

**SUNTYCO HOLDING LTD**

**REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2015**



# SUNTYCO HOLDING LTD

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## REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

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# SUNTYCO HOLDING LTD

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## BOARD OF DIRECTORS AND OTHER OFFICERS

<b>Board of Directors:</b>	Lakshmanan Krishnakumar Arta Antoniou Dionysia Dionysiou-Loizidi Spyridon Hadjinicolaou Spyroulla Papaeracleous (resigned 26 February 2015) Natalya Zhukova (resigned 18 August 2014) Nigel Holland Artemis Orfanidou Kleanthous ( alternate director of Mrs. Dionysia Dionysiou-Loizidi) Robert Audas (appointed 18 August 2014) Elizabeth Righas (appointed 26 February 2015)
<b>Company Secretary:</b>	A.T.S. Services Limited
<b>Independent Auditors:</b>	PricewaterhouseCoopers Certified Public Accountants and Registered Auditors City House 6, Karalskakis Street CY-3032 Limassol Cyprus
<b>Registered office:</b>	2-4 Arch. Makarios III Avenue Capital Center, 9th Floor 1505 Nicosia Cyprus
<b>Banker:</b>	Hellenic Bank Public Company Ltd
<b>Registration number:</b>	216097



# SUNTYCO HOLDING LTD

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## REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of Suntyco Holding Ltd (the "Company") for the year ended 31 March 2015.

### **Principal activity**

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

### **Review of current position, future developments and significant risks**

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

The main financial risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in notes 3 and 16 of the financial statements.

### **Results**

The Company's results for the year are set out on page 5. The Board of Directors does not recommend payment of dividend during the year and the profit for the year is retained.

### **Significant events after the end of the financial period**

There are no significant events that occurred after the end of the year.

### **Share capital**

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

### **Board of Directors**

The members of the Company's Board of Directors as at 31 March 2015 and at the date of this report are presented on page 1. On 18 August 2014, Mrs Natalya Zhukova resigned as Director of the Company and Mr Robert Audas was appointed. On 26 February 2015 Mrs Spyroulla Papaeracleous resigned as Director of the Company and Mrs Elizabeth Righas was appointed. All other directors were members of the Board of Directors throughout the year ended 31 March 2015.

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

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

### **Branches**

The Company did not operate through any branches during the year.

### **Independent Auditors**

The Independent Auditors, PricewaterhouseCoopers, 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,

  
Lakshmanan Krishnakumar  
Director

  
Robert Audas  
Director

Nicosia, 22 May 2015







## **Independent auditor's report** **To the Members of Suntyco Holding Ltd**

### **Report on the financial statements**

We have audited the accompanying financial statements of the parent company Suntyco Holding Ltd (the "Company"), which comprise the balance sheet as at 31 March 2015, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Board of Directors' responsibility 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.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of parent company Suntyco Holding Ltd as at 31 March 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

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PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol and Paphos.





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

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, 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.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

### **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 and 2013 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'.

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

**PricewaterhouseCoopers Limited**  
Certified Public Accountants and Registered Auditors

Limassol, 22 May 2015



## SUNTYCO HOLDING LTD

### STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 US\$	2014 US\$
Other income	4	-	319,428
Net foreign exchange profit from operating activities	7	269,763	458,390
Administration expenses		<u>(99,448)</u>	<u>(124,440)</u>
<b>Operating profit</b>		<b>170,315</b>	653,378
Net finance costs	6	<u>(1,875)</u>	<u>(2,593)</u>
<b>Profit before tax</b>		<b>168,440</b>	650,785
Income tax credit/(charge)	8	<u>61,704</u>	<u>(85,562)</u>
<b>Net profit for the year</b>		<b>230,144</b>	<b>565,223</b>
<b>Other comprehensive income</b>			
<i>Items that may be classified subsequently to profit or loss:</i>			
Currency translation difference		<u>(5,429,214)</u>	<u>(2,041,026)</u>
<b>Total comprehensive loss for the year</b>		<b>(5,199,070)</b>	<b>(1,475,803)</b>

The notes on pages 9 to 20 form an integral part of these financial statements.


# SUNTYCO HOLDING LTD

## STATEMENT OF FINANCIAL POSITION 31 MARCH 2015

	Note	2015 US\$	2014 US\$
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	9	<u>8,113,274</u>	<u>13,291,550</u>
		<b>8,113,274</b>	<b>13,291,550</b>
<b>Current assets</b>			
Trade and other receivables	10	<b>553,920</b>	658,556
Refundable taxes	14	<b>66,727</b>	-
Cash and cash equivalents	11	<u>1,323</u>	<u>5,797</u>
		<b>621,970</b>	<b>664,353</b>
<b>Total assets</b>		<b><u>8,735,244</u></b>	<b><u>13,955,903</u></b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity and reserves</b>			
Share capital	12	<b>69,118</b>	69,118
Share premium		<b>15,092,128</b>	15,092,128
Translation reserves		<b>(7,050,533)</b>	(1,621,319)
Retained earnings		<u>524,367</u>	<u>294,223</u>
<b>Total equity</b>		<b><u>8,635,080</u></b>	<b><u>13,834,150</u></b>
<b>Current liabilities</b>			
Trade and other payables	13	<b>100,164</b>	115,368
Current tax liabilities	14	<u>-</u>	<u>6,385</u>
<b>Total liabilities</b>		<b><u>100,164</u></b>	<b><u>121,753</u></b>
<b>Total equity and liabilities</b>		<b><u>8,735,244</u></b>	<b><u>13,955,903</u></b>

On 22 May 2015 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 20 form an integral part of these financial statements.

# SUNTYCO HOLDING LTD

## STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2015

	Share capital US\$	Share premium US\$	Translation reserve US\$	Accumulated losses US\$	Total US\$
<b>Balance at 1 April 2013</b>	<b>69,118</b>	<b>15,092,128</b>	<b>419,707</b>	<b>(271,000)</b>	<b>15,309,953</b>
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	565,223	565,223
<b>Other comprehensive income for the year</b>					
Currency translation differences	-	-	(2,041,026)	-	(2,041,026)
Total comprehensive income for the year	-	-	(2,041,026)	565,223	(1,475,803)
<b>Balance at 31 March 2014 / 1 April 2014</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(1,621,319)</b>	<b>294,223</b>	<b>13,834,150</b>
<b>Comprehensive income</b>					
Net profit for the year	-	-	-	230,144	230,144
<b>Other comprehensive income for the year</b>					
Currency translation differences	-	-	(5,429,214)	-	(5,429,214)
Total comprehensive income for the year	-	-	(5,429,214)	230,144	(5,199,070)
<b>Balance at 31 March 2015</b>	<b>69,118</b>	<b>15,092,128</b>	<b>(7,050,533)</b>	<b>524,367</b>	<b>8,635,080</b>

Share premium is not available for distribution.

The notes on pages 9 to 20 form an integral part of these financial statements.

# SUNTYCO HOLDING LTD

## STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2015

	Note	2015 US\$	2014 US\$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Profit before tax		168,440	650,785
Effect of foreign exchange difference		(269,334)	(458,390)
Interest income	4	-	(319,428)
Interest expense	6	-	106
		<b>(100,894)</b>	<b>(126,927)</b>
<b>Cash flows used in operations before working capital changes</b>		<b>(100,894)</b>	<b>(126,927)</b>
Decrease/(increase) in trade and other receivables		87,529	(790)
Increase in trade and other payables		9,933	15,228
<b>Cash flows used in operations</b>		<b>(3,432)</b>	<b>(112,489)</b>
Tax paid		-	(88,199)
<b>Net cash flows used in operating activities</b>		<b>(3,432)</b>	<b>(200,688)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest received		-	356,000
<b>Net cash flows from investing activities</b>		<b>-</b>	<b>356,000</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Unrealised exchange (loss)		-	(3,746)
Dividends paid		-	(236,000)
Interest on Taxation		-	(104)
<b>Net cash flows used in financing activities</b>		<b>-</b>	<b>(239,850)</b>
<b>Net decrease in cash and cash equivalents</b>		<b>(3,432)</b>	<b>(84,538)</b>
Cash and cash equivalents:			
Exchange gains/(losses) on cash and cash equivalents		(1,042)	-
At beginning of the year		5,797	90,335
<b>At end of the year</b>	11	<b>1,323</b>	<b>5,797</b>

The notes on pages 9 to 20 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 2015

### 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, 1505 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 2014 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. There are no areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements.

#### 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 8 May 2015 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 thirteen months from the date of the Letter) 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 as appropriately prepared on a going concern basis.

#### 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 2014. This adoption did not have a material effect on the accounting policies of the Company.

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 2014, 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.

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 2. Accounting policies (continued)

#### 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 Financing 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 2015 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.

#### 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 2015

### 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 substantially 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.

#### Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

# SUNTYCO HOLDING LTD

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## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### **2. Accounting policies (continued)**

#### **Financial instruments (continued)**

##### Cash and cash equivalents

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

##### 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.

#### **Derecognition of financial assets and liabilities**

##### Financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets 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. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

#### **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 obligation 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.

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 2. Accounting policies (continued)

#### 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.

### 3. Financial risk management

#### Financial risk factors

The Company's activities expose it to credit risk, liquidity risk and foreign exchange risk. The risk management policies employed by the Company to manage these risks are discussed below:

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 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\$621,970 (2014: US\$664,353). Given that receivables of US\$546,867 (2014: US\$649,560) 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 2015

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3-12 months US\$
Trade and other payables	100,164	100,164	100,164	-
	<b>100,164</b>	<b>100,164</b>	<b>100,164</b>	<b>-</b>

#### 31 March 2014

	Carrying amounts US\$	Contractual cash flows US\$	3 months or less US\$	Between 3-12 months US\$
Trade and other payables	115,368	115,368	115,368	-
	<b>115,368</b>	<b>115,368</b>	<b>115,368</b>	<b>-</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 2015, if the Russian Rouble had weakened/strengthened by 10% (2014: 10%) relative to the US Dollar with all other variables held constant, profit for the year would have been US\$49,327 (2014: US\$59,920) 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 2015

### 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 2015 and 2014 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.

### 4. Other income

	2015 US\$	2014 US\$
Interest income (Note 15.1)	-	319,428
	<u>-</u>	<u>319,428</u>

### 5. Expenses by nature

	2015 US\$	2014 US\$
Auditors' remuneration	44,951	52,141
Accounting fees	24,242	24,999
Other professional fees	3,851	24,160
Domiciliary fees	4,282	5,004
Irrecoverable VAT	14,266	13,058
Sundry expenses	7,856	5,078
	<u>99,448</u>	<u>124,440</u>

The other professional fees stated above include fees of US\$3,852 (2014: US\$8,272) for tax consultancy services charges by the Company's statutory audit firm.

### 6. Finance costs

	2015 US\$	2014 US\$
Interest expense	-	112
Bank charges	1,875	2,481
	<u>1,875</u>	<u>2,593</u>

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 7. Net profit from foreign exchange transactions

	2015	2014
	US\$	US\$
Realised exchange profit/(loss)	429	(18,189)
Unrealised exchange profit	<u>269,334</u>	<u>476,579</u>
	<u>269,763</u>	<u>458,390</u>

Realised exchange profit/(loss) arises from transactions in foreign currencies, translated to Russian Roubles using the rate of exchange ruling at the date of the transaction.

The unrealised exchange profit arises from monetary assets and liabilities denominated in foreign currencies, translated to Russian Roubles using the rate of exchange ruling at the reporting date.

### 8. Tax

	2015	2014
	US\$	US\$
Corporation tax - current year	-	85,562
Corporation tax - over provision from prior year	<u>(61,704)</u>	<u>-</u>
<b>(Credit)/charge for the year</b>	<u><b>(61,704)</b></u>	<u>85,562</u>

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

	2015	2014
	US\$	US\$
Profit before tax	<u>168,440</u>	<u>650,785</u>
Tax calculated at the applicable tax rates	21,055	81,348
Tax effect of expenses not deductible for tax purposes	5,534	4,214
Tax effect of allowances not deductible for tax purposes	(3,664)	-
Overprovision of prior years	(61,704)	-
Tax effect of group relief	<u>(22,925)</u>	<u>-</u>
<b>Tax (credit)/charge</b>	<u><b>(61,704)</b></u>	<u>85,562</u>

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 20% for the tax years 2012 and 2013 and 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.

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 9. Investments in subsidiaries

	2015 US\$	2014 US\$
At the beginning of the year	13,291,550	8,415,958
Additions (Note 11)	-	6,500,015
Currency translation differences	<u>(5,178,276)</u>	<u>(1,624,423)</u>
<b>Balance at 31 March / 1 April</b>	<b><u>8,113,274</u></b>	<b><u>13,291,550</u></b>

The details of the subsidiaries, which are unlisted, are as follows:

<u>Name</u>	<u>Place of business and country of incorporation</u>	<u>Principal activities</u>	2015 US\$	2014 US\$
Onomento Co Ltd	Cyprus	Trademark owners	1,065,493	1,745,541
Sunty LLC	Russian Federation	Tea and coffee trade	7,047,610	11,545,729
Teatrade LLC	Russian Federation	Agent for sale of tea and coffee	<u>171</u>	<u>280</u>
			<b><u>8,113,274</u></b>	<b><u>13,291,550</u></b>

As at 31 March 2015 and 2014 all subsidiaries are wholly owned.

The method used to account for investments in subsidiaries is the cost method.

### 10. Trade and other receivables

	2015 US\$	2014 US\$
Receivables from own subsidiaries (Note 15)	546,867	649,560
Deposits and prepayments	2,902	3,670
Refundable VAT	<u>4,151</u>	<u>5,326</u>
	<b><u>553,920</u></b>	<b><u>658,556</u></b>

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

As at 31 March 2015, 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:

	2015 US\$	2014 US\$
Russian Rouble	546,867	649,560
Euro	<u>7,053</u>	<u>8,996</u>
	<b><u>553,920</u></b>	<b><u>658,556</u></b>

### 11. Cash and cash equivalents

	2015 US\$	2014 US\$
Cash at bank (credit rating Caa3 (2014: Caa3))	<u>1,323</u>	<u>5,797</u>



# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 11. Cash and cash equivalents (continued)

Cash and cash equivalents are denominated in the following currencies::

	2015	2014
	US\$	US\$
United States Dollars	781	3,823
Euro	542	1,974
	<u>1,323</u>	<u>5,797</u>

### Non-cash transactions

The principal non-cash transactions during the prior year relates to the additional investment made in the subsidiary, Senty LLC, through the conversion of the loan principal amount granted to the entity, amounting to US\$6,500,015 (Note 9). There were no major non-cash transactions during the current year.

### 12. Share capital

	2015 Number of shares	2015 €	2014 Number of shares	2014 €
<b>Authorised</b>				
Ordinary shares of €1 each	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>	<u>250,000</u>
		US\$		US\$
<b>Issued and fully paid</b>				
At the beginning of the year	<u>50,099</u>	<u>69,118</u>	<u>50,099</u>	<u>69,118</u>
<b>Balance at the end of the year</b>	<u>50,099</u>	<u>69,118</u>	<u>50,099</u>	<u>69,118</u>

#### Authorised 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.

#### Issued capital

The issued shares as at 31 March 2015 and as at 31 March 2014 amounted to 25,551 A shares of €1 each and 24,548 B shares of €1 each. All issued shares are fully paid.

#### Share premium

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 purposes, 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.

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 13. Trade and other payables

	2015	2014
	US\$	US\$
Payables to parent (Note 15)	54,000	54,000
Accruals	22,762	30,240
Other creditors	23,024	30,750
Payables to related companies (Note 15)	378	378
	<u>100,164</u>	<u>115,368</u>

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

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

	2015	2014
	US\$	US\$
USD	54,378	54,378
EUR	45,786	60,990
	<u>100,164</u>	<u>115,368</u>

### 14. (Refundable) taxes/current tax liabilities

	2015	2014
	US\$	US\$
Corporation tax	(66,727)	6,385
	<u>(66,727)</u>	<u>6,385</u>

### 15. 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:

#### 15.1 Receivables from subsidiaries (Note 10)

	2015	2014
Name	US\$	US\$
Suntly LLC	545,469	647,269
Suntly LLC	1,398	2,291
	<u>546,867</u>	<u>649,560</u>

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

The loan facility of US\$6,500,015 in place between the Company and its subsidiary, Suntly LLC, carried interest of 6.5% per annum. With effect at 31 December 2013 the Company converted the principal amount of the loan as further capital investment in Suntly LLC. As a result, US\$Nil principal amount is outstanding. During the year ended 31 March 2014 the Company earned interest of US\$319,428 from Suntly LLC. Partial settlement of the interest amounting to US\$101,800 was made during 2015 (2014: US\$346,000). The interest outstanding at the year end of US\$545,469 (2014: US\$647,269) is recognised as current, as it is repayable at the discretion of the Company within the next two years.

# SUNTYCO HOLDING LTD

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015

### 15. Related party transactions (continued)

#### 15.2 Payables to related parties (Note 13)

<u>Name</u>	<u>Nature of transactions</u>	2015 US\$	2014 US\$
Campestres Holdings Limited	Trade	378	378
Kahutara Holdings Limited	Dividend	54,000	54,000
		<u>54,378</u>	<u>54,378</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.

### 16. 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 2014 the Russian economy was negatively impacted by a decline in oil prices and ongoing political tension in the region and international sanctions against certain Russian companies and individuals. As a result during 2014:

- the CBRF exchange rate fluctuated between RUB 35.6053 and RUB58.4643 per USD;
- the CBRF key refinancing interest rate increased from 5.5% p.a. to 17.0% p.a. including an increase from 12.0% p.a. to 17.0% p.a. on 16 December 2014;
- the RTS stock exchange index ranged between 1,256 and 880;
- access to international financial markets to raise funding was limited for certain entities; and
- capital outflows increased compared to prior years.

The financial markets continue to be volatile and are characterised by frequent significant price movements and increased trading spreads. Subsequent to 31 March 2015:

- the CBRF exchange rate fluctuated between RUB 57.65 per USD and RUB 50.7511 per USD;
- Russia's credit rating was downgraded by Fitch Ratings in January 2015 to BBB-, whilst Standard & Poor's cut it to BB+, putting it below investment grade for the first time in a decade. In February 2015 Moody's Investors Service downgraded Russia's rating to Ba1 from Baa3. Fitch Ratings still have Russia as investment grade. However, all these rating agencies indicated a negative outlook, meaning further downgrades are possible.
- the RTS stock exchange index ranged between 910 and 1,060;
- bank lending activity decreased as banks are reassessing the business models of their borrowers and their ability to withstand the increased lending and exchange rates; and
- the CBRF key interest rate decreased from 17.0% p.a. to 12.5% p.a.

These events may have a further significant impact on the Company's future operations and financial position, the effect of which is difficult to predict. The future economic and regulatory situation and its impact on the Company's operations may differ from management's current expectations.

### 17. Significant events after the end of the financial period

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

# **SUNTYCO HOLDING LTD**

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## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2015**

**Independent auditor's report on pages 3 and 4**

## SUNTYCO HOLDING LTD

### DETAILED INCOME STATEMENT FOR THE YEAR ENDED 31 MARCH 2015

	Page	2015 US\$	2014 US\$
<b>Revenue</b>			
Net foreign exchange profit from operating activities		<b>269,763</b>	458,390
Interest income		-	<u>319,428</u>
		<b>269,763</b>	777,818
<b>Operating expenses</b>			
Administration expenses	22	<u>(99,448)</u>	(124,440)
<b>Operating profit</b>			
Finance costs	23	<b>170,315</b>	653,378
		<u>(1,875)</u>	<u>(2,593)</u>
<b>Net profit for the year before tax</b>		<b>168,440</b>	<u>650,785</u>

## SUNTYCO HOLDING LTD

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### OPERATING EXPENSES FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
<b>Other operating expenses</b>		
Annual levy	304	-
Auditors' remuneration	44,951	52,141
Accounting fees	24,242	24,999
Other professional fees	3,851	24,160
Domiciliary fees	4,282	5,004
Irrecoverable VAT	14,266	13,058
Sundry expenses	7,552	5,078
	<u>99,448</u>	<u>124,440</u>

# SUNTYCO HOLDING LTD

## FINANCE COSTS

FOR THE YEAR ENDED 31 MARCH 2015

	2015 US\$	2014 US\$
<b>Finance costs</b>		
<b>Interest expense</b>		
Bank overdraft interest	-	6
Interest on taxes	-	106
<b>Sundry finance expenses</b>		
Bank charges	<u>1,875</u>	<u>2,481</u>
	<u>1,875</u>	<u>2,593</u>

## Net profit from foreign exchange transactions

	2015 US\$	2014 US\$
Realised exchange profit/(loss)	429	(18,189)
Unrealised exchange profit	<u>269,334</u>	<u>476,579</u>
	<u>269,763</u>	<u>458,390</u>

