

RALAEI HOLDING LTD
REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2017

RALAEEL HOLDING LTD

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2017

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RALAEEL HOLDING LTD

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Anil Kumar Kejriwal Growthpoint Holdings Limited Prithavi Raj Jindal
Company Secretary:	Trident Trust Company (Cyprus) Limited
Independent Auditors:	GAC Auditors Ltd Certified Public Accountants and Registered Auditors
Registered office:	Griva Digeni 115 Trident Centre 3101 Limassol Cyprus
Banker:	State Bank of India
Registration number:	HE270293

RALAEEL HOLDING LTD

MANAGEMENT REPORT

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

Principal activities and nature of operations of the Company

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of finance.

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

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

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in notes 3, 4 and 16 of the financial statements.

Existence of branches

The Company does not maintain any branches.

Results

The Company's results for the year are set out on page 6.

Dividends

The Company did not have any distributable profits as at 31 December 2017, thus the Board of Directors cannot recommend the payment of a dividend.

Share capital

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

Board of Directors

The members of the Company's Board of Directors as at 31 December 2017 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2017.

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

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

Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent Auditors

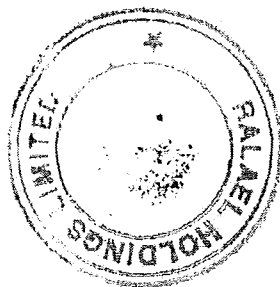
The Independent Auditors, GAC Auditors Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Anil Kumar Kejriwal
Director

United Arab Emirates, 10 May 2018



Independent Auditor's Report

To the Members of Ralael Holding Ltd

Report on the Audit of the Financial Statements

Opinion

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

In our opinion, 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.

Responsibilities of the Board of Directors for the financial statements

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

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

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

Independent Auditor's Report (continued)

To the Members of Ralael Holding Ltd

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:

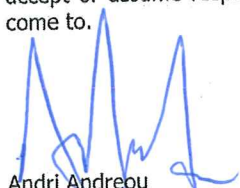
- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Independent Auditor's Report (continued)

To the Members of Ralael Holding Ltd

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.



Andri Andreou
Certified Public Accountant and Registered Auditor
for and on behalf of
GAC Auditors Ltd
Certified Public Accountants and Registered Auditors

Larnaka, 10 May 2018

RALAEEL HOLDING LTD

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

	Note	2017 €	2016 €
Interest income		454.515	281.359
Administration expenses		<u>(13.021)</u>	<u>(12.870)</u>
Operating profit		441.494	268.489
Finance costs	6	<u>(1.990.770)</u>	<u>(1.580.253)</u>
Loss before taxation		(1.549.276)	(1.311.764)
Taxation	7	<u>(13.150)</u>	<u>(2.288)</u>
Net loss for the year		(1.562.426)	(1.314.052)
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive expense for the year		<u>(1.562.426)</u>	<u>(1.314.052)</u>

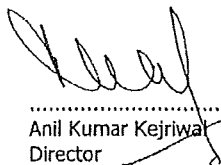
The notes on pages 10 to 20 form an integral part of these financial statements.

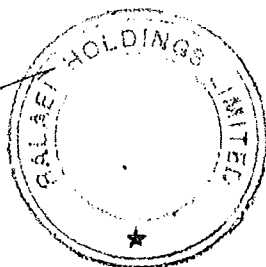
RALAEI HOLDING LTD

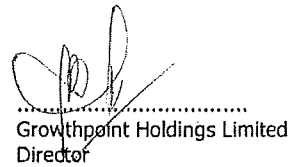
STATEMENT OF FINANCIAL POSITION 31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Investments in subsidiaries	8	43,700,000	38,300,000
Non-current loans receivable	9	-	4,194,200
		<u>43,700,000</u>	<u>42,494,200</u>
Current assets			
Loans receivable	9	7,065,715	-
Cash at bank	10	32,651	41,442
		<u>7,098,366</u>	<u>41,442</u>
Total assets		<u>50,798,366</u>	<u>42,535,642</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	11	3,725	3,725
Share premium		14,571,600	14,571,600
Accumulated losses		(4,727,961)	(3,165,535)
		<u>9,847,364</u>	<u>11,409,790</u>
Advances from shareholders	12	675	675
Total equity		<u>9,848,039</u>	<u>11,410,465</u>
Non-current liabilities			
Borrowings	13	40,904,910	31,098,062
		<u>40,904,910</u>	<u>31,098,062</u>
Current liabilities			
Creditors and accruals	14	32,267	24,827
Current tax liabilities	15	13,150	2,283
		<u>45,417</u>	<u>27,110</u>
Total liabilities		<u>40,950,327</u>	<u>31,125,172</u>
Total equity and liabilities		<u>50,798,366</u>	<u>42,535,642</u>

On 10 May 2018 the Board of Directors of Ralael Holding Ltd authorised these financial statements for issue.


.....
Anil Kumar Kejriwal
Director




.....
Growthpoint Holdings Limited
Director

The notes on pages 10 to 20 form an integral part of these financial statements.

RALAEEL HOLDING LTD

STATEMENT OF CHANGES IN EQUITY Year ended 31 December 2017

	Share capital €	Share premium €	Advances from shareholders €	Accumulated losses €	Total €
Balance at 1 January 2016	2.735	10.872.960	3.700.305	(1.851.483)	12.724.517
Comprehensive income					
Net loss for the year	-	-	-	(1.314.052)	(1.314.052)
Issue of share capital	990	3.698.640	-	-	3.699.630
Repayments for the year	-	-	(3.699.630)	-	(3.699.630)
Total transactions with owners	990	3.698.640	(3.699.630)	-	-
Balance at 31 December 2016	3.725	14.571.600	675	(3.165.535)	11.410.465
Balance at 1 January 2017	3.725	14.571.600	675	(3.165.535)	11.410.465
Comprehensive income					
Net loss for the year	-	-	-	(1.562.426)	(1.562.426)
Balance at 31 December 2017	3.725	14.571.600	675	(4.727.961)	9.848.039

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.

The notes on pages 10 to 20 form an integral part of these financial statements.

RALAEI HOLDING LTD

STATEMENT OF CASH FLOWS

Year ended 31 December 2017

	2017	2016
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before taxation	(1,549,276)	(1,311,764)
Adjustments for:		
Interest income	(454,515)	(281,359)
Interest expense	1,989,847	1,579,725
	(13,944)	(13,398)
Changes in working capital:		
Increase/(Decrease) in creditors and accruals	7,440	(2,069)
Cash used in operations	(6,504)	(15,467)
Interest received	454,515	281,359
Taxation paid	(2,288)	(2,558)
Net cash generated from operating activities	445,723	263,334
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of investments in subsidiaries	(5,400,000)	(2,000,000)
Loans granted	(2,871,515)	-
Loans repayments received	-	1,718,641
Net cash used in investing activities	(8,271,515)	(281,359)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of share capital	-	3,699,630
Repayment from shareholders	-	(3,699,630)
Proceeds from borrowings	9,806,848	1,579,726
Interest paid	(1,989,847)	(1,579,725)
Net cash generated from financing activities	7,817,001	1
Net decrease in cash and cash equivalents	(8,791)	(18,024)
Cash and cash equivalents at beginning of the year	41,442	59,466
Cash and cash equivalents at end of the year	32,651	41,442

The cash and cash equivalents include the following:

	2017	2016
	€	€
Cash at bank (Note 10)	32,651	41,442
	32,651	41,442

The notes on pages 10 to 20 form an integral part of these financial statements.

RALAEEL HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

1. Incorporation and principal activities

Country of incorporation

Ralael Holdings Limited (the "Company") was incorporated in Cyprus on 9 July 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Griva Digeni 115, Trident Centre, 3101 Limassol, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and the provision of finance.

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

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a medium sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2017.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, the provisions of International Financial Reporting Standard 10 'Consolidated Financial Statements' that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

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

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.

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.

Subsidiary companies

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

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

RALAEI HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Significant accounting policies (continued)

Revenue recognition

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

- **Interest income**

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

Finance costs

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

Taxation

Income tax expense represents the sum of the taxation currently payable and deferred 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.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank.

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.

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.

RALAEL HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

2. Significant accounting policies (continued)

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Non-current liabilities

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

Comparatives

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

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, share ownership riskshare ownership 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 Interest rate risk

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

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

	2017	2016
	€	€
Variable rate instruments		
Financial assets	7,065,715	4,194,200
Financial liabilities	<u>(40,904,910)</u>	<u>(31,098,062)</u>
	<u>(33,839,195)</u>	<u>(26,903,862)</u>

3.2 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.

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

RALAEI HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

3. Financial risk management (continued)

3.2 Credit risk (continued)

	2017	2016
	€	€
Loans receivables from related parties	7.065.715	4.194.200
Cash at bank	<u>32.651</u>	41.442
	<u>7.098.366</u>	<u>4.235.642</u>

3.3 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.

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.

31 December 2017	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Borrowings	40.904.910	40.904.910	-	-	-	40.904.910	-
Creditors and accruals	<u>32.267</u>	<u>32.267</u>	-	<u>32.267</u>	-	-	-
	<u>40.937.177</u>	<u>40.937.177</u>	-	<u>32.267</u>	-	<u>40.904.910</u>	-
31 December 2016	Carrying amounts €	Contractual cash flows €	3 months or less €	3-12 months €	1-2 years €	2-5 years €	More than 5 years €
Borrowings	31.098.062	31.098.062	-	-	-	31.098.062	-
Creditors and accruals	<u>24.827</u>	<u>24.827</u>	-	<u>24.827</u>	-	-	-
	<u>31.122.889</u>	<u>31.122.889</u>	-	<u>24.827</u>	-	<u>31.098.062</u>	-

3.4 Share ownership risk

The risk of share ownership arises from the investment in shares/participation of the Company and is a combination of credit, price and operational risk as well as the risk of compliance and loss of reputation. The Company applies procedures of analysis, measurement and evaluation of this risk in order to minimize it.

3.5 Capital risk management

Capital includes equity shares and share premium.

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.

RALAEI HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 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:

- **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.

- **Impairment of investments in subsidiaries**

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

- **Impairment of loans receivable**

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

5. Expenses by nature

	2017	2016
	€	€
Auditors' remuneration	1.904	1.904
Professional fees	10.767	10.616
Annual levy	350	350
Total expenses	13.021	12.870

RALAEI HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

6. Finance costs

	2017	2016
	€	€
Interest expense	1.989.847	1.579.725
Sundry finance expenses	923	528
	<u>1.990.770</u>	<u>1.580.253</u>

7. Taxation

	2017	2016
	€	€
Corporation tax - current year	13.150	2.288
Charge for the year	<u>13.150</u>	<u>2.288</u>

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

	2017	2016
	€	€
Loss before taxation	<u>(1.549.276)</u>	<u>(1.311.764)</u>
Taxation calculated at the applicable tax rates	(193.660)	(163.971)
Tax effect of expenses not deductible for taxation purposes	262.429	201.221
Tax effect of allowances and income not subject to taxation	(56.814)	(35.170)
10% additional charge	1.195	208
Tax charge	<u>13.150</u>	<u>2.288</u>

The corporation tax rate is 12,5%.

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

RALAEEL HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

8. Investments in subsidiaries

	2017	2016
	€	€
Balance at 1 January	38.300.000	36.300.000
Additions	5.400.000	2.000.000
Balance at 31 December	43.700.000	38.300.000

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2017	2016
				€	€
Jindal Saw Italia S.p.A.	Italy	Production of Iron pipes	100	43.700.000	38.300.000
				43.700.000	38.300.000

On September 2010, the Company acquired 100% of the share capital of Jindal Saw Italia S.p.A. for Euro 10.000.

From 2011 to 2015, the Company made various contributions to the share capital of Jindal Saw Italia S.p.A. increasing the cost of investment to €36.300.000.

During 2016, the Company made additional contribution in the share capital of Jindal Saw Italia S.p.A. of €2.000.000 increasing the cost of investment to €38.300.000.

During 2017, the Company made additional contribution in the share capital of Jindal Saw Italia S.p.A. of €5.400.000 increasing the cost of investment to €43.700.000.

The above investment is carried at cost.

9. Non-current loans receivable

	2017	2016
	€	€
Loans to associates (Note 17.1)	7.065.715	4.194.200
Less current portion	(7.065.715)	-
Non-current portion	-	4.194.200

The loans are repayable as follows:

	2017	2016
	€	€
Within one year	7.065.715	-
Between one and five years	-	4.194.200

On 15 March 2015, the Company granted a loan of €9.000.000 to Jindal Saw Italia S.p.A. at the rate of Euribor plus 5,75% per annum. The loan is unsecured and is repayable in a single trench (Bullet) by 31 October 2018.

Also, on 27 July 2015, the Company granted a loan of €5.000.000 to Jindal Saw Italia S.p.A. at a rate of Euribor plus 5,75% per annum. The loan is unsecured and is repayable in a single trench (Bullet) by 31 October 2018.

During the current year, the Company has provided an additional amount of €2.417.000 to Jindal Saw Italia S.p.A based on the additional loan agreement.

RALAEI HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

9. Non-current loans receivable (continued)

The balance of the loan at 31 December 2016 comprises of the principal amount €5,917,000 (2016:€3,500,000) and accrued interest of €1,148,715 (2016:€694,200). The interest charge during the year amounted to €454,515 (2016: €281,359).

The exposure of the Company to credit risk in relation to loans receivable is reported in note 3 of the financial statements.

10. Cash at bank

	2017	2016
	€	€
Cash at bank	<u>32.651</u>	41.442
	<u>32.651</u>	<u>41.442</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.

11. Share capital

	2017	2017	2016	2016
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>	5.000	5.000
		€		€
Issued and fully paid				
Balance at 1 January	3.725	3.725	2.735	2.735
Issue of shares	-	-	990	990
Balance at 31 December	<u>3.725</u>	<u>3.725</u>	3.725	3.725

12. Advances from shareholders

	2017	2016
	€	€
Balance at 1 January	675	3.700.305
Used during the year	-	(3.699.630)
Balance at 31 December	<u>675</u>	<u>675</u>

The advance from shareholders is made available to the Board of Directors for future increases of the share capital of the Company and are not refundable.

13. Borrowings

	2017	2016
	€	€
Non-current borrowings		
Loan from third party	34.159.324	24.707.774
Loan from parent company (Note 17.2)	<u>6.745.586</u>	<u>6.390.288</u>
	<u>40.904.910</u>	<u>31.098.062</u>

RALAEEL HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

13. Borrowings (continued)

Maturity of non-current borrowings:

	2017	2016
	€	€
Between two and five years	<u>40,904,910</u>	<u>31,098,062</u>

The above loans from parent company Jindal Saw Limited are unsecured, carry interest at a rate of 1 year Euribor plus 5,50% per annum and are repayable on 31 March 2018. The above loan includes accrued interest of €1.245.586 (2016: €890.288). The interest charge for the year was €355.298 (2016: €341.828).

The above loans from Jindal Saw Limited have been replaced with a new loan which is unsecured, carry interest at a rate of 1 year Euribor plus 5,50% per annum and are repayable on 29 May 2020.

The above loans from third party are unsecured, carry interest at rate of 3 months Libor plus 4,65% per annum and are repayable by 29 August 2019. The above loans include accrued interest of €4.542.324 (2016: €2.907.774). The interest charge for the year was €1.634.551 (2016: €1.237.898).

14. Creditors and accruals

	2017	2016
	€	€
Shareholders' current accounts - credit balances (Note 17.3)	22,924	22,924
Accruals	9,036	1,903
Other creditors	<u>307</u>	-
	<u>32,267</u>	<u>24,827</u>

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

15. Current tax liabilities

	2017	2016
	€	€
Corporation tax	<u>13,150</u>	2,288
	<u>13,150</u>	<u>2,288</u>

16. Operating Environment of the Company

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.

RALAEI HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2017

16. 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 is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

17. Related party transactions

The Company is controlled by XXX Holding Ltd, incorporated in Cyprus, which owns XX% of the Company's shares.

The following transactions were carried out with related parties:

17.1 Loans to subsidiary (Note 9)

	2017	2016
	€	€
Jindal Saw Italia S.p.A.	<u>7.065.715</u>	<u>4.194.200</u>
	<u>7.065.715</u>	<u>4.194.200</u>

17.2 Loans from parent company (Note 13)

	2017	2016
	€	€
Jindal Saw Limited	<u>6.745.586</u>	<u>6.390.288</u>
	<u>6.745.586</u>	<u>6.390.288</u>

17.3 Shareholders' current accounts - credit balances (Note 14)

	2017	2016
	€	€
Shareholders' current accounts	<u>22.924</u>	<u>22.924</u>
	<u>22.924</u>	<u>22.924</u>

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

18. Contingent liabilities

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

19. Commitments

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

20. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

RALAEEL HOLDING LTD

NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2017

Independent auditor's report on pages 3 to 5

RALAEI HOLDING LTD

DETAILED INCOME STATEMENT

Year ended 31 December 2017

	Page	2017 €	2016 €
Revenue			
Interest income		454.515	281.359
Operating expenses			
Administration expenses	22	<u>(13.021)</u>	<u>(12.870)</u>
Operating profit		441.494	268.489
Finance costs	23	<u>(1.990.770)</u>	<u>(1.580.253)</u>
Net loss for the year before taxation		<u>(1.549.276)</u>	<u>(1.311.764)</u>

RALAEEL HOLDING LTD

ADMINISTRATIVE EXPENSES

Year ended 31 December 2017

	2017	2016
	€	€
Administration expenses		
Auditors' remuneration	1.904	1.904
Legal and professional	10.767	10.616
Shared maintenance charges	350	350
	<u>13.021</u>	<u>12.870</u>

RALAEEL HOLDING LTD

FINANCE COSTS

Year ended 31 December 2017

	2017	2016
	€	€
Finance costs		
Interest expense		
Loan interest	1.989.847	1.579.725
Sundry finance expenses		
Bank charges	<u>923</u>	<u>528</u>
	<u>1.990.770</u>	<u>1.580.253</u>

RALAEEL HOLDING LTD

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2017

	Page	€	€
Net loss per income statement	21		(1,549,276)
<u>Add:</u>			
Disallowed interest		1,989,847	
Annual levy		350	
Interest income in order to obtain the profit margin		95,637	
General expenses		13,594	
			<u>2,099,428</u>
			550,152
<u>Less:</u>			
Interest income		454,515	
			<u>(454,515)</u>
Chargeable income for the year			<u><u>95,637</u></u>

Calculation of corporation tax

	Income €	Rate %	Total € c
Taxation at normal rates:			
Chargeable income as above	<u>95,637</u>	12,50	11,954,63
10% additional charge			<u>1,195,46</u>
TAX PAYABLE			<u><u>13,150,09</u></u>