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# ***Suntyco Holding Ltd***

Office Copy (signed)

*Report and  
financial  
statements*

*31 March 2017*



**SUNTYCO HOLDING LTD**

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2017

# SUNTYCO HOLDING LTD

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## FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

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# SUNTYCO HOLDING LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Lakshmanan Krishnakumar  
Arta Antoniou  
Spyridon Hadjinicolaou  
Nigel Holland  
Robert Audas  
Elizabeth Righas  
Eftychia Spyrou (resigned 15/06/2016)  
Maroulla Georgiou (appointed 15/06/2016)

**Company Secretary:**

A.T.S. Services Limited

**Registered office:**

2-4 Arch. Makarios III Avenue  
Capital Center, 9th Floor  
CY-1065 Nicosia  
Cyprus

**Registration number:**

216097



## **Independent auditor's report**

### **To the Members of Suntyco Holding Ltd**

#### **Report on the Audit of the financial statements**

##### **Opinion**

We have audited the financial statements of parent company Suntyco Holding Ltd (the "Company"), which are presented on pages 5 to 19 and comprise the statement of financial position as at 31 March 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

##### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the financial statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

##### **Responsibilities of the Board of Directors' for the financial statements**

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

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

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

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### **Auditor's responsibility for the Audit of the financial statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



### **Report on other legal requirements**

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.

### **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 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016 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.

A handwritten signature in blue ink, appearing to read 'Yiannos Kaponides', with a stylized flourish at the end.

Yiannos Kaponides  
Certified Public Accountant and Registered Auditor  
for and on behalf of

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Limassol, 23 May 2017

## SUNTYCO HOLDING LTD

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 US\$	2016 US\$
Impairment of investments in subsidiaries	8	(7,658,663)	-
Other income		52	-
Other gains/(losses) - net	6	(105,322)	72,187
Administration expenses		(67,927)	(87,096)
<b>Operating loss</b>		<b>(7,831,860)</b>	<b>(14,909)</b>
Net finance costs	5	(713)	(1,163)
<b>(Loss) before tax</b>		<b>(7,832,573)</b>	<b>(16,072)</b>
Income tax credit	7	-	30,877
<b>Net (loss)/profit for the year</b>		<b>(7,832,573)</b>	<b>14,805</b>
<b>Other comprehensive income</b>			
<i>Items that may be reclassified subsequently to profit or loss:</i>			
Currency translation difference		1,550,729	(1,204,514)
<b>Total comprehensive income / (loss) for the year</b>		<b>(6,281,844)</b>	<b>(1,189,709)</b>

The notes on pages 9 to 19 form an integral part of these financial statements.




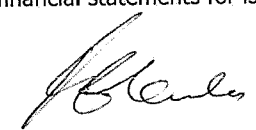
# SUNTYCO HOLDING LTD

## STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 US\$	2016 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	8	<u>1,105,101</u>	<u>7,308,093</u>
		<b>1,105,101</b>	<b>7,308,093</b>
<b>Current assets</b>			
Trade and other receivables	9	<u>415,910</u>	<u>413,610</u>
Refundable taxes	13	<u>106,981</u>	<u>112,684</u>
Cash and cash equivalents	10	<u>5,212</u>	<u>7,772</u>
		<b>528,103</b>	<b>534,066</b>
<b>Total assets</b>		<b><u>1,633,204</u></b>	<b><u>7,842,159</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	<u>69,118</u>	<u>69,118</u>
Share premium		<u>15,092,128</u>	<u>15,092,128</u>
Translation reserves		<u>(6,964,902)</u>	<u>(8,515,631)</u>
(Accumulated losses) /Retained earnings		<u>(6,695,077)</u>	<u>1,137,496</u>
<b>Total equity</b>		<b><u>1,501,267</u></b>	<b><u>7,783,111</u></b>
<b>Current liabilities</b>			
Trade and other payables	12	<u>131,937</u>	<u>59,048</u>
<b>Total liabilities</b>		<b><u>131,937</u></b>	<b><u>59,048</u></b>
<b>Total equity and liabilities</b>		<b><u>1,633,204</u></b>	<b><u>7,842,159</u></b>

On 23 May 2017 the Board of Directors of Suntyco Holding Ltd authorised these financial statements for issue.

  
.....  
Lakshmanan Krishnakumar  
Director

  
.....  
Robert Audas  
Director

The notes on pages 9 to 19 form an integral part of these financial statements.

## SUNTYCO HOLDING LTD

### STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

	Share capital US\$	Share premium US\$	Translation reserve US\$	Accumulated (losses)/retained earnings US\$	Total US\$
<b>Balance at 1 April 2015</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(7,311,117)</b>	<b>1,122,691</b>	<b>8,972,820</b>
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	14,805	14,805
<b>Other comprehensive income for the year</b>					
Currency translation difference	-	-	(1,204,514)	-	(1,204,514)
Total comprehensive income/(loss) for the year	-	-	(1,204,514)	14,805	(1,189,709)
<b>Balance at 31 March 2016/ 1 April 2016</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(8,515,631)</b>	<b>1,137,496</b>	<b>7,783,111</b>
<b>Comprehensive loss</b>					
Net loss for the year	-	-	-	(7,832,573)	(7,832,573)
<b>Other comprehensive income for the year</b>					
Currency translation differences	-	-	1,550,729	-	-
Total comprehensive income/(loss) for the year	-	-	1,550,729	(7,832,573)	(6,281,844)
<b>Balance at 31 March 2017</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(6,964,902)</b>	<b>(6,695,077)</b>	<b>1,501,267</b>

The notes on pages 9 to 19 form an integral part of these financial statements.

## SUNTYCO HOLDING LTD

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	2017	2016
	US\$	US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>Loss before tax</b>	<b>(7,832,573)</b>	(16,072)
Adjustments for:		
Effect of foreign exchange difference	<b>106,298</b>	(68,363)
Impairment charge - investments in subsidiaries	<b>7,658,663</b>	-
	<b>(67,612)</b>	(84,435)
<b>Cash flows used in operations before working capital changes</b>	<b>(2,300)</b>	116,112
(Increase)/decrease in trade and other receivables	<b>72,889</b>	(27,923)
Increase/(Decrease) in trade and other payables	<b>2,977</b>	3,754
<b>Net cash generated from operating activities</b>	<b>2,977</b>	3,754
<b>Net increase in cash and cash equivalents</b>	<b>7,772</b>	1,323
Cash and cash equivalents at beginning of the year	<b>(5,537)</b>	2,695
Exchange losses / gains on cash and cash equivalents	<b>5,212</b>	7,772
<b>Cash and cash equivalents at end of the year</b>	<b>5,212</b>	7,772

The notes on pages 9 to 19 form an integral part of these financial statements.

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 1. Incorporation and principal activities

#### Country of incorporation

SUNTYCO HOLDING LTD (the "Company") was incorporated in Cyprus on 14 December 2007 as a limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 2-4 Arch. Makarios III Avenue, Capital Center, 9th Floor, CY-1065 Nicosia, Cyprus.

#### Principal activity

The principal activity of the Company, which is unchanged from last year, is the holding of investments, including any interest earning activities.

### 2. Accounting policies

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

#### Basis of preparation

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

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 April 2016 and relevant to the Company have been adopted by the EU through the endorsement procedure established by the European Commission.

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

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 16.

#### Going concern

In assessing the Company's status as a going concern the Directors considered the current intentions and financial position of the Company. The Directors have considered a Letter of Support dated 9 May 2017 obtained from Tata Global Beverages Investments Limited, the Company's indirect parent company. Under this letter, the indirect parent company confirmed that it will continue to make available to the Company such funds and financial support as may be agreed from time to time to enable the Company to meet its obligations as they fall due (for a period not less than twelve months from the date of approval of the financial statements) and to enable the Company to carry on its business as going concern. The Directors, therefore, consider that the Company will continue as a going concern and the financial statements have been appropriately prepared on a going concern basis and that there is no material uncertainty over the basis of preparation in this respect.

#### Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 April 2016. This adoption did not have a material effect on the accounting policies of the Company.

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 2. Accounting policies (continued)

#### Adoption of new and revised IFRSs (continued)

At the date of approval of these financial statements, a number of new standards and amendments to standards and interpretations are effective for financial periods beginning after 1 April 2016, and have not been applied to these financial statements. None of these accounting standards are expected to have significant effect on the financial statements of the Company.

#### Consolidated financial statements

The Company has prepared these parent's separate financial statements for compliance with the requirements of the Cyprus Income Tax Law.

The Company has also prepared consolidated financial statements in accordance with the International Financial Reporting Standards as adopted by the European Union (EU) for the Company and its subsidiaries (the "Group"). The consolidated financial statements can be obtained from the Company's registered office.

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 March 2017 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

#### Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less cost to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

#### Revenue recognition

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

- **Interest income**  
Interest income is recognised on a time-proportion basis using the effective interest method.
- **Dividend income**  
Dividend income is recognised when the right to receive payment is established.

#### Finance costs

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

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 2. Accounting policies (continued)

#### Foreign currency translation

##### (1) Functional and presentation currency

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity and its subsidiaries operate which is the Russian Rouble (RUB) ('the functional currency'). The financial statements are presented in United States Dollars (US\$), which is the Company's presentation currency. The reason the financial statements are presented in US\$ and not in RUB is due to group reporting requirements.

The result and financial position of the Company are translated into the presentation currency as follows:

- (a) Assets and liabilities are translated at the closing rate at the date of the statement of financial position;
- (b) Income and expenses are translated at average exchange rates (prevailing on this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transactions dates, in which case income and expenses are translated at the rate on the dates of the transactions); and
- (c) All resulting exchange are recognised as a separate component of equity.

##### (2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

#### Tax

Current tax liabilities and assets for the current period 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 date of the statement of financial position in the country where the entity operates and generates taxable income.

The current income tax is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position in the country on which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the date of the statement of the financial position and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

#### Cash and cash equivalents

Cash and cash equivalents comprise cash at bank, with original maturity of three months or less.

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are initially recognised at fair value plus transaction costs and subsequently carried at amortised cost using the effective interest rate method. They are included in current assets, except for maturities greater than twelve months after the date of the statement of financial position. These are classified as non current assets. Loans and receivables are derecognised when the rights to receive cash flows from the loans and receivables which have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership.

##### **Offsetting financial instruments**

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

##### **Trade receivables**

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the profit or loss.

##### **Share capital**

Ordinary shares are classified as equity.

Share Premium is the difference between the fair value of the consideration received for the issue of shares and the nominal value of the shares. Share Premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

##### **Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligations using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as interest expenses.

##### **Trade and other payables**

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

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 3. Financial risk management

#### Financial risk factors

The Company's activities expose it to credit risk, liquidity risk and foreign exchange risk.

The Company's management does not have a formal policy to manage these risks at the entity level as they are managed centrally at the Group level.

#### 3.1 Credit risk

Credit risk arises mainly from outstanding trade and other receivables and cash at bank.

The amounts that correspond to the maximum credit risk as at the date of the statement of financial position are US\$528,103 (2016: US\$534,066). Given that receivables of US\$412,220 (2016: US\$406,220) are due from a related party and given that the financial position of this related party is considered to be satisfactory, the Company does not face any significant risks in relation to these receivables. For banks only creditworthy institutions are chosen. Management does not expect any losses from non performance by these counterparties.

#### 3.2 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 such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

#### 31 March 2017

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Trade and other payables	131,937	131,937	131,937
	<b>131,937</b>	<b>131,937</b>	<b>131,937</b>

#### 31 March 2016

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$
Trade and other payables	59,048	59,048	59,048
	<b>59,048</b>	<b>59,048</b>	<b>59,048</b>

#### 3.3 Foreign exchange risk

The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the US Dollar. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

At 31 March 2017, if the Russian Rouble had weakened/strengthened by 20% (2016: 20%) relative to the US Dollar with all other variables held constant, profit for the year would have been US\$60,280 (2016: US\$76,562) higher/lower, mainly as a result of foreign exchange gains/losses on translation of US Dollar denominated cash balances, loans and other receivables and payables.



# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 3. Financial risk management (continued)

#### 3.4 Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefit for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the Company monitors capital on the basis of the gearing ratio. The ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non current borrowings' as shown in the statement of financial position) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the statement of financial position plus net debt. As at 31 March 2017 and 2016 the Company had no borrowings.

#### 3.5 Fair value estimation

The carrying value of financial assets and liabilities are assumed to approximate their fair value.

#### 3.6 Offsetting financial assets and liabilities

The Company does not have any financial assets and financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

### 4. Expenses by nature

	2017	2016
	US\$	US\$
Auditors' remuneration	30,261	39,651
Accounting fees	18,671	19,736
Other professional fees	2,719	3,800
Domiciliary fees	4,383	3,422
Irrecoverable VAT	10,739	17,139
Sundry expenses	1,154	3,348
	<u>7,658,663</u>	<u>-</u>
<b>Total expenses</b>	<b><u>7,726,590</u></b>	<b><u>87,096</u></b>

### 5. Finance costs

	2017	2016
	US\$	US\$
Bank charges	<u>713</u>	<u>1,163</u>
	<u>713</u>	<u>1,163</u>

### 6. Other gains/(losses) - net

	2017	2016
	US\$	US\$
Realised exchange profit	976	3,824
Unrealised exchange (loss)/profit	<u>(106,298)</u>	<u>68,363</u>
	<u>(105,322)</u>	<u>72,187</u>

## SUNTYCO HOLDING LTD

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 7. Tax

	2017 US\$	2016 US\$
Corporation tax - over provision from prior years	-	(30,877)
<b>Credit for the year</b>	<b>-</b>	<b>(30,877)</b>

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

	2017 US\$	2016 US\$
(Loss) before tax	<b>(7,832,573)</b>	(16,072)
Tax calculated at the applicable tax rates	<b>(979,072)</b>	(2,009)
Tax effect of expenses not deductible for tax purposes	<b>971,681</b>	1,603
Tax effect of allowances and income not subject to tax	<b>(6)</b>	(9,023)
Tax effect of tax loss for which no deferred tax asset was recognised	<b>7,397</b>	9,429
Overprovision of prior years	-	(30,877)
<b>Tax credit</b>	<b>-</b>	<b>(30,877)</b>

The Company is subject to income tax at the rate of 12.5%.

Under certain conditions interest income may be exempt from income tax and be subject only to special contribution for defence at the rate of 30%.

In certain cases, dividends received from abroad may be subject to special contribution for defence at the rate of 17% for 2014 and thereafter. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc.) are exempt from Cyprus income tax.

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 8. Investments in subsidiaries

	2017 US\$	2016 US\$
Balance at 1 April	7,308,093	8,451,014
Impairment charge	(7,658,663)	-
Currency translation differences	<u>1,455,671</u>	<u>(1,142,921)</u>
<b>Balance at 31 March</b>	<b><u>1,105,101</u></b>	<b><u>7,308,093</u></b>

The subsidiaries as listed below, have share capital consisting solely of ordinary shares, which are held directly by the Company.

Nature of investments in subsidiaries in 2016 and 2015:

<u>Name</u>	<u>Place of business and country of incorporation</u>	<u>Principal activities</u>	% of ownership held	Measurement method
Onomento Co Ltd	Cyprus	Trademark owners	100	cost
Suntly LLC	Russian Federation	Tea and coffee trade	100	cost
Teatrade LLC	Russian Federation	Agent for sale of tea and coffee	100	cost

### 9. Trade and other receivables

	2017 US\$	2016 US\$
Receivables from own subsidiaries (Note 14.1)	401,319	401,319
Receivables from related companies (Note 14.1)	10,901	4,901
Deposits and prepayments	3,690	3,054
Refundable VAT	-	4,336
	<u>415,910</u>	<u>413,610</u>

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

As at 31 March 2017, no trade and other receivables were past due, and none are considered to be impaired.

Trade and other receivables are denominated in the following currencies:

	2017 US\$	2016 US\$
United States Dollars	406,220	406,220
Euro	-	4,336
Russian Roubles	<u>3,690</u>	<u>3,054</u>
	<b><u>409,910</u></b>	<b><u>413,610</u></b>

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 10. Cash and cash equivalents

	2017 US\$	2016 US\$
Cash at bank (credit rating Caa1 (2016: Caa2))	<u>5,212</u>	<u>7,772</u>

Cash and cash equivalents are denominated in the following currencies:

	2017 US\$	2016 US\$
United States Dollars	1,215	7,548
Euro	<u>3,997</u>	<u>224</u>
	<u>5,212</u>	<u>7,772</u>

### 11. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>250,000</u>	<u>250,000</u>	250,000	250,000
		US\$		US\$
<b>Issued and fully paid</b>				
Balance at 1 April	<u>50,099</u>	<u>69,118</u>	50,099	69,118
<b>Balance at 31 March</b>	<u>50,099</u>	<u>69,118</u>	50,099	69,118

#### Share Capital

Under its Memorandum of Association, the Company's authorised share capital is 250,000 ordinary shares, divided in to 127,500 A shares of €1 each and 122,500 B shares of €1 each.

The Class A and B shares shall rank pari passu with each other at all times.

#### Authorised capital

The issued shares as at 31 March 2017 and as at 31 March 2016 amounted to 25,551 A shares of €1 each and 24,548 B shares of €1 each. All issued shares are fully paid.

#### Issued capital

When the Company issues shares at a premium, a sum to the aggregate of the premiums on those shares is transferred to an account called 'Share Premium'.

Share premium account can only be utilised for limited purpose, which does not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

### 12. Trade and other payables

	2017 US\$	2016 US\$
Payables to parent (Note 14.2)	106,035	30,958
Accruals	25,902	27,282
Other creditors	-	808
	<u>131,937</u>	<u>59,048</u>

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

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 12. Trade and other payables (continued)

The trade and other payables are denominated in the following currencies:

	2017	2016
	US\$	US\$
United States Dollars	106,035	30,958
Euro	25,902	28,090
	<u>131,937</u>	<u>59,048</u>

### 13. Refundable taxes

	2017	2016
	US\$	US\$
Corporation tax	106,981	112,684
	<u>106,981</u>	<u>112,684</u>

### 14. Related party transactions

The Company is controlled by Kahutara Holdings Limited, incorporated in Cyprus, which owns 100% of the Company's shares. The ultimate controlling party of the Company, throughout the current year, is Tata Global Beverages Ltd, incorporated in India.

The following transactions were carried out with related parties:

#### 14.1 Receivables from related parties (Note 9)

<u>Name</u>	<u>Nature of transactions</u>	2017	2016
		US\$	US\$
Sunty LLC	Interest on loan receivable	401,319	401,319
Campestres Holdings Ltd	Current account	4,901	4,901
Onomento Co Ltd	Current account	6,000	-
		<u>412,220</u>	<u>406,220</u>

The carrying amount of receivables from the Company's related parties approximate to their fair value.

The loan facility of US\$6,500,015 in place between the Company and its subsidiary, Sunty LLC, carried interest of 6.5% per annum. On 12 February 2014, the Company converted the principal amount of the loan as further capital investment in Sunty LLC and the interest on this loan remained as receivable. Partial settlement of the interest amounting to US\$ NIL was made during 2017 (2016: US\$144,150).

#### 14.2 Payables to related parties (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2017	2016
		US\$	US\$
Kahutara Holdings Limited	Current account	106,035	30,958
		<u>106,035</u>	<u>30,958</u>

Campestres Holdings Limited is the parent entity of Kahutara Holdings Limited. Payables to related parties bear no interest, are unsecured and are repayable on demand.

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

### 15. Contingent liabilities

#### Russian operating environment

The Russian Federation displays certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue to develop and are subject to frequent changes and varying interpretations. During 2016 the Russian economy continued to be negatively impacted by a low oil prices, ongoing political tension in the region and international sanctions against certain Russian companies and individuals, all of which contributed to the country's economic recession characterised by a decline in gross domestic product. The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Russia's credit rating was downgraded to below investment grade. The operating environment has a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and management's current expectations and estimates could differ from actual results.

### 16. Critical accounting estimates and judgements

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Impairment of investments in subsidiaries**

The Company follows the guidance of IAS 39 and IAS 36 to determine whether the investment is impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost; and the financial health of and short term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flows. The Company has performed an impairment assessment of its investment in its subsidiary as at each balance sheet date as described in Note 8. The recoverable amount of the investment was estimated based on fair value less cost to sell estimates. The fair value was estimated using cash flow projections of the underlying business discounted in present value based on the management's business model. The critical assumptions applied in the cash flow projections are the growth rate of 4% (2016: 4%) for the Russian region and discount rate of 11.9% (2016: 13.2%). The cash flows in Russian Roubles were translated to US\$ using the rate RUB56.4 to US\$1 (2016: RUB67.6 to US\$1).

The impairment assessment resulted to an impairment charge of US\$ 7,658,663 (2016: nil). As at 31 March 2017, the impairment charge wouldn't be significantly changed due to reasonable possible change in the key assumptions.

### 17. Events after the reporting period

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

### Independent auditor's report on pages 2 to 4