

**GRAMEXO PLC**  
**(FORMERLY GRAMEXO LIMITED)**

REPORT AND CONDENSED INTERIM UNAUDITED  
CONSOLIDATED FINANCIAL STATEMENTS prepared in  
accordance with IAS 34 Interim Financial Reporting

Period ended 30 June 2017

# **GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)**

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## **COMPLETION OF MISSING INFORMATION**

Based on the letter of Notification of shortcomings from Czech National Bank, dated on January 26, 2018 and in accordance with the Act No. 256/2004 Coll., Company GRAMEXO PLC presents the corrected Half-yearly Report as of 30 June 2017.

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

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## MANAGEMENT REPORT

The Board of Directors presents its report and condensed interim unaudited consolidated financial statements of the holding company GRAMEXO PLC („Company“) and its subsidiaries („together with the Company, the Group“) for the period from 1 January 2017 to 30 June 2017.

### **Incorporation**

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

### **Principal activities and nature of operations of the Group**

The principal activities of the Group are the provision of finance, the holding of investments and development in real estate area.

### **Change of holding Company name**

On 23 May 2016, the holding Company changed its name from Gramexo Limited to GRAMEXO PLC. Also the status of the holding Company changed from private limited liability company to public limited liability Company.

### **Changes in group structure**

During the year ended 31 December 2016 the wholly owned subsidiary Prosek Court s.r.o. was disposed, a new subsidiary was incorporated namely Rustonka Development II s.r.o (which currently remains dormant) and the holding Company acquired the whole share capital of Rustonka Development s.r.o.

### **Review of current position, future developments and performance of the Group's business**

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

Furthermore, the company GRAMEXO PLC launched unsecured and unsubordinated zero-coupon certificates in registered form, in total nominal value of CZK 1 179 000 000 (in words: one billion one hundred and seventy nine million Czech crowns) in the quantity of 39,300 certificates.

The total anticipated aggregate principal is 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. Nominal value of each certificate is 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 were 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.

During the period ended 30 June 2017, the Group incurred a loss of CZK 33,821,618 (during the year ended 31 December 2016: a loss of CZK 42,948,737), as at that date its liabilities exceeded its assets by CZK 127,519,969 (31 December 2016: CZK 93,698,351). These conditions, indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern.

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

### **Principal risks and uncertainties**

The principal risks and uncertainties faced by the Group are disclosed in notes 3 and 5 of the consolidated financial statements.

### **Existence of branches**

The Group does not maintain any branches.

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

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## MANAGEMENT REPORT

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 capital

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

#### Issued capital

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

### Treasury shares

The Company did not make any acquisitions of its own shares either itself directly or through a person acting in his own name or on the Company's behalf.

### Corporate Governance Code

During the year the Group commenced the issue of listed bearer securities (bonds), which are traded in Prague stock exchange market. The Board of Directors, as at the date of this report, has not adopted the relevant Corporate Governance Code. However, it is the intention of the Board to partially implement the code in the forthcoming years.

### Board of Directors

The members of the Group's Board of Directors as at 30 June 2017 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.

### Operating Environment of the Group

There is no significant change in the operating environment of the Group for the period ended 30 June 2017.

### 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, other than as described in note 18 to the financial statements.

### Related party balances and transactions

Disclosed in note 14 of the consolidated financial statements.

We declare that the report and condensed interim unaudited consolidated financial statements 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 Tollarovícová  
Director

Nicosia, March 6, 2018



Nicolas Italos  
Director

Nicosia, March 6, 2018



# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

## INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION 30 June 2017

	Note	30 June 2017 CZK	31 December 2016 CZK
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	8	1,203,230,922	997,038,000
Intangible assets		115,998	128,000
		<b>1,203,346,920</b>	<b>997,166,000</b>
<b>Current assets</b>			
Trade and other receivables	9	3,585,457	5,232,965
Cash and cash equivalents	10	1,455,992	3,724,700
		<b>5,041,449</b>	<b>8,957,665</b>
<b>Total assets</b>		<b>1,208,388,369</b>	<b>1,006,123,665</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital		702,094	702,094
Other reserves		(56,317,703)	(56,317,703)
Accumulated losses		(71,904,360)	(38,082,742)
<b>Total equity</b>		<b>(127,519,969)</b>	<b>(93,698,351)</b>
<b>Non-current liabilities</b>			
Borrowings	11	1,255,210,616	976,526,145
Deferred tax liability		13,693,680	13,693,680
		<b>1,268,904,296</b>	<b>990,219,825</b>
<b>Current liabilities</b>			
Trade and other payables	12	57,434,906	108,930,553
Borrowings	11	9,530,991	631,971
Current tax liabilities		38,145	39,667
		<b>67,004,042</b>	<b>109,602,191</b>
<b>Total liabilities</b>		<b>1,335,908,338</b>	<b>1,099,822,016</b>
<b>Total equity and liabilities</b>		<b>1,208,388,369</b>	<b>1,006,123,665</b>

The notes on pages 10 to 21 form an integral part of these interim consolidated financial statements.

On 6 March, 2018 the Board of Directors of GRAMEXO PLC (formerly Gramexo Limited) authorised these consolidated financial statements for issue.

.....  
Ivana Tollarovícová  
Director

.....  
Nicolas Italos  
Director

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

## INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS

Period ended 30 June 2017

	Note	Period ended 30 June 2017 CZK	Period ended 30 June 2016 CZK
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>(Loss) before tax from continuing operations</b>		<b>(33,821,618)</b>	<b>(1,716,645)</b>
Adjustments for:			
Amortisation of intangible assets	6	12,432	-
Interest expense	7	27,848,029	198
Unrealised foreign exchange difference		(1,400,776)	277
Exchange difference on tax		-	1
		<b>(7,361,933)</b>	<b>(1,716,169)</b>
<b>Changes in working capital:</b>			
Increase in trade and other receivables		1,647,508	937,024
Increase in trade and other payables		(56,064,292)	463,691
<b>Cash used in operations</b>		<b>(61,778,717)</b>	<b>(315,454)</b>
Payment for increase of share capital		-	656,574
<b>Net cash generated from/(used in) operating activities</b>		<b>(61,778,717)</b>	<b>341,120</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investment property	8	(202,351,072)	-
Purchase of investments in subsidiaries		-	(2,703)
Proceeds from sale of investments in subsidiary undertakings		-	200,000
<b>Net generated from/(used in) investing activities</b>		<b>(202,351,072)</b>	<b>197,297</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Repayment of borrowings		(255,850,000)	-
Proceeds from borrowings		256,902,095	78,619
Cash inflows from bonds		260,808,986	-
<b>Net cash generated from financing activities</b>		<b>261,861,081</b>	<b>78,619</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(2,268,708)</b>	<b>617,036</b>
Cash and cash equivalents at the beginning of the period		3,724,700	45,192
<b>Cash and cash equivalents at the end of the period</b>	10	<b>1,455,992</b>	<b>662,228</b>

The notes on pages 10 to 21 form an integral part of these interim consolidated financial statements.

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Period ended 30 June 2017

### 2. Significant accounting policies (continued)

The Group did not use any other standards in the wording adopted by the EU in advance, for which their application was not mandatory at the date of the preparation of the financial statements.

#### Finance income

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

#### Finance costs

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

#### Foreign currency translation

##### *Functional and presentation currency*

Items included in the Group'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 Czech Koruna (CZK), which is the Group's functional and presentation currency.

##### *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.

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other gains/ (losses) – net".

#### 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.

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.

#### Investment properties

Investment property, principally comprising shops and office buildings, is held for long term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers. Under IAS 40 'Investment property', which the Group adopted, changes in fair values are recorded in profit or loss and are included in other operating income.

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Period ended 30 June 2017

### 2. Significant accounting policies (continued)

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

#### Cash and cash equivalents

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

#### Borrowings

Borrowings are recognised initially at fair value, 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably. Borrowing costs which are capitalised as part of the asset are classified as cash flows from financing activities in the consolidated statement of cash flows.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

#### Trade payables

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

#### Share capital

Ordinary shares are classified as equity.

#### Provisions

Provisions are recognised when the Group has a present obligation as a result of a past event, and it is probable that the Group 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.



# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Period ended 30 June 2017

### 5. Financial risk management (continued)

#### 5.2 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.

The following tables detail the Group'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 Group can be required to pay. The table includes both interest and principal cash flows:

<b>30 June 2017</b>	<b>Carrying amounts</b>	<b>Contractual cash flows</b>	<b>Demand and less than three months</b>	<b>3-12 months</b>	<b>1-5 years</b>
	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>
Bonds	935,790,250	1,179,000,000	-	-	1,179,000,000
Credit facilities	328,951,357	376,805,625	-	2,232,832	374,572,792
Trade and other payables	57,434,906	57,434,906	57,434,906	-	-
	<b>1,322,176,513</b>	<b>1,613,240,531</b>	<b>57,434,906</b>	<b>2,232,832</b>	<b>1,553,572,792</b>

<b>31 December 2016</b>	<b>Carrying amounts</b>	<b>Contractual cash flows</b>	<b>Demand and less than three months</b>	<b>3-12 months</b>	<b>1-5 years</b>
	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>	<b>CZK</b>
Bonds	655,859,167	849,000,000	-	-	849,000,000
Credit facilities	321,298,949	382,244,029	-	663,636	381,580,393
Trade and other payables	108,930,553	108,930,553	108,930,553	-	-
	<b>1,086,088,669</b>	<b>1,340,174,582</b>	<b>108,930,553</b>	<b>663,636</b>	<b>1,230,580,393</b>

#### 5.3 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 Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro. The Group's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

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

	<b>30 June 2017</b>	<b>31 December 2016</b>
	denominated in	denominated in
	EUR	EUR
	<b>CZK</b>	<b>CZK</b>
Cash and cash equivalents	611,429	591,071
Trade and other payables	1,563,994	2,341,057
Borrowings	45,601,796	44,330,971

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Period ended 30 June 2017

### 8. Investment properties (continued)

#### *Fair value hierarchy*

The fair value measurement for all of the investment properties has been categorized as a Level 3 fair value based on the inputs to the valuation technique used.

The valuation of the investment property was based on discounted projected cash flows. The main assumptions used are the following:

#### Rustonka Building A (gross lettable area is 14,541.10 square meters)

- Annual indexation at the level of 1.9% per annum;
- There is an allowance of 1% for non recoverable operating expenses from year 2;
- Leasing fees are 12% of the annual lease income;
- In year 2 a service charge of leakage of EUR 3 per square meter of currently vacant space for a period of 7 months has been applied;
- A capital expenditure in year 1 for pending hard construction of EUR 9,972,041 has been applied;
- Fit out contribution towards the currently vacant office and retail space was applied in year 1 at the level of EUR 150 per square meter (total EUR 2,038,500);
- Exit yield of 6.50% and discount rate of 8%.

#### Rustonka Building B

- Projected net gross market rental income is EUR 2,463,423 annually;
- Capitalisation rate of 6.50%;
- Total investment cost will be EUR 23,136,209;
- Construction contingency at the level of 5% of hard construction costs which are estimated at EUR 20,283,418, including contingency and other construction costs;
- Professional fees are estimated at 12% of hard costs;
- Marketing and letting fees are 5% and 12% of the annual lease income;
- Finance rate of 3%;

#### Rustonka I building C

- Projected net gross market rental income is EUR 2,470,574 annually;
- Capitalisation rate of 6.50%;
- Total investment cost will be EUR 23,208,221;
- Construction contingency at the level of 5% of hard construction costs which are estimated at EUR 20,346,628, including contingency and other construction costs;
- Professional fees are estimated at 12% of hard costs;
- Marketing and letting fees are 5% and 12% of the annual lease income;
- Finance rate of 3%;

#### Rustonka II

- Projected net gross market rental income is EUR 2,643,392 annually;
- Capitalisation rate of 6.50%;
- Total investment cost will be EUR 25,719,729;
- Construction contingency at the level of 5% of hard construction costs which are estimated at EUR 22,562,814, including contingency and other construction costs;
- Professional fees are estimated at 12% of hard costs;
- Marketing and letting fees are 5% and 12% of the annual lease income;
- Finance rate of 3%;

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Period ended 30 June 2017

### 11. Borrowings

	30 June 2017	31 December 2016
	CZK	CZK
<b>Current borrowings</b>		
Credit facilities	2,137,883	620,874
Credit facilities - accrued interest	7,393,108	11,097
	<b>9,530,991</b>	<b>631,971</b>
<b>Non-current borrowings</b>		
Bonds - capital amount (1)	904,900,814	648,658,489
Bonds - accrued interest	30,889,436	7,200,678
Credit facilities	311,651,860	313,281,000
Credit facilities - accrued interest	7,768,506	7,385,978
	<b>1,255,210,616</b>	<b>976,526,145</b>
<b>Total</b>	<b>1,264,741,607</b>	<b>977,158,116</b>

(1) During the period ended 30 June 2017, an additional 11,000 certificates had been issued (for the year ended 31 December 2016: 28,300 certificates had been issued). The certificates are listed in Prague stock exchange market. The additional 11,000 certificates generating the amount of CZK 260,808,986 of which an amount of CZK 255,850,000 was subsequently provided to the subsidiary undertaking Rustonka Development s.r.o. as loan receivable.

Maturity of non-current borrowings:

	30 June 2017	31 December 2016
	CZK	CZK
Between one to two years	43,424,098	43,699,000
Between two and five years	1,211,786,518	932,827,145
<b>Total</b>	<b>1,255,210,616</b>	<b>976,526,145</b>

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

	30 June 2017	31 December 2016
Bonds	5.64%	5.64%
Credit facilities	7.11%	6.78%

# GRAMEXO PLC (FORMERLY GRAMEXO LIMITED)

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## NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

Period ended 30 June 2017

### **14. Related party balances and transactions**

The controlling and ultimate controlling beneficial owner is Mr. Pavel Bagin, Slovak Republic resident.

The related party balances and transactions are as follows:

#### ***14.1 Transactions with related parties under common ownership***

The Group had no related party balances and transactions as at 30 June 2017.

During the year ended 31 December 2016, the Group acquired from a related party under common ownership the subsidiary Rustonka Development s.r.o. for a consideration of CZK 2,706 (€100).

### **15. Significant agreements with management**

As at 30 June 2017, no significant agreements existed between the Group and its management (31 December 2016: none).

### **16. Contingent liabilities**

The Group had no contingent liabilities as at 30 June 2017 (31 December 2016: none).

### **17. Commitments**

The Company is committed to J&T Real Estate CZ a.s. to pay the amount of CZK 28,000,000 in case that the subsidiary company Rustonka Development s.r.o. is sold above the amount of CZK 242,100,000 before 31 December 2021.

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

There are no subsequent events to be mentioned.