

GRAMEXO PLC

**REPORT AND INTERIM UNAUDITED
FINANCIAL STATEMENTS
Period from 1 January to 30 June 2016**

REPORT AND INTERIM UNAUDITED FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

CONTENTS

Page

Completion of Missing Information	1
Board of Directors and other Officers	2
Report of the Board of Directors	3-5
Statement of comprehensive income for the period ended 30 June 2016	6
Statement of financial position as at 30 June 2016	7
Statement of changes in equity for the period ended 30 June 2016	8
Statement of cash flow for the period ended 30 June 2016	9
Notes to the interim financial statements for the period ended 30 June 2016	10-20
Computation of corporation tax	21
Additional information to the Statement of comprehensive income	22-23

GRAMEXO PLC

COMPLETION OF MISSING INFORMATION

Based on the letter of Notification of shortcomings from Czech National Bank, dated on 7 March 2017 and in accordance with the Act No. 256/2004 Coll., Company GRAMEXO PLC presents the corrected Half-yearly Report as of 30 June 2016.

GRAMEXO PLC

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors: Ivana Tollarovicova
Nicolas Italos – appointed on 9 May 2016

Company secretary: PA.TY Secretarial Limited

Registered office: Akropoleos 59-61
SAVVIDES CENTER
1st floor, Flat/Office 102
P.C. 2012 Nicosia, Cyprus

Registration number: HE199326

GRAMEXO PLC

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and unaudited financial statements of the company GRAMEXO PLC ("Company") for the period from 1 January 2016 to 30 June 2016.

Incorporation

The company GRAMEXO PLC (Former Gramexo Limited) was incorporated in Cyprus on 14 May 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

Principal activities

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

Change of Company's legal form and name

On 23 May 2016, the Company changed its legal form from *limited company* to the *public limited company* and subsequently changed its name from Gramexo Limited to GRAMEXO PLC.

Results and Dividends

The Company's results for the period are set out on page 6. The Board of Directors does not recommend payment of dividends.

Review of current position, future developments and significant risks

The Company is not aware of adverse trends, demands, obligations or events that might have a significant effect on the prospects of the Company in the current financial year.

The Company concentrates its activities, in particular, on the Czech real estate market. Thanks to recent acquisition of Rustonka Development s.r.o., ("Rustonka") the Company operates mainly on the Prague administration and multifunctional buildings market, specifically in the area of Prague 8-Karlín.

Furthermore, the Company plans to launch unsecured and unsubordinated zero-coupon certificates in registered form, in total anticipated aggregate principal amount of CZK 1,395,000,000 (in words: one billion three hundred ninety-five million Czech crowns), in the expected quantity of 46,500 certificates, with the expected nominal value of each certificate amounting to CZK 30,000 (in words: thirty thousand Czech crowns), at the initial issue price in the amount of CZK 23,228 (77,426%) at the expected issue date of 13 September 2016, due in 2021.

The proceeds from the bond issue will be lent to the Company's subsidiary Rustonka Development s.r.o. (or other future subsidiaries) to cover its business activities.

Estimated costs connected with the issuance of the certificates will be approximately CZK 20,000,000 and net proceeds are expected to be approximately CZK 1,060,000,000.

In the third quarter of 2016, Company plans to establish a new subsidiary to support project plans in Praha 8-Karlín.

Significant risks are as follows:

Credit risk

Credit risk is a risk that the Company will not be able to repay the Certificates. The major credit risk borne by the Company will come from a loan provided to Rustonka and a corresponding inability of Rustonka to repay the provided financing. The credit risk is associated with Rustonka, or its other future subsidiaries.

Liquidity risk

Liquidity risk is a risk caused by lack of resources that should be available at every moment to secure settlement of monetary obligations as soon as they become mature. The Company monitors liquidity risk closely and matches the maturity of assets and liabilities.

GRAMEXO PLC

REPORT OF THE BOARD OF DIRECTORS

Market risk

Market risk is a risk related to changes of market prices such as exchange rates, interest rates and prices (values) that will affect income or value of financial instruments or assets of the Company.

Currency risk

Currency risk is a risk that the fair value or future cash flow will fluctuate because of change in exchange rates. The Company can be exposed to currency risk, for example, proceeds from rent of Rustonka that determine at the same time fair value of real estate will be denominated in EUR while instalments of loan provided to Rustonka by the Company will be in Czech crowns. The Company's management monitors the exchange rate fluctuations on a continuous basis.

Interest rate risk

Interest rate risk is a risk that future cash flow will fluctuate because of changes in market interest rates. Since the Company's certificates and its lending to Rustonka are issued at a fixed rate, the Company naturally mitigates this risk.

Price risk

Through the loan, provided to Rustonka, the Company will face the price risk of adverse development in the value of real estate (including the risk of lease or possibly sale thereof).

Comparison with corresponding period of previous year

The Company incurred a net loss of CZK 1,716,645 during the first half of 2016 and its current assets exceeded its current liabilities by CZK 3,927,835. Total equity of the Company presented CZK. 3,851,444. During the first half of 2015 the Company incurred a net profit of CZK 99,349,182 and its current assets exceeded its current liabilities by CZK 5,046,625. During the year ended 31 December 2015, the Company incurred a net profit of CZK 99,014,075 and its current assets exceeded its current liabilities by CZK 4,711,515.

In the first half of 2015, the Company engaged, similarly as in the first half of 2016, in investments and provision of finance.

In the first half of 2015 the Company made additional capital contribution of CZK 138,437,421 to the subsidiary Development Pobřežní, s.r.o. which was used for repayment of subsidiary's financial liabilities. Subsequently, during the first half of 2015 this subsidiary was sold. Total proceeds from the sale of the share, after deduction of the costs related to the sale, amounted to CZK 101,420,198.

In the first half of 2016 the Company sold another business share, specifically 100% share in PROSEK COURT s.r.o. The Company has not reached any profit or loss from this transaction, since it sold the company for CZK 200,000, which was also the purchase price of the share.

In the first half of 2016 the Company purchased business share in Rustonka Development s.r.o. This is related to the subsequent decision of the Company to issue bonds.

Share capital

Authorised share capital

On 5 May 2016 through a shareholder's resolution, it was decided to increase the Company's authorised share capital from 1.000 ordinary shares of EUR 1,71each to 15.205 ordinary shares of EUR 1,71each.

Issued capital

On 5 May 2016, the Company's issued share capital was increased from 1.000 ordinary shares of EUR1,71each to 15.205 ordinary shares of EUR1,71each, with the issue of 14.205 new ordinary shares at par.

GRAMEXO PLC

REPORT OF THE BOARD OF DIRECTORS

Events after the reporting period

Any significant events after the reporting period are described in note 21 of the financial statements.

Board of Directors

The members of the Company's Board of Directors as at 30 June 2016 and at the date of this report are presented on page 2.

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 Directors.

We declare that the Half-yearly Report gives to our best knowledge true and fair view of financial situation, business activities and economic results for the past accounting period and on prospects of future development of financial situation, business activities and trading result.

By order of the Board of Directors,



Ivana Tollarovicova
Director

Nicosia, 10 April 2017



Nicolas Italos
Director

Nicosia, 10 April 2017

GRAMEXO PLC

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Period from 1 January to 30 June

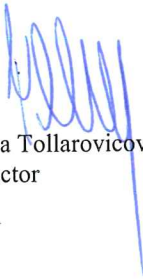
<i>in CZK</i>		01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
	<i>Note</i>		
Profit from sale of investment in subsidiary	6	-	101,420,198
Administration expenses	7	(589,685)	(72,249)
Other expenses	8	(1,126,734)	(1,862,427)
Operating profit/(loss)		(1,716,419)	99,485,522
Finance income		472	976,800
Finance costs		(698)	(1,113,140)
Net finance costs	9	(226)	(136,340)
Profit/(loss) before tax		(1,716,645)	99,349,182
Tax	10	-	-
Net profit/(loss) for the period		(1,716,645)	99,349,182
Other comprehensive income		-	-
Total comprehensive income/(expense) for the period		(1,716,645)	99,349,182


GRAMEXO PLC

STATEMENT OF FINANCIAL POSITION 30 June 2016

<i>in CZK</i>	<i>Note</i>	30 June 2016	31 December 2015
Assets			
Non-current assets			
Investments in subsidiaries	11	2,703	200,000
		<u>2,703</u>	<u>200,000</u>
Current assets			
Trade and other receivables	12	4,021,205	4,958,229
Cash at bank	13	662,228	45,192
Total current assets		<u>4,683,433</u>	<u>5,003,421</u>
Total assets		<u>4,686,136</u>	<u>5,203,421</u>
Equity and liabilities			
Share capital	14	702,094	45,520
Retained earnings/(accumulated losses)		3,149,350	4,865,995
Total equity		<u>3,851,444</u>	<u>4,911,515</u>
Non-current liabilities			
Borrowings	15	79,094	-
		<u>79,094</u>	<u>-</u>
Current liabilities			
Trade and other liabilities	16	755,338	291,647
Current tax liabilities	17	260	259
		<u>755,598</u>	<u>291,906</u>
Total liabilities		<u>834,692</u>	<u>291,906</u>
Total equity and liabilities		<u>4,686,136</u>	<u>5,203,421</u>

On 10 April 2017 the Board of Directors of Gramexo Plc authorised these financial statements for issue.


Ivana Tollarovícová
Director


Nicolas Italos
Director

GRAMEXO PLC

STATEMENT OF CHANGES IN EQUITY

Period from 1 January to 30 June 2016

<i>in CZK</i>	Share capital	Retained earnings/ (accumulated losses)	Total
Balance as at 1 January 2015	45,520	(94,148,080)	(94,102,560)
Comprehensive income for the period	-	99,349,182	99,349,182
Balance as at 30 June 2015	45,520	5,201,102	5,246,622
Comprehensive income for the period	-	(335,107)	(335,107)
Balance as at 31 December 2015	45,520	4,865,995	4,911,515
Increase of share capital of the company	656,574		656,574
Comprehensive income for the period	-	(1,716,645)	(1,716,645)
Balance as at 30 June 2016	702,094	3,149,350	3,851,444

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 20 % for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies or individuals) are Cyprus tax residents. 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.

GRAMEXO PLC

CASH FLOW STATEMENT

Period from 1 January to 30 June 2016

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Cash flows from operating activities		
Profit/(loss) before tax	(1,716,645)	99,349,182
Profit from sale of investments in subsidiaries	-	(101,420,198)
Interest expense	198	1,111,373
Unrealised foreign exchange difference	277	(5,632)
Exchange difference on tax	1	(5)
	<u>(1,716,169)</u>	<u>(965,280)</u>
Change in working capital:		
Increase/Decrease in trade and other receivables	937,024	(4,937,268)
Increase/Decrease in trade and other payables	463,691	(93,638,025)
Cash used in operations	<u>(315,454)</u>	<u>(99,540,573)</u>
Tax paid	-	-
	<u>(315,454)</u>	<u>(99,540,573)</u>
Payment for increase of share capital	656,574	-
Net cash (used in)/generated from operating activities	<u>341,120</u>	<u>(99,540,573)</u>
Cash flows from investing activities		
Purchase of investments in subsidiaries	(2,703)	(143,336,556)
Proceeds from sale of investments in subsidiary undertakings	200,000	244,956,754
Net cash generated from investing activities	<u>197,297</u>	<u>101,620,198</u>
Cash flow from financing activities		
Repayment of borrowings	0	(139,238,475)
Proceeds from borrowings	78,619	138,569,489
Interest paid	-	(1,133,109)
Net cash (used in)/generated from financing activities	<u>78,619</u>	<u>(1,802,095)</u>
Net increase in cash and other cash equivalents	617,036	277,530
Cash and other equivalents as at the beginning of the year	45,192	47,717
Cash and other equivalents at end of the period	<u>662,228</u>	<u>325,247</u>

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

1. Incorporation and principal activities

Country of incorporation

The company Gramexo Plc (the “Company”) was incorporated in Cyprus on 14 May 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Akropoleos 59-61, Savvides Center, 1st floor, Flat/Office 102, P.C. 2012 Nicosia, Cyprus.

Change of company name

On 23 May 2016, the Company changed its name from Gramexo Limited to Gramexo Plc.

Principal activities

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

2. Unaudited financial statements

The financial statements for the six months ended on 30 June 2015 and 2016 respectively, have not been audited by the external auditors of the Company.

3. Accounting policies

The financial statements, which are presented in CZK, have been prepared in accordance with International Financial Reporting Standards (IFRS), including IAS 34 “Interim Financial Reporting”, and the requirements of the Cyprus Companies Law, Cap. 113.

The accounting policies used in the preparation of the financial statements are in accordance with those used in the annual financial statements for the year ended 31 December 2015.

Costs that are incurred during the financial year are anticipated or deferred for interim reporting purposes if, and only if, it is also appropriate to anticipate or defer that type of cost at the end of the financial year.

These financial statements must be read in conjunction with the annual financial statement for the year ended 31 December 2015.

Subsidiary companies

Subsidiaries are entities controlled by the Group. Control exists where the Group 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.

Revenue recognition

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

- **Income from investments in subsidiaries**

Dividend from investments in subsidiaries 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 accrual bases.

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

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

3. Accounting policies (continued)

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 economics environment in which the entity operates ("the functional currency"). The financial statements are presented in Czech Crown (CZK), 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 period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

Income tax expense represents the sum of the tax 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.

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 in 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 transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

3. Accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

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

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flow from the asset, but has assumed an obligation to pay in full without material delay to a third party under a “pass through” arrangement; or
- the Company has transferred its right 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.

Impairment of assets

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

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present obligation as a result of a past event, and it is probable that the Company will be required to settle that obligation. Provisions are measured at the director's best estimate of the expenditure required to settle the obligation at the reporting date, and are discounted to present value where the effect is material.

Comparatives

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

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

4. Financial risk management

Financial risk factors

The company is exposed to liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

4.1 Liquidity risk

Liquidity risk is a 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 losses such as maintaining sufficient cash and other highly liquid current assets.

The following table details the Company's remaining contractual maturity for its financial liabilities. The table has 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.

<i>in CZK</i>	Carrying amounts	Contractual cash flows	3 months or less	Between 3-12 months	Between 1-5 years
30 June 2016					
Credit facility	79,094	85,146	-	-	85,146
Trade and other payables	755,338	755,338	755,338	-	-
	834,432	840,484	755,338	-	85,146
31 December 2015					
Trade and other payables	291,647	291,647	291,647	-	-
	291,647	291,647	291,647	-	-

4.2 Currency risk

Currency risk is a 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 Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

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

<i>in CZK</i>	Liabilities		Assets	
	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Euro	834,688	291,906	660,903	12,184
	834,688	291,906	660,903	12,184

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

4. Financial risk management (continued)

Sensitivity analysis

A 10% strengthening of the Czech crown against the following currencies at 30 June 2016 would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables, in particular interest rates, remain constant. For a 10 % weakening of the Czech crown against the relevant currency, there would be an equal and opposite impact on the profit and other equity.

	Equity		Profit or loss	
<i>in CZK</i>	30 June 2016	31 December 2015	30 June 2016	31 December 2015
Euro	17,379	27,972	17,379	27,972
	17,379	27,972	17,379	27,972

5. Critical accounting estimates and judgements

Estimates and judgements 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:

- **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 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 follows the guidance of IAS 36 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgement. In making this judgement, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and financial health and near-term business outlook for the Investee, including factors such as industry sector performance, changes in technology and operational and financing cash flow.

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

6. Profit from sale of investment in subsidiary

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Acquisition cost	(200,000)	(200,000)
Other capital contribution	-	(138,437,421)
Mediatory fee	-	(4,899,135)
Disposal proceeds	200,000	244,956,754
Net profit from sale of investment in subsidiary	-	101,420,198

Proceeds from the sale of financial investments during 2015 were materialized from the sale of 100% shares in company Development Pobřežní, s.r.o.

During the first half of 2016 the Company disposed its subsidiary PROSEK COURT, s.r.o. with no impact on profit or loss.

7. General and administration expenses

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Administration services	397,796	73,041
Audit fees	155,323	-
Director's fees	10,820	(10,442)
Annual company fee	9,468	9,650
Accounting services	16,278	-
General and administration expenses	589,685	72,249

8. Other expenses

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Guarantee expenses (1)	1,126,734	1,849,927
Other expenses	-	12,500
	1,126,734	1,862,427

(1) Guarantee declaration details are shown in note 20.

9. Finance income/cost

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Exchange profit	472	976,800
Finance income	472	976,800

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

9. Finance income/cost (continued)

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Net foreign exchange transaction losses	-	-
Interest expense	(198)	(1,111,373)
Sundry finance expenses	(500)	(1,767)
Finance costs	(698)	(1,113,140)
Net finance costs	(226)	(136,340)

The amount of interest expense of 1,056,801 CZK represents interest from the loan with J&T Banka, a.s. The loan was granted from J&T Banka, a.s. and was repaid during the first half of the year 2015. Interest in the amount of 54,572 CZK represents interest from loan granted by the Company J&T Real Estate Private Equity, B.V. This loan was also fully repaid during the first half of the year 2015.

Another loan from J&T Real Estate Private Equity B.V. was granted to the Company in June 2016 (note 15).

10. Tax

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

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Profit/(loss) before tax	(1,716,645)	99,349,182
Tax calculated at the applicable tax rates	(214,581)	12,418,648
Tax effect of expenses not deductible for tax purposes	214,640	380,977
Tax effect of allowances and income not subject to tax	(59)	(12,799,625)
Tax charge	-	-

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

11. Investments in subsidiaries

<i>in CZK</i>	2016	2015
Balance at 1 January	200,000	400,000
Other capital contribution	-	138,437,421
Additions	2,703	-
Disposals	(200,000)	(138,637,421)
Balance at 30 June/31 December	2,703	200,000

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>30 June 2016 Holding %</u>	<u>31 December 2015 Holding %</u>
PROSEK COURT s.r.o.	Czech Republic	Real Estate	-	100
Rustonka Development s.r.o.	Czech Republic	Real Estate	100	-

- (i) On 28 April 2016, the Company (“Seller”) entered into an Agreement on Transfer of Ownership Interest with a third party (“Purchaser”) for the disposal of 100% of PROSEK COURT s.r.o., for a purchase price of CZK 200,000.
- (ii) On 10 June 2016, the Company (“Purchaser”) entered into an Agreement on Transfer of Ownership Interest with a third party (“Seller”) for the acquisition of 100% of Rustonka Development s.r.o., for a purchase price of CZK 2,703 (EUR 100).
- (iii) According to the AGREEMENT ON CONTINUATION OF AN OBLIGATION concluded on 10 June 2016, the Company is obliged to pay to a contracting party an amount of CZK 28,000,000 in case of transfer of its share, or its part in company Rustonka Development s.r.o. to a third party until 31 December 2021 for an amount over CZK 242,100,000 (or for an aliquot amount in case that only part of the share will be transferred).
- (iv) During the year 2015 the Company made an additional capital contribution of CZK 138,437,421 to the subsidiary Development Pobřežní, s.r.o. which was used for repayment of the subsidiary’s financing liabilities (note 18.2).

12. Trade and other receivables

<i>in CZK</i>	30 June 2016	31 December 2015
Receivables from disposed subsidiaries	200,000	-
Deposits and prepayments	316	315
Other receivables	-	10,291
Deferred expenses	3,820,889	4,947,623
	4,021,205	4,958,229

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

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

12. Trade and other receivables (continued)

Receivable from disposed subsidiaries in the amount of CZK 200,000 represents selling price for the subsidiary PROSEK COURT, s.r.o..

Deferred expenses amounting to CZK 3,820,889 (31 December 2015: CZK 4,947,623) are connected with guarantee declaration (see note 20).

13. Cash and cash equivalents

Cash balances are analysed as follows:

<i>in CZK</i>	30 June 2016	31 December 2015
Cash at bank	662,228	45,192
	662,228	45,192

<i>in Currency</i>	30 June 2016	31 December 2015
Czech crown	1,641	43,614
Euro	660,587	1,578
	662,228	45,192

14. Share capital

<i>in CZK</i>	2016 Number of shares	2016 CZK	2015 Number of shares	2015 CZK
Authorised Ordinary shares of EUR 1,71	1.000	45,520	1.000	45,520
Issued and fully paid Balance at 1 January	1.000	45,520	1.000	45,520
Issue of shares	14.205	656,574	-	-
Balance as at 30 June/31 December	15.205	702,094	1.000	45,520

Authorised capital

On 5 May 2016 through a shareholder's resolution, it was decided to increase the Company's authorised share capital from 1.000 ordinary shares of EUR 1,71 each to 15.205 ordinary shares of EUR 1,71 each.

Issued capital

On 5 May 2016, the Company's issued share capital was increased from 1.000 ordinary shares of EUR 1,71 each to 15.205 ordinary shares of EUR 1,71 each, with the issue of 14.205 new ordinary shares at par.

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

15. Borrowings

Current borrowings

<i>in CZK</i>	30 June 2016	31 December 2015
Credit facility	78,896	-
Credit facility – accrued interest	198	-
Trade and other liabilities	79,094	-

On 13 June 2016 Company entered into Credit Contract with J&T Real Estate Private Equity B.V. (“Creditor”) for the granting of a loan with a credit limit in the amount of EUR 35,000 which bears interest at the rate 5,10 % per annum and is payable on 31 December 2017.

The above credit facility was unsecured.

The weighted average effective interest rates at the reporting date were as follows:

	1 January 2016 - 30 June 2016	1 January 2015 - 31 December 2015
Credit facility	5, 10%	-

16. Trade and other liabilities

<i>in CZK</i>	30 June 2016	31 December 2015
Trade and other payables	276,611	205,711
Accruals	478,727	85,936
Trade and other liabilities	755,338	291,647

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

17. Current tax liabilities

<i>in CZK</i>	30 June 2016	31 December 2015
Special contribution for defence	260	259
	260	259

18. Related party transactions

The Company is controlled by PA.TY. Nominees Limited, a company incorporated in Cyprus, which holds 99,61% of the Company’s shares, on behalf of foreign individual.

The following transactions were carried out with related parties:

GRAMEXO PLC

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2016

18. Related party transactions (continued)

18.1 Director's remuneration

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

<i>in CZK</i>	30 June 2016	30 June 2015
Director's fee	10,820	(10,442)
	<u>10,820</u>	<u>(10,442)</u>

18.2 Transactions with subsidiary

<i>in CZK</i>	30 June 2016	30 June 2015
Other capital contribution	-	138,437,421
	<u>-</u>	<u>138,437,421</u>

For details refer to note 11.

19. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2016.

20. Commitments

A guarantee declaration was issued by a Slovak legal entity (as the guarantor) in favour of the buyer of the 100% shares in Development Pobřežní, s.r.o. In the event that in the future, Gramexo Plc. as the seller will not be able to meet its obligations arising from the agreement on transfer of shares, if any, the Guarantor will meet the obligations instead. The guarantee declaration is limited up to the selling price amount and by time.

21. Events after the reporting period

The Company decided to issue unsecured and unsubordinated zero-coupon certificates in registered form, in the total anticipated aggregate principal amount of CZK 1,395,000,000 (in words: one billion three hundred ninety-five million Czech crowns), in the expected quantity of 46,500 certificates, with the expected nominal value of each certificate amounting to CZK 30,000 (in words: thirty thousand Czech crowns), at the initial issue price in the amount of CZK 23,228 (77,426%) as of the expected issue date 13 September 2016, due in 2021.

GRAMEXO PLC

COMPUTATION OF CORPORATION TAX

Period from 1 January 2016 to 30 June 2016

	CZK	CZK
Net profit per income statement		(1,716,645)
<u>Add:</u>		
Guarantee expenses	1,126,734	
Disallowed interest	198	
Annual company fee	9,468	
Expenses relating to investments	<u>580,717</u>	
		<u>1,717,117</u>
		472
<u>Less:</u>		
Exchange difference	<u>472</u>	
		<u>(472)</u>
Chargeable income for the period		<u><u>-</u></u>

GRAMEXO PLC

DETAILED INCOME STATEMENT

Period from 1 January 2016 to 30 June 2016

<i>in CZK</i>	<i>Note</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Revenue			
Profit from sale of investments in subsidiaries	6	-	101,420,198
		-	101,420,198
Operating expenses			
Administration expenses	7	(589,685)	(72,249)
Guarantee expenses	8	(1,126,734)	(1,849,927)
Other expenses	8	-	(12,500)
		(1,716,419)	(1,934,676)
Operating profit/(loss)		(1,716,419)	99,485,522
Finance income		472	976,800
Finance costs		(698)	(1,113,140)
Profit/(loss) for the period before tax		(1,716,645)	99,349,182

GRAMEXO PLC

FINANCE INCOME /COST

Period from 1 January 2016 to 30 June 2016

<i>in CZK</i>	01/01/2016- 30/06/2016	01/01/2015- 30/06/2015
Finance income		
Exchange profit	472	976,800
	472	976,800
Finance costs		
Interest expense		
Loan interest	(198)	(1,111,373)
Sundry finance expenses		
Bank charge	(500)	(1,767)
	(698)	(1,113,140)