

**J&T SECURITIES MANAGEMENT
LIMITED**

REPORT AND INTERIM UNAUDITED
FINANCIAL STATEMENTS
Period from 1 January to 30 June 2017

J&T SECURITIES MANAGEMENT LIMITED

REPORT AND INTERIM UNAUDITED FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

CONTENTS	PAGE
Board of Directors and other officers	1
Management Report	2 - 3
Independent auditor's report	4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9 - 27

J&T SECURITIES MANAGEMENT LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Jarmila Janosova
Company Secretary:	PA.TY. Secretarial Limited
Independent Auditors:	KPSA CHARTERED ACCOUNTANTS 15 Themistokli Dervi Street 1st floor, P.O. Box 27040 1641, Nicosia Cyprus
Registered office:	Akropoleos, 59-61 SAVVIDES CENTER, 1st floor, Flat / Office 102 P.C. 2012, Nicosia, Cyprus
Banker:	J&T Banka, a.s.
Registration number:	HE260821

J&T SECURITIES MANAGEMENT LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and unaudited financial statements of the Company for the period from 1 January 2017 to 30 June 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 trading in listed securities, as well as the provision of financing.

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 not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

As part of the Company's plans for future development, is the use of the total net proceeds from the bonds issue for refinancing of present debts purposes and for developing its business activities. In addition, the provision of funding to companies coming from the group of the shareholder.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in of the financial statements.

Use of financial instruments by the Company

The Company is exposed to market price risk, interest rate risk, credit risk and dividends from the financial instruments it holds.

The Company's financial risk management objectives and policies are to acquire ownership, investments and assets in financial markets and private equity. Nowadays, the company also provides funding to companies in the shareholder group. In the future, the company will continue to do so, while planning to increase the share of the investment to the detriment of its own exposure to group companies.

Market price risk

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

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.

Credit risk

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Company does not hold collateral as security.

Credit risk related to financial instruments and cash deposits: 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.

J&T SECURITIES MANAGEMENT LIMITED

MANAGEMENT REPORT

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.

Results

The Company's results for the period are set out on page 5. The net loss for the period is carried forward.

Dividends

The Board of Directors does not recommend the payment of a dividend.

Share capital

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

Board of Directors

The sole member of the Company's Board of Directors as at 30 June 2017 and at the date of this report is presented on page 1. The sole Director was a member of the Board of Directors throughout the period from 1 January 2017 to 30 June 2017.

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

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

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 22 to the financial statements.

Independent Auditors

The Independent Auditors, KPSA, 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,



PA.TY. SECRETARIAL LIMITED

PA.TY. Secretarial Limited
Secretary

Nicosia, 26 September 2017

KPSA

P.O.Box 27040
1641 Nicosia
Cyprus

15 Themistokli Dervi street, 1st floor
1066 Nicosia
Cyprus

Telephone: +357 22 445500
Telefax: +357 22 672000
Internet: www.kpsa.com.cy

Independent Auditor's Report on review of interim unaudited financial statements

To the Members of J&T Securities Management Limited

Introduction

We have reviewed the accompanying interim condensed financial statements of J&T Securities Management Limited (the "Company"), which comprise the statement of financial position as at 30 June 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the period from 1 January to 30 June 2017, and notes to the financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and presentation of these interim condensed financial statements in accordance with International Financial Reporting Standards applicable to interim financial reporting as adopted by the European Union ('IAS34 Interim Financial Reporting'). Our responsibility is to express a conclusion on these interim condensed financial statements based on our review.

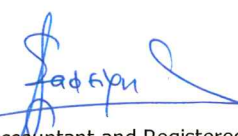
Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed financial statements are not prepared, in all material respects, in accordance with IAS 34 'Interim Financial Reporting'.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

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.


Stelios Saphiris
Certified Public Accountant and Registered Auditor
for and on behalf of

KPSA
CHARTERED ACCOUNTANTS
15 Themistokli Dervi Street
1st floor, P.O. Box 27040
1641, Nicosia
Cyprus

Nicosia, 26 September 2017

J&T SECURITIES MANAGEMENT LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January to 30 June 2017

	Note	01/01/2017- 30/06/2017 €	01/01/2016- 30/06/2016 €
Revenue	4	1.874.890	4.073.369
Net profit from investing activities	5	1.546.003	430.315
Administration expenses		(70.451)	(70.881)
Other expenses	6	(34.445)	(33.451)
Operating profit	7	3.315.997	4.399.352
Finance costs	8	(4.015.490)	(2.604.912)
(Loss)/profit before tax		(699.493)	1.794.440
Tax	9	(12.966)	(19.819)
Net (loss)/profit for the period		(712.459)	1.774.621
Other comprehensive income		-	-
Total comprehensive (expense) / income for the period		(712.459)	1.774.621

The notes on pages 9 to 27 form an integral part of these financial statements.

J&T SECURITIES MANAGEMENT LIMITED

STATEMENT OF FINANCIAL POSITION

30 June 2017

	Note	30 June 2017 €	31 December 2016 €
ASSETS			
Non-current assets			
Available-for-sale financial assets	10	16.239.415	38.598.691
Non-current loans receivable	11	60.430.763	47.273.170
		<u>76.670.178</u>	<u>85.871.861</u>
Current assets			
Trade and other receivables	12	4.235.455	137.830
Loans receivable	11	4.527.524	4.924.169
Financial assets at fair value through profit or loss	13	44.765.297	45.013.511
Refundable taxes	18	6.857	3.171
Cash at bank and in hand	14	1.623	1.536
		<u>53.536.756</u>	<u>50.080.217</u>
Total assets		<u>130.206.934</u>	<u>135.952.078</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	15	11.000	11.000
Share premium		50.914.000	50.914.000
Other reserves		364	364
Retained earnings		6.728.476	7.440.935
Total equity		<u>57.653.840</u>	<u>58.366.299</u>
Non-current liabilities			
Borrowings	16	44.954.933	44.784.608
		<u>44.954.933</u>	<u>44.784.608</u>
Current liabilities			
Trade and other payables	17	591.752	6.302.137
Borrowings	16	27.006.409	26.499.034
		<u>27.598.161</u>	<u>32.801.171</u>
Total liabilities		<u>72.553.094</u>	<u>77.585.779</u>
Total equity and liabilities		<u>130.206.934</u>	<u>135.952.078</u>

On 26 September 2017 the Board of Directors of J&T Securities Management Limited authorised these financial statements for issue.

.....
Jarmila Janosova
Director

The notes on pages 9 to 27 form an integral part of these financial statements.

J&T SECURITIES MANAGEMENT LIMITED

STATEMENT OF CHANGES IN EQUITY

Period from 1 January to 30 June 2017

	Share capital €	Share premium €	Fair value reserve - available- for-sale financial assets €	Retained earnings €	Total €
Balance at 1 January 2016	11.000	50.914.000	-	6.017.264	56.942.264
Comprehensive income					
Net profit for the period	-	-	-	1.774.621	1.774.621
Other comprehensive income for the period	-	-	(2.238)	-	(2.238)
Balance at 30 June 2016	11.000	50.914.000	(2.238)	7.791.885	58.714.647
Balance at 1 January 2017	11.000	50.914.000	364	7.440.935	58.366.299
Comprehensive income					
Net loss for the period	-	-	-	(712.459)	(712.459)
Balance at 30 June 2017	11.000	50.914.000	364	6.728.476	57.653.840

Share premium is not available for distribution.

The fair value reserve for investments represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

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 9 to 27 form an integral part of these financial statements.

J&T SECURITIES MANAGEMENT LIMITED

CASH FLOW STATEMENT

Period from 1 January to 30 June 2017

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
(Loss)/profit before tax	(699.493)	1.794.440
Adjustments for:		
Exchange difference arising on the translation of non-current assets in foreign currencies	(411.835)	38.305
Unrealised exchange loss/(profit)	143.726	(62.356)
Loss from the sale of available-for-sale financial assets	123.607	-
Loss from the sale of financial assets at fair value through profit or loss	-	6.254
Fair value losses/(gains) on financial assets at fair value through profit or loss	170.842	(1.422.658)
Dividend income	4 (33.034)	(657.112)
Interest income	4 (1.476.436)	(1.931.469)
Interest expense	8 1.784.090	2.169.899
	(398.533)	(64.697)
Changes in working capital:		
(Increase)/decrease in trade and other receivables	(2.443.986)	13.005.029
Increase in financial assets at fair value through profit or loss	(7.363)	(31.712.366)
(Decrease)/increase in trade and other payables	(5.710.385)	111.454
Cash used in operations	(8.560.267)	(18.660.580)
Interest received	2.116.054	1.901.307
Dividends received	33.034	657.112
Tax paid	(16.653)	(3.337)
Net cash used in operating activities	(6.427.832)	(16.105.498)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for purchase of available-for-sale financial assets	(65.882.069)	(968.536)
Loans granted	(23.830.711)	(26.283.479)
Loans repayments received	10.172.481	43.203.882
Proceeds from sale of available-for-sale financial assets	88.545.072	901.226
Net cash generated from investing activities	9.004.773	16.853.093
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	(48.672.996)	(79.262.941)
Proceeds from borrowings	47.139.892	80.763.149
Unrealised exchange profit/(loss)	468.467	(19.642)
Interest paid	(1.512.217)	(1.986.705)
Net cash used in financing activities	(2.576.854)	(506.139)
Net increase in cash and cash equivalents	87	241.456
Cash and cash equivalents at beginning of the period	1.536	5.017
Cash and cash equivalents at end of the period	14 1.623	246.473

The notes on pages 9 to 27 form an integral part of these financial statements.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

1. Incorporation and principal activities

Country of incorporation

The Company J&T Securities Management Limited (the "Company") was incorporated in Cyprus on 14 January 2010 as a private limited liability company under the provisions of 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.

2. Unaudited financial statements

The financial statements for the six months ended on 30 June 2016 and 2017 respectively, have not been audited by the external auditors of the Company.

3. Significant accounting policies

The financial statements, which are presented in Euro, have been prepared in accordance with international Financial Reporting Standards, including IAS 34 "Interim Financial Reporting"

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 2016.

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.

Corporation tax is calculated based on the expected tax rates for the whole financial year.

These financial statements must be read in conjunction with the annual financial statements for the year ended 31 December 2016.

4. Revenue

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Dividend income	33.034	657.112
Interest income	208.705	-
Loan interest income	1.267.731	1.931.469
Net gain on trading in financial instruments	164.978	-
Net fair value gains on financial assets at fair value through profit or loss	200.442	1.484.788
	<u>1.874.890</u>	<u>4.073.369</u>

5. Net profit from investing activities

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Profit from sale of available-for-sale financial assets	-	580
Exchange profit	2.040.894	498.699
Loss from sale of available-for-sale financial assets	(123.607)	(6.834)
Fair value losses on financial assets at fair value through profit or loss	(371.284)	(62.130)
	<u>1.546.003</u>	<u>430.315</u>

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

6. Other expenses

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Broker commission and charges	<u>34.445</u>	<u>33.451</u>
	<u>34.445</u>	<u>33.451</u>

7. Operating profit

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Operating profit is stated after charging the following items:		
Loss from sale of available-for-sale financial assets (Note 10)	123.607	6.254
Directors' fees	476	476
Auditors' remuneration for other assurance services	11.000	11.000
Auditors' remuneration - prior years	<u>2.850</u>	<u>3.040</u>

8. Finance costs

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Finance costs		
Interest expense		
Loan interest	220.078	94.883
Bank overdraft interest	31	650
Loan interest on REPO agreements	64.406	589.747
Debenture interest	1.499.575	1.484.619
Sundry finance expenses		
Bank charges	-	8
Net foreign exchange losses		
Realised foreign exchange loss	176.214	18.705
Unrealised foreign exchange loss	<u>2.055.186</u>	<u>416.300</u>
	<u>4.015.490</u>	<u>2.604.912</u>

9. Tax

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Corporation tax - current period	11.314	16.482
Overseas tax	<u>1.652</u>	<u>3.337</u>
Charge for the period	<u>12.966</u>	<u>19.819</u>

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

9. Tax (continued)

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

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
(Loss)/profit before tax	<u>(699.493)</u>	<u>1.794.440</u>
Tax calculated at the applicable tax rates	(87.437)	224.305
Tax effect of expenses not deductible for tax purposes	403.669	120.826
Tax effect of allowances and income not subject to tax	(304.918)	(330.147)
10% additional charge	-	1.498
Overseas tax in excess of credit claim used during the period	<u>1.652</u>	<u>3.337</u>
Tax charge	<u>12.966</u>	<u>19.819</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%.

10. Available-for-sale financial assets

	2017	2016
	€	€
Balance at 1 January	38.598.691	-
Additions	65.882.069	38.919.177
Disposals	(88.898.679)	(907.480)
Exchange differences	496.570	377
Interest for the year	160.764	3.696
Revaluation difference transferred to equity	-	(364)
Transfer from FVTPL	-	<u>583.285</u>
Balance at 30 June/31 December	16.239.415	38.598.691
Less non-current portion	<u>(16.239.415)</u>	<u>(38.598.691)</u>
Current portion	<u>-</u>	<u>-</u>

	Fair values		Cost	
	30 June 2017	30 June 2017	31 December 2016	31 December 2016
	€	€	€	€
Securities listed on a Stock Exchange	<u>16.239.415</u>	<u>16.194.324</u>	<u>38.598.691</u>	<u>38.354.371</u>
	<u>16.239.415</u>	<u>16.194.324</u>	<u>38.598.691</u>	<u>38.354.371</u>

Available-for-sale financial assets, comprising principally marketable equity securities, are fair valued annually at the close of business on 30 June. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

10. Available-for-sale financial assets (continued)

The following are included in profit or loss with respect to available-for-sale financial assets:

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Profit from sale of available-for-sale financial assets	-	580
Loss from sale of available-for-sale financial assets	(123.607)	(6.834)
Net loss on available-for-sale financial assets	(123.607)	(6.254)

(A) On 31 December 2016, the Company holds 5.000 listed coupon bonds in CPI Finance Slovakia II, a.s. (CPI 5,00 / 2022) held with a regulated financial institution, 28.000 Czech government bonds of ST. Dluhop. 1,00/26 and 50.000 Czech government bonds of ST. Dluhop. 2,40/25.

Additionally, the Company holds 124 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, 1 piece of fixed rate perpetual notes of J&T Banka 9% PERP EUR and 48 pieces of fixed rate perpetual notes of J&T Banka 9% PERP CZK on 31 December 2016.

(B) During the period ended 30 June 2017, the following occurred:

(a) The listed coupon bonds held in CPI Finance Slovakia II, a.s. (CPI 5,00 / 2022) with a regulated financial institution, the Czech government bonds of ST. Dluhop. 1,00/26 and the Czech government bonds of ST. Dluhop. 2,40/25, were all disposed off.

(b) On 30 June 2017, the Company holds 124 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, 11 pieces of fixed rate perpetual notes of J&T Banka 9% PERP EUR and 51 pieces of fixed rate perpetual notes of J&T Banka 9% PERP CZK.

(c) During the period ended 30 June 2017, the Company purchased a number of bonds in a third party, which were all disposed during the period.

On 26 April 2017, the Company entered into a Contract on the set-off of receivables with a third party for the set-off of their mutual receivables. The aforementioned third party has a receivable from the Company, arising from the purchase price of Promissory notes 01/2017 - 08/2017 all issued on 26 April 2017, in the total amount of €3.880.000. The Company has a receivable from the Other party arising from the purchase price from the disposal of bonds in the total amount of €6.889.886,12, out of which the amount of €3.009.886,12 was already settled to the Company.

The Parties therefore, agreed to mutually set-off their receivables in the amount of €3.880.000.

(d) As at 30 June 2017, the Company additionally holds 135 coupon bonds in J&T Global Finance VII., s.r.o. (JTFG VII 3,00/19).

11. Non-current loans receivable

	2017	2016
	€	€
Balance at 1 January	52.197.339	80.242.423
New loans granted	23.830.623	44.034.789
Repayments	(12.058.449)	(75.869.712)
Interest charged	1.267.731	3.755.036
Set-off of loans	(2.248.323)	-
Assignment of loans	642.626	-
Exchange differences	1.326.740	34.803
Balance at 30 June/31 December	64.958.287	52.197.339

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

11. Non-current loans receivable (continued)

	30 June 2017	31 December 2016
	€	€
Loans receivable	2.394.499	4.734.546
Loans to related companies (Note 19.4)	62.563.788	47.462.793
	64.958.287	52.197.339
Less current portion	(4.527.524)	(4.924.169)
Non-current portion	60.430.763	47.273.170

The loans are repayable as follows:

	30 June 2017	31 December 2016
	€	€
Within one year	4.527.524	4.924.169
Between one and five years	60.430.763	47.273.170
	64.958.287	52.197.339

The effective interest rates on receivables (current and non-current) were as follows:

	30 June 2017	31 December 2016
Loans receivable	6%, 1year Pribor + 5,54%	6%-12%
Loans to related companies	2weekly Repo + 1% / 2,50% - 7,35%	2weekly Repo + 1% / 2,50% - 7,35%

Loans to related companies relate to the following:

(i) On 1st January 2014, the Company ("Creditor") concluded the following Credit Contracts with J&T Private Equity B.V. ("Debtor"):

(1) Credit Contract 8/JSML/2014 for a loan with a credit limit of €38.000.000, bearing interest at the 2 weekly repo announced by the European Central Bank (ECB) plus a margin of 1% per annum, which is repayable until 31 December 2016.

The amount of €18.628.341,45 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.

The loan was fully settled on 29 December 2016.

Per Amendment No.1 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

(2) Credit Contract 9/JSML/2014 for a loan with a credit limit of €5.000.000, bearing interest at 4,75% per annum, which is repayable until 31 December 2016. The amount of €1.459.654,98 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.

Per Amendment No.1 signed on 13 November 2015, the interest rate decreased to 3,85% per annum.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2017.

Additional Agreements concluded during subsequent years relate to the following:

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

11. Non-current loans receivable (continued)

(1) On 12 March 2014, the Company ("Creditor") concluded Credit Contract 14/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €5.000.000, bearing interest at 4,05% per annum, which is repayable until 31 December 2016.

Per Amendment No.1 signed on 28 July 2015, the interest rate increased to 5,15% per annum.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

On 29 June 2017, the Parties entered into a Termination Agreement for the termination of the loan. Up to the date of signing this Agreement, all rights and obligations arising from the Credit Contract are settled up to full extent.

(2) On 27 June 2014, the Company ("Creditor") concluded Credit Contract 16/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 100.000.000, bearing interest at 4,85% per annum, which is repayable until 27 December 2014.

Per Amendment No.1 signed on 02 September 2014, the credit limit increased to CZK 104.650.000.

Per Amendment No.2 signed on 10 December 2014, the repayment date has been extended until 01 June 2015.

Per Amendment No.3 signed on 01 June 2015, the repayment date has been extended until 01 December 2015.

Per Amendment No.4 signed on 01 December 2015, the repayment date has been extended until 01 May 2016.

Per Amendment No.5 signed on 04 April 2016, the repayment date has been extended until 30 June 2016 and the credit limit increased to CZK 119.650.000.

The loan was fully settled based on the Agreement of mutual understanding disclosed below.

(3) On 08 July 2014, the Company ("Creditor") concluded Credit Contract 18/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €934.093,18, bearing interest at 4,85% per annum, which is repayable until 08 January 2015.

Per Amendment No.1 signed on 02 January 2015, the repayment date has been extended until 01 June 2015.

Per Amendment No.2 signed on 01 June 2015, the repayment date has been extended until 01 December 2015.

Per Amendment No.3 signed on 01 December 2015, the repayment date has been extended until 01 May 2016.

Per Amendment No.4 signed on 29 April 2016, the repayment date has been extended until 30 June 2016.

On 29 April 2016, the Company ("Creditor") entered into an Agreement of mutual understanding with J&T Private Equity B.V. ("Debtor") according to which, the Parties agreed to terminate the Credit Contracts 16/JSML/2014, which on this date has a balance of CZK 129.034.756,64 (equivalent to €4.772.350,47) and 18/JSML/2014, which on this date has a balance of €1.016.384,23 and at the same time to increase the principal amount of the Credit Contract 20/JSML/2014 by these amounts.

On 01 May 2016, the balance of 20/JSML/2014 shall be €6.515.826,05.

(4) On 19 September 2014, the Company ("Creditor") concluded Credit Contract 20/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €1.000.000, bearing interest at the 2 weekly repo announced by the European Central Bank (ECB) plus a margin of 1% per annum, which is repayable until 31 December 2016.

Per Amendment No.1 signed on 29 April 2016, the credit limit increased to €7.000.000.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

11. Non-current loans receivable (continued)

On 29 April 2016, the Company ("Creditor") entered into an Agreement of mutual understanding with J&T Private Equity B.V. ("Debtor") according to which, the Parties agreed to terminate the Credit Contracts 16/JSML/2014, which on this date has a balance of CZK 129.034.756,64 (equivalent to €4.772.350,47) and 18/JSML/2014, which on this date has a balance of €1.016.384,23 and at the same time to increase the principal amount of the Credit Contract 20/JSML/2014 by these amounts.

On 01 May 2016, the balance of 20/JSML/2014 shall be €6.515.826,05.

(5) On 22 October 2014, the Company ("Creditor") concluded Credit Contract 21/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 600.000.000, bearing interest at 7,35% per annum, which is repayable until 22 October 2018.

(6) On 05 November 2014, the Company ("Creditor") concluded Credit Contract 22/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 601.350.000, bearing interest at 2,50% per annum, which is repayable until 22 October 2018.

(7) On 01 July 2016, the Company ("Creditor") concluded Credit Contract 27/JSML/2016 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 153.680.803,44, bearing interest at 4,85% per annum, which is repayable until 01 July 2017.

On the same day, the Parties signed the Request for Draw and Agreement of the Contracting Parties according to which, the drawn amount of CZK 153.680.803,44 resulting from the Credit Contract 27/JSML/2016, shall be used for the partial repayment of the Company's receivable from the Credit Contract 20/JSML/2014, which, as at 01 July 2016 has an outstanding total amount of CZK 153.680.803,44. The receivable, as at the date of the Agreement, is equivalent to €5.664.367,05.

Per the Request for Draw and Agreement of the Contracting Parties signed on 02 November 2016, the drawn amount of €5.780.526,86 resulting from the Credit Contract 20/JSML/2014, shall be used for the partial repayment of the Company's receivable from the Credit Contract 27/JSML/2016, which, as at 02 November 2016 has an outstanding total amount of €5.780.526,86, equivalent to CZK 156.212.957,83.

(iii) Additional Agreements concluded relate to the following:

(1) On 21 January 2015, the Company ("Creditor") entered into a Loan Contract with a third party individual ("Debtor") for the granting of a loan in the amount of CZK 53.316.562,50, which bears interest at 6,5% per annum and is repayable until 15 February 2017. The interest is payable annually on the 21st of January of each year. In case the interest is not paid on time, is capitalised on the principal amount of the loan.

On 13 February 2017, the Company entered into an Agreement on setting off mutual receivables with the same third party individual ("Party B") according to which, the Parties shall set off their following mutual receivables.

(i) Receivable of the Company in the amount of CZK 60.752.364,02, resulting from the Loan Contract signed on 21 January 2015.

(ii) Receivable of Party B in the amount of CZK 60.752.364,02, which consists the selling price of the promissory note under promissory note hand over protocol as of 13 February 2017.

The receivables of both Parties were mutually set off.

(2) On 14 April 2016, the Company ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the granting of a loan in the amount of €10.800.000, which bears interest at 12% per annum and is repayable on 14 April 2017.

The principal of the loan was fully settled on 02 December 2016, whereas the accrued interest is still outstanding. The accrued interest was fully settled on 27 March 2017.

(3) On 16 June 2016, the Company ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the granting of a loan in the amount of €1.626.700, which bears interest at 6% per annum and is repayable on 15 December 2016.

Per Amendment No.1 signed on 14 December 2016, the repayment date was extended until 15 September 2017.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

11. Non-current loans receivable (continued)

(4) On 02 May 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivable with a financial institution ("Assignor") for the assignment of the loan initially payable to the Assignor resulting from Overdraft Loan Agreement entered between the Assignor as the Creditor and a third party as the Borrower on 05 May 2006.

As at the date of the assignment, the loan has a total amount of CZK 17.282.325,81, which consists of principal in the amount of CZK 16.883.062,01, the accrued interest amount to CZK 352.044,33 and the default interest amounts to CZK 47.219,47.

The fee for the assignment of the receivable amounts to CZK 17.282.325,81 and it is payable within three days from the signing of this Agreement.

Per Amendment No.19 to the Credit Contract CZK 60/KTK/2006 signed on 29 April 2016, the Parties agree that as of the effectiveness of this Agreement the interest rate of the receivable is 1Y PRIBOR + 5,54 % p.a.

The interest rate is always set for a year period, since the rate announced by the Czech National Bank on the last day of the previous calendar year is always applied for the PRIBOR rate.

In case the value of the 1Y PRIBOR rate declines below 0,00% p.a., the parties agree that this rate will be replaced by a fixed rate of 0,00% p.a. for the duration of this period.

In addition, the repayment date of the loan is extended until 28 April 2017.

Per Amendment No.20 to the Credit Contract CZK 60/KTK/2006 signed on 2 May 2017 between the Company ("Creditor") and Ing. Tomas Martinec ("Debtor"), the repayment date has been extended to 31 December 2017.

In addition, the Parties agreed that the interest assigned and the default interest in the amount of CZK 352.044,33 and CZK 47.219,47 respectively shall be capitalised and become part of the principal.

12. Trade and other receivables

	30 June 2017	31 December 2016
	€	€
Trade receivables	272.582	73.532
Deposits and prepayments	25.247	64.298
Accrued income	9.684	-
Bills of exchange receivable	3.927.942	-
	<u>4.235.455</u>	<u>137.830</u>

(A) On 30 June 2017 and 31 December 2016, Trade receivables mainly relate to the balances of broker accounts held with a regulated financial institution.

(B) Bills of exchange receivable relate to the following transactions during the period ended 30 June 2017:

(i) On 26 April 2017, the Company ("Creditor") concluded six Bill of Exchange Contracts with a third party ("Issuer"), for the issue of promissory notes which have a value of €525.576,39 each on 31 December 2017. The principal amount of each promissory note is €500.000, bears interest at the rate of 7,25% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendments No.1 concluded on the six Bills of Exchange Contracts on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017. Therefore, as at 31 December 2017, each of the bills of exchange will have a balance of €525.072,92.

(ii) On 26 April 2017, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €517.291,67 on 31 December 2017. The principal amount of the promissory note is €500.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

12. Trade and other receivables (continued)

(iii) On the same day, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €393.141,67 on 31 December 2017. The principal amount of the promissory note is €380.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

On 26 April 2017, the Company entered into a Contract on the set-off of receivables with a third party for the set-off of their mutual receivables. The aforementioned third party has a receivable from the Company, arising from the purchase price of Promissory notes 01/2017 - 08/2017 all issued on 26 April 2017, in the total amount of €3.880.000. The Company has a receivable from the Other party arising from the purchase price from the disposal of bonds in the total amount of €6.889.886,12, out of which the amount of €3.009.886,12 was already settled to the Company.

The Parties therefore, agreed to mutually set-off their receivables in the amount of €3.880.000.

(iv) On 13 February 2017, the Company ("New Creditor") concluded an Agreement on Assumption of Obligations Under Issue Terms and Conditions with a third party ("Creditor"), for the transfer of the promissory note to the Company with a value of CZK 60.752.364,02. The promissory note was issued by J&T Private Equity B.V. ("Debtor") on 21 January 2014, and its matures on 15 February 2017.

On 13 February 2017, the Company entered into an Agreement on setting off mutual receivables with a third party ("Party B") according to which, the Parties shall set off their following mutual receivables.

(i) Receivable of the Company in the amount of CZK 60.752.364,02, resulting from the Credit Contract signed on 21 January 2015.

(ii) Receivable of Party B in the amount of CZK 60.752.364,02, which consists the selling price of the promissory note under promissory note hand over protocol as of 13 February 2017.

The receivables of both Parties were mutually set off.

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

13. Financial assets at fair value through profit or loss

	2017	2016
	€	€
Balance at 1 January	45.013.511	30.570.925
Additions	11.616.047	284.980.787
Disposals	(11.608.684)	(268.523.619)
Change in fair value	(170.842)	(1.499.775)
Exchange differences	(84.735)	68.478
Transfer to AFS	-	(583.285)
Balance at 30 June/31 December	44.765.297	45.013.511
Less non-current portion	-	-
Current portion	44.765.297	45.013.511

	Fair values	Cost	Fair values	Cost
	30 June 2017	30 June 2017	31 December	31 December
	€	€	2016	2016
	€	€	€	€
Securities listed on a Stock Exchange	44.765.297	42.820.382	45.013.511	42.879.045
	44.765.297	42.820.382	45.013.511	42.879.045

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

13. Financial assets at fair value through profit or loss (continued)

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 30 June by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

The Company's investments which exceeded 5% of the class "Securities listed on a Stock Exchange" and/or 5% of net assets are shown below:

Investment	Type of investment	Percentage in the investment category	Percentage of net assets	30 June 2017	31 December 2016
				€	€
Tatry mountain resorts, a.s.	Security	4,27%	12,47%	7.187.285	6.986.842
Dragon - Ukrainian Properties & Development plc.	Security	- %	- %	-	2.001.272
J&T Ostravice Active Life Sandberg Investment Fund	Unit certificate	11,09%	1,62%	934.202	935.218
SICAV PLC	Unit certificate	50,00%	52,03%	30.000.000	30.000.000
				<u>38.121.487</u>	<u>39.923.332</u>

(A) On 31 December 2016, the Company holds 99.489 shares in Tatry mountain resorts, a.s. (TMR) and 1.441.972 in Best Hotel Properties a.s. (BHP).

In addition, the Company holds 186.857 shares in TMR, which are used as a pledge on the various REPO agreements with other financial institutions. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.825.057 (CZK 103.357.564) plus interest (with various parties).

Additionally, the Company holds 49.494 shares in a Czech Company (with shares listed on the Prague Stock Exchange), 255 pieces of J&T Ostravice Active Life and 11.687.200 shares held with Dragon Ukrainian Properties & Development plc.

Moreover, the Company holds 300.000 pieces of Sandberg Private Equity 2 Fund, which constitutes a sub fund of Sandberg Investment Fund SICAV PLC.

(B) On 30 June 2017, the Company holds 95.562 shares in Tatry mountain resorts, a.s. (TMR) and 1.441.972 in Best Hotel Properties a.s. (BHP).

In addition, the Company holds 190.784 shares in TMR, which are used as a pledge on the various REPO agreements with other financial institutions. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.915.766,83 (CZK 102.582.176) plus interest (with various parties).

Additionally, all 49.494 shares held in a Czech Company (with shares listed on the Prague Stock Exchange) and all 11.687.200 shares held with Dragon Ukrainian Properties & Development plc were fully disposed during the period.

The Company still holds 255 pieces of J&T Ostravice Active Life and 300.000 pieces of Sandberg Private Equity 2 Fund, which constitutes a sub fund of Sandberg Investment Fund SICAV PLC.

During the period the Company also acquired 205.000 shares in OPAP SA.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

14. Cash at bank and in hand

Cash balances are analysed as follows

	30 June 2017	31 December 2016
	€	€
Cash at bank and in hand	<u>1.623</u>	1.536
	<u>1.623</u>	<u>1.536</u>

Cash and cash equivalents by currency:

	30 June 2017	31 December 2016
	€	€
United States Dollars	16	17
Euro	1.136	1.191
Czech koruna	<u>471</u>	<u>328</u>
	<u>1.623</u>	<u>1.536</u>

15. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
Authorised				
Ordinary shares of €1 each	<u>11.000</u>	<u>11.000</u>	11.000	11.000
Issued and fully paid				
Balance at 1 January	<u>11.000</u>	<u>11.000</u>	11.000	11.000
Balance at 30 June/31 December	<u>11.000</u>	<u>11.000</u>	11.000	11.000

16. Borrowings

	2017 €	2016 €
Balance at 1 January	71.283.642	66.324.630
Additions	47.139.892	124.223.859
Repayments	(50.185.182)	(117.471.172)
Interest for the year	1.784.059	3.996.661
Exchange differences	1.938.931	54.463
Termination of loans	-	(5.844.799)
Balance at 30 June/31 December	<u>71.961.342</u>	<u>71.283.642</u>

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

16. Borrowings (continued)

	30 June 2017	31 December 2016
	€	€
Current borrowings		
Bank loans	3.940.101	3.842.017
Debentures	1.067.012	936.933
Loans from related companies (Note 19.5)	<u>21.999.296</u>	<u>21.720.084</u>
	<u>27.006.409</u>	<u>26.499.034</u>
Non-current borrowings		
Debentures	44.954.933	43.584.098
Loans from related companies (Note 19.5)	-	1.200.510
	<u>44.954.933</u>	<u>44.784.608</u>
Total	<u>71.961.342</u>	<u>71.283.642</u>

Maturity of non-current borrowings:

	30 June 2017	31 December 2016
	€	€
Between one to two years	43.159.022	43.584.098
Between two and five years	<u>1.795.911</u>	<u>1.200.510</u>
	<u>44.954.933</u>	<u>44.784.608</u>

On 30 June 2017, the bank loans are secured as follows:

- By a pledge of 190.784 shares in Tatry Mountain resorts, a.s. (TMR) (2016: 186.857 shares in TMR).

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

	30 June 2017	31 December 2016
Bank loans	2,50%-3,20%	3,20%-5,80%
Debentures	6,25%	6,25%
Loans from related companies	2,60%-5%, 1year Pribor + 5,21%	3,20%-4,20%

(A) Loans from related parties

(i) On 15 January 2016, the Company ("Debtor") entered into Credit Contract 25/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of \$1.868.000, which bears interest at the rate of 3,20% per annum and is repayable on 18 December 2020.

On 31 May 2017, the Parties entered into a Termination Agreement for the termination of the loan. Up to the date of signing this Agreement, all rights and obligations arising from the Credit Contract are settled up to full extent.

(ii) On 16 June 2016, the Company ("Debtor") entered into Loan Contract 26/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan in the amount of €1.626.700, which bears interest at the rate of 4,20% per annum and is repayable on 15 December 2016.

Per Amendment No.1 signed on 14 December 2016, the repayment date has been extended until 15 September 2017.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

16. Borrowings (continued)

(iii) On 29 December 2016, the Company ("Debtor") entered into Credit Contract 28/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €20.050.000, which bears interest at the rate of 4% per annum and is repayable on 29 March 2017.

(iv) On 08 March 2017, the Company ("Debtor") entered into Credit Contract 29/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of CZK 408.500.000, which bears interest at the rate of 2,60% per annum and is repayable on 31 December 2017.

(v) On 26 April 2017, the Company ("Debtor") entered into Credit Contract 30/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €6.900.000, which bears interest at the rate of 5% per annum and is repayable on 31 December 2017.

Per Amendment No.1 signed on 11 August 2017, the credit limit increased up to the amount of €10.380.000 and the interest rate was amended to 5,90% per annum.

(vi) On 03 May 2017, the Company ("Debtor") entered into Loan Contract 31/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan in the amount of CZK 17.282.325.81, which bears interest at 1 year PRIBOR plus a fixed rate of 5,21% per annum and is repayable until 02 May 2018.

(B) Bank Loans

Bank loans represent REPO agreements with financial institutions.

On 06 May 2013, the Company entered into an Agreement on the Exercise of Voting Rights Associated with Shares with a regulated financial institution for the security of loans by transfer of securities.

On 31 December 2016, the bank loans represent REPO agreements for 186.857 shares in Tatry mountain resorts, a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.825.057 (CZK 103.357.564) plus interest.

On 30 June 2017, the bank loans represent REPO agreements for 190.784 shares in Tatry mountain resorts, a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.915.766 (CZK 102.582.176) plus interest.

(C) Debentures

(i) On 17 July 2014, the Company ("Issuer") entered into a Mandate Agreement on provision of services related to the issue of the bonds with a third party ("Arranger"), for the issue of 400 fixed rate bonds of 6,25% per annum, with an interest period of 6 months, in the total principal amount of CZK 1.200.000.000, due in 2018.

The Company authorises the Arranger to proceed with various of services, since the Arranger is equipped with required experience for the provision of support to the Issuer.

On the issue date, the Company shall pay to the Arranger a remuneration of CZK 600.000 for the assistance to the Company within preparation of the documentation and CZK 3.000.000 for the intermediation of subscribers to the Company.

The remuneration shall be payable 7 days after the issue date.

Additionally, the Company is entitled to issue additional bonds up to the principal amount of CZK 600.000.000 during the issue period or in the additional issue period.

In addition to the remuneration, the Company shall pay to the Arranger all the documented costs connected with the issue of the bonds, legal costs, the costs of communication, notarial fees, costs of copying, costs of executing a final summary of documentation and the administrative costs of the Czech National Bank (CNB).

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

16. Borrowings (continued)

(ii) On 23 September 2014, the Company ("Issuer") entered into an Agreement with the a regulated financial institution ("Administrator"), according to which the Administrator agrees that in relation to the issue of the bonds, it will act as an administrator, a listing agent and a calculation agent. The Administrator shall notify the Company of the total amount of financial means, which are to be remitted to the internal account of the Administrator.

The Company shall pay remuneration to the Administrator, in the manner and the maturity dates agreed by and between the Company and the Administrator in a Special Arrangement to this Agreement.

(iii) According to the Special Arrangement with the Administrator signed on the same date, the Company agrees to pay to the Administrator an annual remuneration of 0,15% of the overall volume of the issue of bonds, which is payable on the issue date for the first year and for each subsequent year, on the anniversary thereof.

(iv) Per the Agreement on Placement of Bonds signed on the same date between the Company ("Issuer") and a regulated financial institution ("Lead Manager"), the Lead Manager intends to ensure the process of the subscription and purchase of bonds and to identify proper subscribers who will subscribe the entire issue of bonds.

The remuneration for the services provided shall be agreed in the Special Arrangement to this Agreement

(v) According to the Special Arrangement to the Agreement on Placement of Bonds signed on the same date, the Company agrees to pay to the Lead Manager a remuneration of 1,50% of the overall volume of the bonds subscribed during the issue period or additional issue period, which is payable retrospectively on a monthly basis against an invoice issued by the Manager after the end of each calendar month of its activity as Manager for the previous calendar month.

The remuneration specified above is exclusive of the value added tax

(vi) The Company has made the following two issues of bonds which are listed on the Prague Stock Exchange (PSE):

(1) On 22 October 2014, the Company issued 200 fixed rate bonds with the nominal value of each bond amounting to CZK 3.000.000, for the total amount of CZK 600.000.000. The maturity date is 22 October 2018. The interest payments are semi annually with the first due on 22 April 2015.

(2) On 05 November 2014, the Company issued additionally 200 fixed rate bonds with the nominal value of each bond amounting to CZK 3.000.000, for the total amount of CZK 600.000.000. The maturity date is 22 October 2018. The interest payments are semi annually with the first due on 22 April 2015.

(vii) However, on 10 December 2014, the Company has bought back 65 pieces of the bonds issued with nominal value of CZK 3.000.000 each, for the total amount of CZK 196.625.000 (CZK 195.000.000 plus accrued interest CZK 1.625.000).

(viii) On 08 January 2015, the Company has bought back 96 pieces of the bonds issued with nominal value of CZK 3.000.000 each, for the total amount of CZK 291.800.000 (CZK 288.000.000 plus accrued interest CZK 3.800.000).

During 2015, the Company sold all bonds repurchased.

The interest payments are made regularly up to now.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

16. Borrowings (continued)

(D) Other loans

(i) On 27 June 2014, the Company ("Debtor") entered into a Loan Contract with a third party ("Creditor") for the granting of a loan in the amount of CZK 100.000.000, which bears interest at the rate of 4,50% per annum and is repayable on 27 December 2014.

Per Amendment No.1 signed on 28 August 2014, the principal amount was increased up to the amount of CZK 104.650.000.

Per Amendment No.2 signed on 26 December 2014, the repayment date has been extended until 01 June 2015.

Per Amendment No.3 signed on 01 June 2015, the repayment date has been extended until 01 October 2015.

Per Amendment No.4 signed on 01 October 2015, the repayment date has been extended until 01 November 2015.

Per Amendment No.5 signed on 01 November 2015, the repayment date has been extended until 31 December 2015.

Per Amendment No.6 signed on 30 December 2015, the repayment date has been extended until 29 February 2016.

Per Amendment No.7 signed on 29 February 2016, the repayment date has been extended until 30 April 2016.

Per Amendment No.8 signed on 04 April 2016, the principal amount was increased up to the amount of CZK 119.650.000.

The loan was fully settled based on the Safekeeping Agreement below.

(ii) On 08 July 2014, the Company ("Debtor") entered into a Loan Contract with a third party ("Creditor") for the granting of a loan in the amount of €934.093,18, which bears interest at the rate of 4,50% per annum and is repayable on 08 January 2015.

Per Amendment No.1 signed on 02 January 2015, the repayment date has been extended until 01 June 2015.

Per Amendment No.2 signed on 01 June 2015, the repayment date has been extended until 01 October 2015.

Per Amendment No.3 signed on 01 October 2015, the repayment date has been extended until 01 November 2015.

Per Amendment No.4 signed on 01 November 2015, the repayment date has been extended until 31 December 2015.

Per Amendment No.5 signed on 30 December 2015, the repayment date has been extended until 29 February 2016.

Per Amendment No.6 signed on 29 February 2016, the repayment date has been extended until 30 April 2016.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

16. Borrowings (continued)

On 30 April 2016, the Company ("Depositary") entered into a Safekeeping Agreement with a third party ("Depositor"), according to which, the Depositor agreed to entrust the Company with the safekeeping of the total amount of CZK 155.680.803,44.

The amount entrusted results from the following:

- (i) CZK 128.360.372,60 from the Loan Contract signed on 27 June 2014,
- (ii) €1.010.445,70 (equivalent to CZK 27.320.430,84) from the Loan Contract signed on 08 July 2014.

The Parties agree that if the liquidator of the Depositor does not prepare the final report on the course of the liquidation and does not compile financial statements by 30 June 2016, the amount of deposit shall carry interest in the amount of 4,5% per annum upon written request by the Depositor as of the day of the request until the day when the liquidator of the Depositor prepares the final report on the course of the liquidation or compiles financial statements.

The Company undertakes to pay out the amount entrusted or a part whenever it is requested by the Depositor in writing to do so.

Unless the amount entrusted is disposed of by 30 June 2017, the Company shall return the amount of deposit or its remaining part by 15 July 2017.

The Parties agreed that the safekeeping of the amount of deposit under this Agreement shall be free of charge and the depositary is not entitled to any remuneration.

On 01 July 2016, the third party delivered the Request under the Safekeeping Agreement according to which, the third party declares that by 30 June 2016 the final report on the course of the liquidation and financial statements were not prepared and requests that the amount of the deposit carries interest in the amount of 4,5% per annum from the delivery of this request.

Per the Notice of termination of carrying interest signed on 02 November 2016, the financial statements of the Depositor were compiled as at 02 November 2016.

As of this day, the total amount of the Deposit is CZK 153.680.803,44 and the interest on the amount of the Deposit is CZK 2.349.421,60.

The Safekeeping Agreement was fully settled on 29 March 2017.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

17. Trade and other payables

	30 June 2017	31 December 2016
	€	€
Trade payables	559.518	6.130.340
VAT	506	14.504
Derivative financial instruments	-	1.129
Accruals	26.146	35.478
Other creditors	5.582	81.553
Payables to related companies	-	39.133
	<u>591.752</u>	<u>6.302.137</u>

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

On 31 December 2016, Trade payables mainly relate to the following:

On 30 April 2016, the Company ("Depositary") entered into a Safekeeping Agreement with a third party ("Depositor"), according to which, the Depositor agreed to entrust the Company with the safekeeping of the total amount of CZK 155.680.803,44.

The amount entrusted results from the following:

(i) CZK 128.360.372,60 from the Loan Contract signed on 27 June 2014,

(ii) €1.010.445,70 (equivalent to CZK 27.320.430,84) from the Loan Contract signed on 08 July 2014.

The Parties agree that if the liquidator of the Depositor does not prepare the final report on the course of the liquidation and does not compile financial statements by 30 June 2016, the amount of deposit shall carry interest in the amount of 4,5% per annum upon written request by the Depositor as of the day of the request until the day when the liquidator of the Depositor prepares the final report on the course of the liquidation or compiles financial statements.

The Company undertakes to pay out the amount entrusted or a part whenever it is requested by the Depositor in writing to do so.

Unless the amount entrusted is disposed of by 30 June 2017, the Company shall return the amount of deposit or its remaining part by 15 July 2017.

The Parties agreed that the safekeeping of the amount of deposit under this Agreement shall be free of charge and the depositary is not entitled to any remuneration.

On 01 July 2016, the third party delivered the Request under the Safekeeping Agreement according to which, the third party declares that by 30 June 2016 the final report on the course of the liquidation and financial statements were not prepared and requests that the amount of the deposit carries interest in the amount of 4,5% per annum from the delivery of this request.

The Safekeeping Agreement was fully settled on 29 March 2017.

18. Refundable taxes

	30 June 2017	31 December 2016
	€	€
Corporation tax	(6.857)	(3.171)
	<u>(6.857)</u>	<u>(3.171)</u>

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

19. Related party transactions

The Company is controlled by J&T Private Equity Group Limited, incorporated in Cyprus, which owns 100% of the Company's shares.

Until 15 December 2016, the ultimate controlling parties were nine non resident individuals and one resident individual.

However, as from 15 December 2016, the ultimate controlling parties are eight non resident individuals and one resident individual.

The following transactions were carried out with related parties:

19.1 Directors' remuneration

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

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
Directors' fees	€ <u>476</u>	€ 476
	<u>476</u>	<u>476</u>

19.2 Interest income

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
J&T Private Equity B.V.	€ <u>1.195.424</u>	€ 1.586.631
	<u>1.195.424</u>	<u>1.586.631</u>

19.3 Interest expense

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
J&T Private Equity B.V.	€ <u>220.078</u>	€ 21.373
	<u>220.078</u>	<u>21.373</u>

19.4 Loans to associates (Note 11)

	30 June 2017	31 December 2016
J&T Private Equity B.V.	€ <u>62.563.788</u>	€ 47.462.793
	<u>62.563.788</u>	<u>47.462.793</u>

19.5 Loans from related undertakings (Note 16)

	30 June 2017	31 December 2016
J&T Private Equity B.V.	€ <u>21.999.296</u>	€ 22.920.594
	<u>21.999.296</u>	<u>22.920.594</u>

20. Contingent liabilities

The Company had no contingent liabilities as at 30 June 2017.

J&T SECURITIES MANAGEMENT LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period from 1 January to 30 June 2017

21. Commitments

The Company had no capital or other commitments as at 30 June 2017.

22. 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, except from the following.

On 21 July 2017, the Company proceeded with the purchase of listed coupon bonds in EMMA GAMMA FINANCE a.s., in the value of €10.000.000, which bear fixed interest at the rate of 5,25% p.a. and have a maturity date of 21 July 2022.

On 11 August 2017, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €6.632.166,67 on 11 December 2017. The principal amount of the promissory note is €6.500.000, bears interest at the rate of 6,00% per annum calculated on a 360 days basis and is payable until 11 December 2017.

Independent auditor's report on page 4

J&T SECURITIES MANAGEMENT LIMITED

DETAILED INCOME STATEMENT

Period from 1 January to 30 June 2017

	Page	01/01/2017- 30/06/2017 €	01/01/2016- 30/06/2016 €
Revenue			
Dividend income		33.034	657.112
Interest income		208.705	-
Loan interest income		1.267.731	1.931.469
Net gain on trading in financial instruments		164.978	-
Net fair value gains on financial assets at fair value through profit or loss		200.442	1.484.788
Other operating income			
Profit from sale of available-for-sale financial assets		-	580
Exchange profit		<u>2.040.894</u>	<u>498.699</u>
		3.915.784	4.572.648
Operating expenses			
Administration expenses	29	<u>(70.451)</u>	<u>(70.881)</u>
		3.845.333	4.501.767
Other operating expenses			
Broker commission and charges		(34.445)	(33.451)
Loss from sale of available-for-sale financial assets		(123.607)	(6.834)
Fair value losses on financial assets at fair value through profit or loss		<u>(371.284)</u>	<u>(62.130)</u>
Operating profit		3.315.997	4.399.352
Finance costs	30	<u>(4.015.490)</u>	<u>(2.604.912)</u>
Net (loss)/profit for the period before tax		<u><u>(699.493)</u></u>	<u><u>1.794.440</u></u>

J&T SECURITIES MANAGEMENT LIMITED

OTHER OPERATING EXPENSES

Period from 1 January to 30 June 2017

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Administration expenses		
Annual levy	350	350
Courier expenses	238	536
Certification and legalisation expenses	60	32
Auditors' remuneration for other assurance services	11.000	11.000
Auditors' remuneration - prior years	2.850	3.040
Accounting fees	6.248	6.248
Other professional fees	8.788	9.437
Translation fees	130	130
Directors' fees	476	476
Administration and fees for bonds	40.311	39.632
	70.451	70.881

J&T SECURITIES MANAGEMENT LIMITED

FINANCE COSTS

Period from 1 January to 30 June 2017

	01/01/2017- 30/06/2017	01/01/2016- 30/06/2016
	€	€
Finance costs		
Interest expense		
Loan interest	220.078	94.883
Bank overdraft interest	31	650
Loan interest on REPO agreements	64.406	589.747
Debenture interest	1.499.575	1.484.619
Sundry finance expenses		
Bank charges	-	8
Net foreign exchange losses		
Realised foreign exchange loss	176.214	18.705
Unrealised foreign exchange loss	2.055.186	416.300
	<u>4.015.490</u>	<u>2.604.912</u>

J&T SECURITIES MANAGEMENT LIMITED

COMPUTATION OF CORPORATION TAX

Period from 1 January to 30 June 2017

	Page	€	€
Net loss per income statement	28		(699.493)
<u>Add:</u>			
Broker commission and charges		34.445	
Loss from sale of available-for-sale financial assets		123.607	
Fair value losses on financial assets at fair value through profit or loss		371.284	
Realised foreign exchange loss		176.214	
Unrealised foreign exchange loss		2.055.186	
Annual levy		350	
Disallowed interest		<u>468.264</u>	
			<u>3.229.350</u>
			2.529.857
<u>Less:</u>			
Profit from sale of financial assets at fair value through profit or loss		164.978	
Fair value gains on financial assets at fair value through profit or loss		200.442	
Dividends received		33.034	
Realised foreign exchange profit		129.434	
Unrealised foreign exchange profit		<u>1.911.460</u>	
			<u>(2.439.348)</u>
Chargeable income for the year			<u><u>90.509</u></u>

Calculation of corporation tax

	Income	Rate	Total
	€	%	€ c
Tax at normal rates:			
Chargeable income as above	<u>90.509</u>	12,50	11.313,63
Tax paid provisionally	<u>120.000</u>		<u>(15.000,00)</u>
TAX REFUNDABLE			<u><u>(3.686,37)</u></u>

