDITORS' REPORT – continued

Auditor's Responsibilities for the Audit of the Financial Statements – continued

We communicate with the 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.

This copy of the audit report has been signed by
Conrad Borg (Partner)
for and on behalf of

RSM Malta
Certified Public Accountants

30 April 2019

STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 December 2017

	Notes	**01.01.17 to 31.12.17 EUR**	01.01.16 to 31.12.16 EUR
Administrative expenses	4	**(1,813,379)**	(124,570)
Finance income	5	**119,086**	2
Finance cost	6	**(207,413)**	-
Loss before taxation		**(1,901,706)**	(124,568)
Income tax expense	7	**-**	-
Loss for the year		**(1,901,706)**	(124,568)
Total comprehensive loss for the year		**(1,901,706)**	(124,568)

The accounting policies and explanatory notes on pages 13 to 23 form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION
as at 31 December 2017

	Notes	31.12.17 EUR	31.12.16 EUR
ASSETS			
Non-current assets			
Investment in subsidiaries	8	**100,034,557**	-
Current assets			
Loans and receivables	9	**13,891,040**	143,215
Cash and cash equivalents	10	**78,207**	2,340
		13,969,247	145,555
TOTAL ASSETS		**114,003,804**	145,555
EQUITY AND LIABILITIES			
Issued capital	11	**100,500,000**	300,000
Shareholders contribution	11	**-**	200,000
Retained earnings	11	**(2,268,219)**	(366,513)
TOTAL EQUITY		**98,231,781**	133,487
Non-current liabilities			
Bonds in issue	12	**15,043,000**	-
Current liabilities			
Trade and other payables	13	**726,071**	11,059
Loans payable	14	**2,952**	1,009
		729,023	12,068
Total liabilities		**15,772,023**	12,068
TOTAL EQUITY AND LIABILITIES		**114,003,804**	145,555

The accounting policies and explanatory notes on pages 13 to 23 form an integral part of the financial statements.

The financial statements on pages 9 to 23 have been approved and signed by the directors and signed on:

Ulrich Gerstner
Director

Michael Nave
Director

30 April 2019

STATEMENT OF CHANGES IN EQUITY
for the year ended 31 December 2017

	Issued capital EUR	Shareholders contribution EUR	Accumulated losses EUR	Total EUR
At 1 January 2016	**220,000**	**-**	**(241,945)**	**(21,945)**
Issuance of share capital	80,000	-	-	80,000
Shareholders contribution	-	200,000	-	200,000
Total comprehensive loss for the year	-	-	(124,568)	(124,568)
At 31 December 2016	**300,000**	**200,000**	**(366,513)**	**133,487**
Issuance of share capital	100,200,000	(200,000)	-	100,000,000
Total comprehensive loss for the year	-	-	(1,901,706)	(1,901,706)
At 31 December 2017	**100,500,000**	**-**	**(2,268,219)**	**98,231,781**

The accounting policies and explanatory notes on pages 13 to 23 form an integral part of the financial statements.

STATEMENT OF CASH FLOWS
for the year ended 31 December 2017

	31.12.17 EUR	31.12.16 EUR
Cash flows from operating activities		
Loss before tax	**(1,901,706)**	(124,568)
Adjustments:		
Finance income	**(119,086)**	-
Commission expense	**685,073**	-
Interest expense	**207,413**	-
Working capital adjustments:		
Increase in receivables	**(8,665)**	5
Increase in trade and other payables	**488,191**	(27,394)
Net cash from operating activities	**648,780**	(151,957)
Cash flows from investing activities		
Acquisition of subsidiaries	**(25,000)**	-
Net cash used in investing activities	**(25,000)**	-
Cash flows from financing activities		
Issuance of share capital	-	80,000
Issuance of bonds	**15,043,000**	-
Movements in subsidiary balances	**(4,684,759)**	97,879
Movements in related party balances	**(8,944,872)**	(23,586)
Net cash from financing activities	**749,647**	154,293
Net movements in cash and cash equivalents	**75,867**	2,336
Cash and cash equivalents at the beginning of the year	**2,340**	4
Cash and cash equivalents at the end of the year (Note 10)	**78,207**	2,340

The accounting policies and explanatory notes on pages 13 to 23 form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Evan Group plc ("the company") is a public limited liability company incorporated and registered under the Companies Act, (Cap. 386), enacted in Malta, with registration number C 55616. The company's registered address is at 168, St. Christopher Street, Valletta VLT 1467, Malta These financial statements cover the year ended 31 December 2017.

The ultimate controlling party is Ulrich Gerstner.

2. BASIS OF PREPARATION AND STATEMENT OF COMPLIANCE

These financial statements have been prepared and presented in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union. They have also been drawn up in accordance with the requirements of the Companies Act (Cap. 386) to the extent that such provisions do not conflict with the applicable framework.

These financial statements have been prepared under the historical cost convention. These financial statements are presented in Euro (EUR), which is the company's functional currency.

These financial statements present information about the Company as an individual undertaking. Consolidated financial statements have not been drawn up for the company and its subsidiary as the company has availed itself of the exemption under the Companies Act, 1995 on the grounds that it is the parent of a small group.

Going concern

The financial statements have been presented as a going concern basis on the assumption that adequate financial support will continue to be made available by the shareholder to ensure that the company continues to meet its commitments as and when they fall due.

2.1 SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

In preparing the financial statements, the directors are required to make judgements, estimates and assumptions that effect reported income, expenses, assets, liabilities, disclosure of contingent assets and liabilities. Use of available information and application of judgement are inherent in the formation of estimates. Actual results in the future could differ from such estimates and the differences may be material to the financial statements. These estimates are reviewed on a regular basis and if a change is needed, it is accounted in the year the changes become known.

In the opinion of the directors, the accounting estimates, assumptions and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 - Presentation of financial statements'.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these financial statements are set out below:

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

Interest income

Interest is recognised in profit or loss on an accrual's basis using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS - continued

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Income tax

Income tax expense comprises current tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustments to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

Current tax assets and liabilities are offset only if certain criteria are met.

Financial instruments

Financial assets

Initial recognition and measurement of financial assets

Financial assets within the scope of IAS 39 are classified as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, or available-for-sale financial assets, as appropriate. The company determines the classification of its financial assets at initial recognition.

All financial assets are recognised initially at fair value plus transaction costs, except in the case of financial assets recorded at fair value through profit or loss.

The company determines the classification of its financial assets on initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial period end.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the company commits to purchase or sell the asset.

The company's financial assets include loans receivable.

Subsequent measurement of financial assets

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the Effective Interest Rate ("EIR") method, less impairment. Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Financial instruments - continued

Derecognition of 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; or
- The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and
- Either (a) the company has transferred substantially all the risks and rewards of the asset, or (b) the company has neither transferred nor retained substantially all the risks and rewards of the asset but has transferred control of the asset.

When the company has transferred its rights to receive cash flows from an asset (or has entered into a pass-through arrangement) and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, the asset is recognised to the extent of the company continuing involvement in the asset.

Impairment of financial assets

The company assesses, at each reporting date, whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and when observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

Financial liabilities

Initial recognition and measurement of financial liabilities

Financial liabilities are recognised initially on the trade date at which the company becomes a party to the contractual provisions of the instrument.

The company's financial liabilities comprise trade and other payables, loans payable and bonds in issue. Trade and other payables are recognised initially at fair value less any directly attributable transaction costs. Loans payable and bonds in issue are initially recognised at cost, being at fair value of the consideration received and including acquisition charges associated with the borrowings.

Subsequent to the initial recognition, trade and other payables, loans payable and bonds in issue are measured at amortised cost using the effective interest method. Interest expense are recognised in the period which they are incurred.

Derecognition of financial liabilities

The company derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

NOTES TO THE FINANCIAL STATEMENTS – continued

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

Investment in subsidiaries

Investments in subsidiaries are initially measured at cost. After initial recognition the investments in subsidiaries are carried under the cost method. Under the cost method, such investments are measured at cost less any accumulated impairment losses. Distributions received from the subsidiaries are recognised as dividend income in profit and loss when the company's right to receive the dividend is established.

Impairment of subsidiaries

The carrying amount of the company's investment in subsidiary is reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated. The recoverable amount of an asset is the higher of its fair value less costs to sell and its value in use.

Whenever the carrying amount of an asset exceeds its recoverable amount, an impairment loss is recognised and the carrying amount of the asset is reduced to its recoverable amount. Impairment losses are recognised immediately in profit or loss.

The carrying amounts of the company's investment is subsidiary is also reviewed at each balance sheet date to determine whether there is any indication that an impairment loss recognised in prior periods may no longer exist or may have decreased. If any such indication exists, the asset's recoverable amount is estimated. An impairment loss previously recognised is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. When an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, to the extent that it does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Impairment reversals are recognised immediately in profit or loss.

Cash and cash equivalents

Cash and cash equivalents consist of cash in banks.

Ordinary shares

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity, net of any tax effects.

Trade and settlement date accounting

All "regular way" purchases and sales of financial assets are recognised on the "trade date", that is, the date the company commits to purchase or sell the asset. Regular way purchases and sales are purchases and sales of financial assets that require delivery of assets within the time frame generally established by regulation or convention in the market place.

Related parties

The term related party refers to any related party as defined in IAS 24 "Related Party Disclosures".

NOTES TO THE FINANCIAL STATEMENTS – continued

3.0 NEW AND REVISED STANDARDS

During the year, the Company has adopted several new standards and interpretations, or amendments thereto, issued by the International Accounting Standards Board and IFRS Interpretations Committee, and endorsed by the European Union. The director is of the opinion that the adoption of these standards, interpretations or amendments thereto, does not have material impact on these financial statements.

At the end of the reporting period, certain new standards, interpretations or amendments thereto, were issued and endorsed by the EU but not yet effective for the current financial year. There have been no instances of early adoption of these new standards, interpretations or amendments thereto ahead of their effective date. The director anticipates that the adoption of these new standards, interpretations and amendments thereto, will not have a material impact on the financial statements upon initial application except the following set out below:

IFRS 9 Financial Instruments

IFRS 9 Financial Instruments, addresses the classification, measurement and recognition of financial assets and financial liabilities. The complete version of IFRS 9 was issued in July 2014. It replaces the guidance in IAS 39 that relates to the classification and measurement of financial instruments. IFRS 9 retains but simplifies the mixed measurement model and establishes three primary measurement categories for financial assets: (1) amortised cost, (2) fair value through other comprehensive income, and (3) fair value through profit or loss.

The basis of classification depends on the entity's business model and the contractual cash flow characteristics of the financial asset. Investments in equity instruments are required to be measured at fair value through profit or loss with the irrevocable option at inception to present changes in fair value in other comprehensive income with no recycling. There is now a new expected credit losses model that replaces the incurred loss impairment model used in IAS 39. For financial liabilities, there were no changes to classification and measurement except for the recognition of changes in a company's own credit risk in other comprehensive income, for liabilities designated at fair value through 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 'hedged ratio' to be the same as the one management uses for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39. The standard is effective for accounting periods beginning on or after 1 January 2018.

Early adoption is permitted. The Company has not opted for early adoption of this standard, thus the potential impact on the financial statements is not significant.

4. EXPENSES BY NATURE

	01.01.17 to 31.12.17 EUR	01.01.16 to 31.12.16 EUR
Administrative expense		
Auditors' remuneration	**4,000**	1,062
Bank charges	**2,696**	1,171
Company registration	**1,400**	1,400
Commissions	**685,073**	-
Miscellaneous expenses	**6,311**	252
Professional fees	**1,113,899**	120,685
	1,813,379	124,570

NOTES TO THE FINANCIAL STATEMENTS – continued

5. FINANCE INCOME

	01.01.17 to 31.12.17 EUR	01.01.16 to 31.12.16 EUR
Interest from loans receivable	**119,086**	-
Realised gain on exchange	-	2
	119,086	2

6. FINANCE COSTS

	01.01.17 to 31.12.17 EUR	01.01.16 to 31.12.16 EUR
Interest on bonds	**206,748**	-
Unrealised loss on exchange	**665**	-
	207,413	-

7. INCOME TAX EXPENSE

The income tax on profit differs from the theoretical income tax expense that would apply on the company's profit using the applicable tax rate in Malta of 35% as follows:

	01.01.17 to 31.12.17 EUR	01.01.16 to 31.12.16 EUR
Loss before tax	**(1,901,706)**	(124.568)
Theoretical tax expense at 35%	**(665,597)**	(43,598)
Tax effect of interest not paid	**16,168**	-
Tax effect of interest not received	**(41,681)**	-
Effect of non-deductible expenses	**691,110**	43,598
Income tax expense	-	-

8. INVESTMENTS IN SUBSIDIARIES

The company's investments in the subsidiaries are stated at cost:

	31.12.17 EUR	31.12.16 EUR
Opening balance	-	-
Additions	**100,034,557**	-
Closing balance	**100,034,557**	-

NOTES TO THE FINANCIAL STATEMENTS - continued

8. INVESTMENTS IN SUBSIDIARIES- continued

Further information related to the company's subsidiaries is as follows:

Livint GmbH	**31.12.2017 EUR**
Share capital	**25,000**
Accumulated losses	**(26,153)**
Loss for the year	**(70,795)**

The company holds 94.9% of the ordinary share capital of Livinit GmbH, a company that is registered in Germany. The cost of this investment equated to €13,300,000.

UNIMO Retail Properties VI GmbH	**31.12.2017 EUR**
Share capital	**25,000**
Accumulated losses	**(43,310)**
Loss for the year	**(44,379)**

The company holds 94.9 % of the ordinary share capital of UNIMO Retail Properties VI GmbH, a company that is registered in Germany. The cost of investment is €25,400,000.

Evan Management AG	**31.12.2017 CHF**
Share capital	**100,000**
Accumulated losses	**(131,989)**
Profit for the year	**3,931**

The company holds 100% of the ordinary share capital of Evan Management AG, a company registered in Switzerland. The cost of investment is €9,557.

Shopinit GmbH	**31.12.2017 EUR**
Share capital	**25,000**
Retained earnings	**-**
Loss for the year	**(15,464)**

The company holds 94.9% of the ordinary share capital of Shopinit GmbH, a company that is registered in Germany. The cost of investment is €61,300,000.

NOTES TO THE FINANCIAL STATEMENTS – continued

8. INVESTMENTS IN SUBSIDIARIES- continued

	31.12.2017 EUR
Sleepinit GmbH	
Share capital	**25,000**
Retained earnings	**-**
Loss for the year	**(15,230)**

The company holds 100% of the ordinary share capital of Sleepinit GmbH, a company registered in Germany. The cost of investment is €25,000.

Based on management's assessment no impairment is recognised on all investments in subsidiaries during the year. The costs of the investments represent their purchase price based on the valuation report obtained by the company in relation to the acquisition to these subsidiaries on 24 May 2017.

9. LOAN AND RECEIVABLES

	31.12.17 EUR	31.12.16 EUR
Current		
Loans receivable from subsidiaries	**4,684,759**	-
Loans receivable from related parties	**9,086,782**	141,910
Prepayments and accrued income	**119,499**	1,305
Total	**13,891,040**	143,215

The amounts due from subsidiaries and related parties accrues interest at 6.5% per annum. Though these amounts have no fixed date for repayment, the loans are expected to be realised within twelve months after the statement of financial position date and are subject to 3 months written notice. The amount is unsecured and no guarantees have been received.

10. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following statement of financial position amounts:

	31.12.17 EUR	31.12.16 EUR
Cash in bank	**78,207**	2,340

NOTES TO THE FINANCIAL STATEMENTS - continued

11. CAPITAL AND RESERVES

	31.12.17 EUR	31.12.16 EUR
Authorised		
300,000,000 ordinary shares of EUR 1 each	**300,000,000**	300,000,000
Issued and fully paid		
100,500,000 / 300,000 ordinary shares of EUR 1 each	**100,500,000**	300,000

Retained earnings

Accumulated losses of €2,232,072 represent the company accumulated losses for the period ended 31 December 2017 (2016: €366,513)

Capital Contribution

During the financial year ended 31 December 2017, an amount of €200,000 recorded as a capital contribution was converted into share capital.

12. BONDS IN ISSUE

	31.12.17 EUR	31.12.16 EUR
Bonds issued	**15,043,000**	-

On 3 July 2017, the Company passed a resolution to issue unsecured senior bonds with a total maximum amount of €125,000,000 at a nominal rate of €1,000 per bond subject to 6% annual interest with final maturity date on 31 July 2022. As at 31 December 2017, €30,000,000 bonds were made available of which €15,043,000 has been fully subscribed and received. Interest expense recognised during the year amounted to €206,748 (Note 5).

These bonds were listed in the open market of Frankfurt Stock Exchange.

13. TRADE AND OTHER PAYABLES

	31.12.17 EUR	31.12.16 EUR
Trade payables	**493,972**	8,935
Other payables	**21,351**	-
Accruals	**210,748**	2,124
	726,071	11,059

14. LOANS PAYABLES

	31.12.17 EUR	31.12.16 EUR
Loans payable to shareholders	**2,952**	1,009
	2,952	1,009

The amounts owed to shareholders are unsecured, no guarantees have been given and are payable on demand.

NOTES TO THE FINANCIAL STATEMENTS – continued

15. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

At the end of the period, the company's financial assets on the statement of financial position comprise of loans and receivables while the company's financial liabilities comprise of trade and other payables and loans payable. At the end of the period, there were no off-balance sheet financial assets and financial liabilities.

The main risks arising from the company's financial instruments are credit risk, liquidity risk and market risk. The directors review and agree policies for managing each of these risks which are summarized below.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to an investing loss. Management is of the opinion that credit risk arising from amounts due by subsidiary companies is limited in view of their commercial visibility.

Liquidity risk

Liquidity risk is the risk that the company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the company's reputation.

The company has low liquidity risk as it is fully financed by equity from its shareholders.

Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. Financial instruments affected by market risk include loans receivable and payable.

Currency risk

At the reporting date, the company was not exposed to currency risk since all financial instruments were denominated in the company's functional currency.

Interest rate risk

At the reporting date, the company was exposed to interest rate risk on interest bearing financial assets and liabilities.

Fair values

At 31 December 2017 and 31 December 2016, the carrying amounts of financial assets and liabilities approximated their fair values.

Capital management

The primary objective of the company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize shareholders' value.

The company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the company may adjust its distribution of profits, return capital to shareholders, issue new shares or use intercompany funding options.

NOTES TO THE FINANCIAL STATEMENTS – continued

16. RELATED PARTIES

Related party balances are shown in Notes 9 and 14 to these financial statements. Further details of transactions carried out during the financial period with related parties are as follows:

	31.12.17
	EUR
Subsidiaries:	
Management fees (i)	**548,450**
Interest income	**119,086**
Related parties:	
Consultancy fees (i)	**280,000**

(i) The above transactions are recognised as part of professional fees for the year ended 31 December 2017.