

**GAWLING COMPANY LIMITED**

GAWLING COMPANY LIMITED

UNAUDITED INTERIM **FINANCIAL**

**STATEMENTS** For the period 1January 2014

to 30 June, 2014

**REPORT AND FINANCIAL STATEMENTS**  
For the Period 1 January 2014 to 30 June 2014

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**BOARD OF DIRECTORS AND OTHER OFFICERS**

**Board of Directors:**

Dimitra Karkalli

**Company Secretary:**

M. Kyprianou Fiduciaries Ltd

**Independent Auditors:**

Yiallourides & Partners Ltd  
Chartered Accountants

**Registered office:**

116 Gladstonos street  
M. Kyprianou Tower, 3rd and 4th floors  
3032 Limassol  
Cyprus

**Bankers:**

Hellenic Bank Public Company Ltd BKS BANK JSC

**Registration number:**

HE158664

# GAWLING COMPANY LIMITED

## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and interim unaudited financial statements of the Company for the period 01 January 2014 to 30 June 2014.

### **Principal activities**

The principal activities of the Company, which are unchanged from last year, are to act as a holding, investment and financing company.

### **Review of current position, future developments and significant risks**

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

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

### **Results**

The Company's results for the period 01 January 2014 to 30 June 2014 are set out on page 5.

### **Share capital**

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

### **Board of Directors**

The member of the Company's Board of Directors as at 30 June 2014 and at the date of this report is presented on page 3. The sole director was a member of the Board of Directors throughout the year ended 30 June 2014.

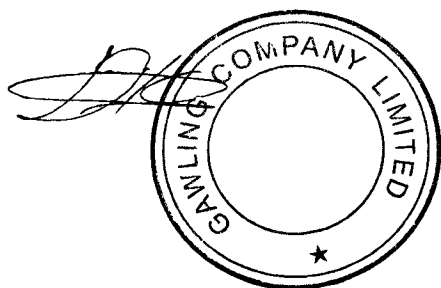
In accordance with the Company's Articles of Association the sole director presently member of the Board continues in office.

There were no significant changes in the remuneration of the Board of Directors.

By order of the Board of Directors,

Director

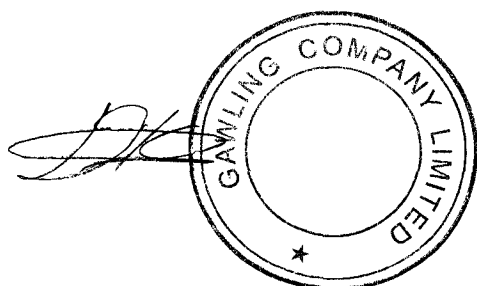
Limassol, 10 December 2014



# GAWLING COMPANY LIMITED

## STATEMENT OF COMPREHENSIVE INCOME For the period from 1 January 2014 to 30 June 2014

	Unaudited 6 months 2014 EUR	Unaudited 6 months 2013 EUR
Dividend income	1,461,295	189,526
Loan interest income	564,676	971,593
Net gain/(loss) on trading with financial instruments	6,144,121	(8,261,101)
Net gain/(loss) realised on trading in foreign currencies	3,465,371	(12,508,928)
(Loss)/Income from REPO	(153,762)	(761,677)
Loan interest expense	(4,002,474)	(4,659,531)
<b>Net revenue</b>	<b>7,479,227</b>	<b>(25,030,117)</b>
Administration and other expenses	(635,197)	(574,809)
<b>Operating (loss)/profit</b>	<b>6,844,030</b>	<b>(25,604,926)</b>
Net finance (costs)/income	(1,139,405)	11,921,854
<b>(Loss)/profit before tax</b>	<b>5,704,625</b>	<b>(13,683,072)</b>
Tax	(6,688)	-
<b>Net (loss)/profit for the period</b>	<b>5,697,937</b>	<b>(13,683,072)</b>
<b>Other comprehensive income</b>	<b>-</b>	<b>-</b>
<b>Total comprehensive (loss) / income for the period</b>	<b>5,697,937</b>	<b>(13,683,072)</b>



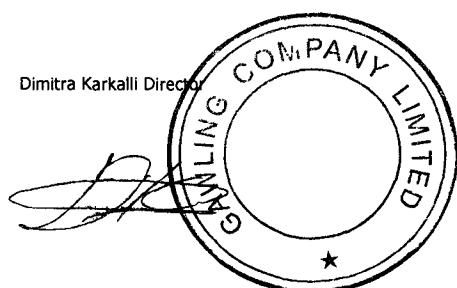
**GAWLING COMPANY LIMITED**

**STATEMENT OF FINANCIAL POSITION**

As at 30 June 2014

	Unaudited EUR 30.06.2014	Unaudited EUR 30.06.2013
<b>ASSETS</b>		
<b>Non-current assets</b>	-	-
<b>Current assets</b>		
Trade and other receivables	126 629 079	304 802 442
REPO loans to related companies	359 767 815	447 339 084
Shareholders' accounts - debit balances	11 847	11 847
Loans receivable	16 513 558	17 961 743
Financial assets at fair value through profit or loss	294 118 386	157 215 923
Cash at bank	94 906	80 356
	<b>797 135 591</b>	<b>927 411 395</b>
<b>TOTAL assets</b>	<b>797 135 591</b>	<b>927 411 395</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	1 710	1 710
Share premium	16 037	16 037
Translation reserve	(10 597 457)	(5 309 725)
Retained earnings	73 521 178	91 843 853
<b>TOTAL equity</b>	<b>62 941 468</b>	<b>86 551 875</b>
<b>Non-current liabilities</b>		
Loans from related companies	66 718 349	70 228 007
	<b>66 718 349</b>	<b>70 228 007</b>
<b>Current liabilities</b>		
Trade and other payables	667 146 618	770 301 087
Bank overdrafts	79	-
Short-term loans	329 078	330 427
Current tax liabilities	-	-
	<b>667 475 775</b>	<b>770 631 513</b>
<b>TOTAL liabilities</b>	<b>734 194 124</b>	<b>840 859 520</b>
<b>TOTAL liabilities and equity</b>	<b>797 135 591</b>	<b>927 411 395</b>

Dimitra Karkalli Director



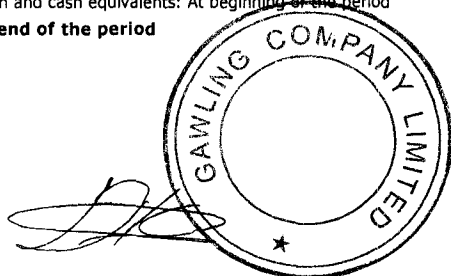
# GAWLING COMPANY LIMITED

## STATEMENT OF CASH FLOWS

For the period from 1 January 2014 to 30 June 2014

	Unaudited 6 months 2014 EUR	Unaudited 6 months 2013 EUR
<b>CASH FLOWS FROM OPERATING ACTIVITIES (Loss)/profit before tax</b>	5,704,625	(13,683,072)
Adjustments for:		
Income tax paid	6,688	-
Unrealised exchange loss /(profit)	2,253,735	(1,691,236)
Fair value losses on financial assets at fair value through profit or loss	63,426	(203,802)
Dividend income	(1,461,295)	(189,526)
Interest income	(1,852,425)	(971,593)
Interest expense	4,002,474	-
Translation reserve for the period	(39,923)	(3,840,808)
<b>Cash flows (used in)/from operations before working capital</b>		
<b>Changes</b>	8,677,304	(20,580,038)
Decrease/(increase) in trade and other receivables	(45,269,955)	(75,684,998)
Decrease/(increase) in receivables from related companies	(30,951,250)	(77,997,191)
Increase in deferred expenses	-	-
Increase in financial assets at fair value through profit or loss	(75,097,736)	14,268,099
(Decrease)/increase in trade and other payables	146,883,321	155,915,667
Decrease in payables to related companies	-	-
<b>Cash flows from/(used in) operations</b>	4,241,684	(4,078,460)
Interest received	564,676	971,593
Dividends received	1,461,295	189,526
Tax paid	-	-
<b>Net cash flows from/(used in) operating activities</b>	6,267,655	(2,917,341)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Loans granted	-	-
Loans repayments received	-	6,375,743
Interest received	-	-
<b>Net cash flows from/(used in) investing activities</b>	-	6,375,743
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Repayment of loans from related companies	-	(5,531,709)
Proceeds from borrowings	-	-
Proceeds from loans from related companies	-	-
Unrealised exchange (loss) /profit	(2,253,735)	1,691,236
Interest paid	(3,997,021)	-
Dividends paid	-	-
<b>Net cash flows (used in)/from financing activities</b>	(6,250,756)	(3,840,473)
<b>Net (decrease) /increase in cash and cash equivalents</b>	16,899	(382,071)
Cash and cash equivalents: At beginning of the period	77,928	462,427
<b>At end of the period</b>	94,827	80,356

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# GAWLING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS For the period from 1 January 2014 to 30 June 2014

### 1. Incorporation and principal activities Country of incorporation

The Company Gawling Company Limited (the "Company") was incorporated in Cyprus on 18 March 2005 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 116 Gladstonos street, M. Kyprianou Tower, 3rd and 4th floors, 3032 Limassol, Cyprus.

### Principal activities

The principal activities of the Company, which are unchanged from last year, are to act as a holding, investment and financing company.

### 2. Accounting policies

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

### Basis of preparation

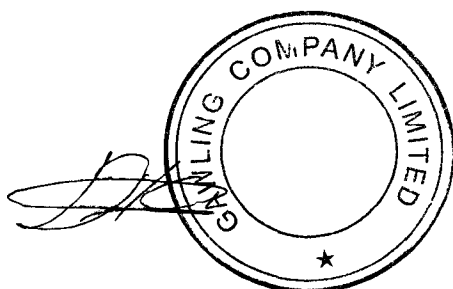
The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention as modified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

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.

### 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 2014. This adoption did not have a material effect on the accounting policies of the Company.

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





# GAWLING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2014 to 30 June 2014

### 2. Accounting policies (continued) Revenue recognition

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

- **Income from investments in securities**

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

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

The difference between the fair value of investments at fair value through profit or loss as at 30 June 2014 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Interest income**

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

- **Dividend income**

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

#### **Finance income**

Finance income includes interest income which is recognised based on an accrual basis.

#### **Finance costs**

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

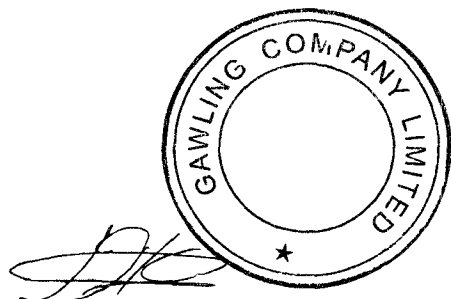
#### **Foreign currency translation**

(1) **Functional and presentation currency**

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



# GAWLING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2014 to 30 June 2014

### Tax

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

### Dividends

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

### Financial instruments

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

#### 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.

#### Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

#### Financial assets

##### (1) Classification

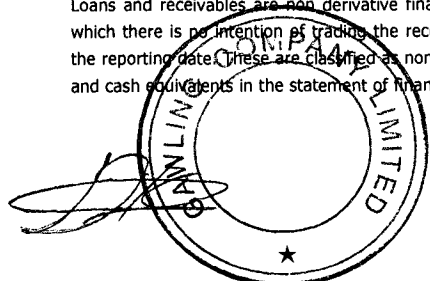
The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired.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

- 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.



# GAWLING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2014 to 30 June 2014

### (2) Recognition and measurement

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

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

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

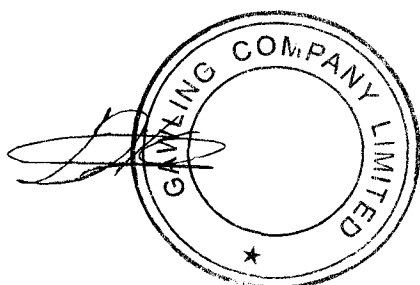
Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences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

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

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

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

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



# GAWLING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2014 to 30 June 2014

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

### Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts.

### Trade payables

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

### Derecognition of financial assets and liabilities

#### Financial assets

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

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

#### Financial liabilities

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

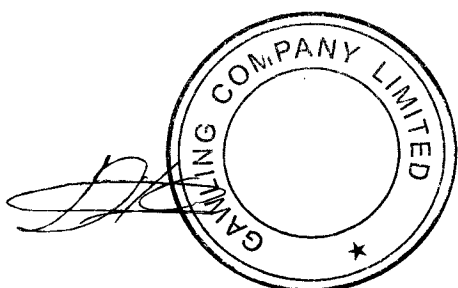
When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability,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

### Offsetting financial instruments

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

### Share capital

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



# GAWLING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2014 to 30 June 2014

### 3. Financial risk management

#### Financial risk factors

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

#### 3.1 Market price risk

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

#### 3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

#### 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 products and 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 high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

#### 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 and by having available an adequate amount of committed credit facilities.

#### 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 Russian Roubles. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

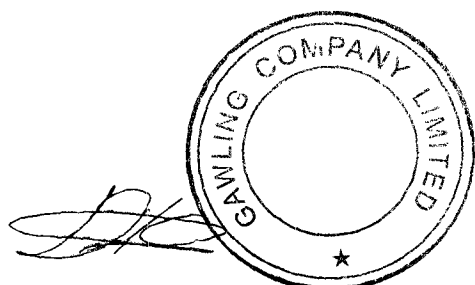
#### 3.6 Capital risk management

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

#### Fair value estimation

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

The fair value of financial instruments traded in active markets, 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.



# GAWLING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the period from 1 January 2014 to 30 June 2014

### 4. Critical accounting estimates and judgments

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.

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. 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.

