'Registrar'

REGISTERED NUMBER: 06810409 (England and Wales)

DUGLAS ALLIANCE LTD

STRATEGIC REPORT,

REPORT OF THE DIRECTORS AND

AUDITED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 29 FEBRUARY 2016

Kounnis And Partners Limited
Chartered Certified Accountants
& Statutory Auditors
Sterling House
Fulbourne Road
London
United Kingdom
E17 4EE

DUGLAS ALLIANCE LTD (REGISTERED NUMBER: 06810409)

CONTENTS OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 29 FEBRUARY 2016

DUGLAS ALLIANCE LTD

COMPANY INFORMATION
FOR THE YEAR ENDED 29 FEBRUARY 2016

DIRECTORS:	Mr Y Potiyko Mrs I Trambovetska Mr B J S Lawton
REGISTERED OFFICE:	Suite 1 5 Percy Street London W1T 1DG
REGISTERED NUMBER:	06810409 (England and Wales)
SENIOR STATUTORY AUDITOR:	Mr C A Joannou BSc, MSc, FCCA
AUDITORS:	Kounnis And Partners Limited Chartered Certified Accountants & Statutory Auditors Sterling House Fulbourne Road London United Kingdom E17 4EE

STRATEGIC REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors present their strategic report for the year ended 29 February 2016.

REVIEW OF BUSINESS
Duglas Alliance Limited is currently engaged in the construction of hydro power plant in the Republic of Equatorial Guinea.

Turnover has increased during the year due to the intensification of works on water power plant construction. The directors are pleased with the project's current stage of completion and construction works activation is in accordance with the project schedule.

The directors recognise that the Company's key resource is its loyal, enthusiastic and experienced engineers.

The Company continues to look for new opportunities.

The liquidity of the business remains positive with healthy cash reserves.

PRINCIPAL RISKS AND UNCERTAINTIES
Competition
The Company provides a variety of quality and compliant solutions to its customers and whilst there is competitive risk from other companies and gross margin remains under pressure the directors believe that its solution and the quality of its compliant service counteract this risk.

Uncertainties in Relation to Suppliers and Availability of Materials
The Company, being a developer performing building project, is exposed to a risk of lack of materials for project execution due to suppliers' insecurity and disarrangement of trading relations with suppliers of materials of strategic importance. In order to mitigate that risk, the Company has concluded trading contracts with different companies, which are reputable suppliers of building materials in order to diversify its possible channels of supplies.

Foreign Exchange Risk
The company settles its accounts with suppliers in Euro and US dollars. As the Company receives advance prepayments from its major customer in Euro, it is exposed to a risk of unfavourable exchange rate at the date of settlements in other currencies. The Company constantly maintains US dollars cash balance for the purpose of future settlements.

Reduction in Business Activity
The Company, like any other business, is exposed to a risk of downturn in its particular sectors. The directors proactively monitor performance on an ongoing basis and implement alternative strategies if necessary. The directors consider their involvement in running the business mitigates this exposure.
Trading levels are still, however, dependant upon the state of the general economy.

Lack of Experienced Staff
The Company may face the problem of hiring experienced professionals due to competition on labour market. An active personnel hiring campaign was conducted in the reporting period in order to attract experienced staff for current project and create personnel reserve for future projects.

FINANCIAL KEY PERFORMANCE INDICATORS
Average number of employees increased in the current period due to the active building stage of the project starting.

The gross profit margin of the company as at the year end have reduced considerably. Projects of this magnitude always have unexpected circumstances resulting in additional costs for which increase in contract price has being negotiated and is expected to be included in results in future years when the water power plant building project is to be completed.

The net profit margin has been affected by additional costs incurred during the year. Net profit returns will be a focus for the directors and increasing administration efficiency remains one of priorities for the coming year.

STRATEGIC REPORT
FOR THE YEAR ENDED 29 FEBRUARY 2016

THE POSITION OF THE COMPANY AT THE YEAR END
The balance sheet shows that the company's financial position at the year-end in terms of its net assets position. The company continue to invest in plant and machinery necessary for water power plant building. The company is in a strong position to continue to invest and expand in forthcoming finance year.

The water power plant being built by the company as at the reporting date is situated in the Republic of Equatorial Guinea. The company continue to take all precautionary measure to ensure area of plant installation is not exposed to mass contamination due to the outbreak of Ebola to enable the company to continue the project according to the schedule. The company is continuously monitoring the situation.

ON BEHALF OF THE BOARD:

....
Mr Y Potiyko - Director

Date: 07.11.2016

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 29 FEBRUARY 2016

The directors present their report with the financial statements of the company for the year ended 29 February 2016.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of building and construction.

DIVIDENDS
No dividends will be distributed for the year ended 29 February 2016.

DIRECTORS
The directors shown below have held office during the whole of the period from 1 March 2015 to the date of this report.

Mr Y Potiyko
Mrs I Trambovetska
Mr B J S Lawton

STATEMENT OF DIRECTORS' RESPONSIBILITIES
The directors are responsible for preparing the Strategic Report, the Report of the Directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS
So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS
The auditors, Kounnis And Partners Limited, will be proposed for re-appointment at the forthcoming Annual General Meeting.

ON BEHALF OF THE BOARD:

....
Mr Y Potiyko - Director

Date: 07.11.2016

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF DUGLAS ALLIANCE LTD

We have audited the financial statements of Duglas Alliance Ltd for the year ended 29 February 2016 which comprise the Income Statement, Other Comprehensive Income, Balance Sheet, Statement of Changes in Equity, Cash Flow Statement and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the Auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic Report and the Report of the Directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 29 February 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Mr C A Joannou BSc, MSc, FCCA (Senior Statutory Auditor)
for and on behalf of Kounnis And Partners Limited
Chartered Certified Accountants
& Statutory Auditors
Sterling House
Fulbourne Road
London
United Kingdom
E17 4EE

Date: 14/11/2016

Note:

The maintenance and integrity of the Duglas Alliance Ltd website is the responsibility of the directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

DUGLAS ALLIANCE LTD (REGISTERED NUMBER: 06810409)

INCOME STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Notes	2016 €	2015 €
TURNOVER	2	**211,629,108**	87,448,041
Cost of sales		**211,073,465**	85,196,885
GROSS PROFIT		**555,643**	2,251,156
Administrative expenses		**1,653,008**	1,939,531
OPERATING (LOSS)/PROFIT and (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	**(1,097,365)**	311,625
Tax on (loss)/profit on ordinary activities	5	**246,383**	106,357
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		**(1,343,748)**	205,268

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Notes	2016 €	2015 €
(LOSS)/PROFIT FOR THE YEAR		**(1,343,748)**	205,268
OTHER COMPREHENSIVE INCOME		**-**	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(1,343,748)**	205,268

The notes form part of these financial statements

BALANCE SHEET
29 FEBRUARY 2016

	Notes	2016 €	2016 €	2015 €	2015 €
FIXED ASSETS					
Tangible assets	6		**13,455,097**		12,839,080
Investment property	7		**1,400,000**		1,400,000
			14,855,097		14,239,080
CURRENT ASSETS					
Stocks	8	**23,143,611**		8,560,619	
Debtors	9	**140,154,388**		1,195,631	
Cash at bank and in hand		**21,683,392**		74,412,949	
		184,981,391		84,169,199	
CREDITORS					
Amounts falling due within one year	10	**162,458,453**		47,197,364	
NET CURRENT ASSETS			**22,522,938**		36,971,835
TOTAL ASSETS LESS CURRENT LIABILITIES			**37,378,035**		51,210,915
CREDITORS					
Amounts falling due after more than one year	11		**(36,094,371)**		(48,765,000)
PROVISIONS FOR LIABILITIES	12		**(287,854)**		(106,357)
NET ASSETS			**995,810**		2,339,558
CAPITAL AND RESERVES					
Called up share capital	13		**1,369,200**		1,369,200
Share premium	14		**479,220**		479,220
Retained earnings	14		**(852,610)**		491,138
SHAREHOLDERS' FUNDS			**995,810**		2,339,558

The financial statements were approved by the Board of Directors on 07.11.2016 and were signed on its behalf by:

....
Mr Y Potiyko - Director

....
Mrs I Trambovetska - Director

The notes form part of these financial statements

DUGLAS ALLIANCE LTD (REGISTERED NUMBER: 06810409)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Called up share capital €	Retained earnings €	Share premium €	Total equity €
Balance at 1 March 2014	568,684	285,870	-	854,554
Changes in equity				
Issue of share capital	800,516	-	479,220	1,279,736
Total comprehensive income	-	205,268	-	205,268
Balance at 28 February 2015	1,369,200	491,138	479,220	2,339,558
Changes in equity				
Total comprehensive income	-	(1,343,748)	-	(1,343,748)
Balance at 29 February 2016	1,369,200	(852,610)	479,220	995,810

The notes form part of these financial statements

DUGLAS ALLIANCE LTD (REGISTERED NUMBER: 06810409)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2016

	Notes	2016 €	2015 €
Cash flows from operating activities			
Cash generated from operations	1	**(47,322,572)**	22,262,570
Taxation refund		**-**	(43,259)
Net cash from operating activities		**(47,322,572)**	22,219,311
Cash flows from investing activities			
Purchase of tangible fixed assets		**(5,406,985)**	(4,509,394)
Purchase of investment property		**-**	(1,400,000)
Net cash from investing activities		**(5,406,985)**	(5,909,394)
Cash flows from financing activities			
Share issue		**-**	684,600
Share revaluation		**-**	115,916
Share premium		**-**	479,220
Net cash from financing activities		**-**	1,279,736
(Decrease)/increase in cash and cash equivalents		**(52,729,557)**	17,589,653
Cash and cash equivalents at beginning of year	2	**74,412,949**	56,823,296
Cash and cash equivalents at end of year	2	**21,683,392**	74,412,949

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 29 FEBRUARY 2016

1. **RECONCILIATION OF (LOSS)/PROFIT BEFORE TAXATION TO CASH GENERATED FROM OPERATIONS**

	2016	2015
	€	€
(Loss)/profit before taxation	**(1,097,365)**	311,625
Depreciation charges	**4,790,968**	3,337,421
	3,693,603	3,649,046
Increase in stocks	**(14,582,992)**	(8,560,619)
Increase in trade and other debtors	**(138,958,757)**	(1,180,170)
Increase in trade and other creditors	**102,525,574**	28,354,313
Cash generated from operations	**(47,322,572)**	22,262,570

2. **CASH AND CASH EQUIVALENTS**

The amounts disclosed on the Cash Flow Statement in respect of cash and cash equivalents are in respect of these Balance Sheet amounts:

Year ended 29 February 2016

	29.2.16	1.3.15
	€	€
Cash and cash equivalents	**21,683,392**	**74,412,949**

Year ended 28 February 2015

	28.2.15	1.3.14
	€	€
Cash and cash equivalents	74,412,949	56,823,296

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Basis of preparing the financial statements
These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Duglas Alliance Ltd is a limited company incorporated in the United Kingdom. The address of the registered office is given in the company information page of these financial statements. The nature of the company's operations and principal activities are that of building and construction.

The financial statements have been prepared in accordance with applicable accounting standards including Financial Reporting Standards 102 The Financial Reporting Standard Applicable in the UK and Republic of Ireland (FRS102) and the Companies Act 2006. The financial statements have been prepared on a going concern basis under the historical cost convention, modified to include certain items at fair value. The financial statements are prepared in Euro being the most relevant currency for the company.

The significant accounting policies applied in the preparation of these financial statements are set out below. These policies have been consistently applied to all years presented unless otherwise stated. The company adopted FRS 102 in the current year and an explanation of how transition of FRS102 has affected the reported financial position and performance is given in note 17.

Significant judgements and estimates
Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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

<u>Recognition of attributable profits and provision for losses on long term contracts</u>
Significant judgement is required in the Company recognising attributable profits on long term contracts by making an assessment of the outcome for each long term contract not completed as at the year end. The assessment is made to consider whether there is evidence of reasonable certainty of recoverability in relation to each contract . Such evidence includes the cost to date in relation to expected costs as budgeted, revenues received and receivable on the contract and evidence obtained in relation to stage of completion from certification obtained from 3rd party surveyor .

If indications of irreconcilability of costs incurred to date and future costs exist, the irrecoverable amounts and any losses anticipated are estimated and a respective provision for losses on long term contracts are made. The amount of the provision is charged through profit or loss. The review of provision for losses on long term risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly at each year end relating to uncompleted long term contracts.

<u>Provision for bad and doubtful debts</u>
The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irreconcilability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

<u>Corporation tax</u>
Significant judgement is required in determining the provision for corporation taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the corporation tax and deferred tax provisions in the period in which such determination is made.

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Turnover
Turnover represents net amounts receivable for goods and services net of VAT and trade discounts, The company recognises revenue when the company has a contracted right to an amount received or receivable in exchange for its performance.

Turnover is measured at the fair value of the consideration received or receivable excluding value added tax and net of discounts. The policies adopted for the recognition of turnover are as follows:

Rendering of services
Turnover represents net fees receivable for services provided which are recognised when the company obtains the right to consideration under individual contracts.

Where a contract has only been partially completed at the balance sheet date, turnover represents the value of services provided to date based on a portion of the total contract value. Fees earned but not invoiced by the balance sheet date are treated as accrued income and amounts receivable on long term contracts, are stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payment on account and included as part of debtors due within one year. Excess progress payments are included in creditors as payments on account.

Long term contracts
When the outcome of a long term construction contract can be estimated reliably, contract costs and turnover including attributable profit on long term contracts are recognised by reference to the stage of completion at the balance sheet date. Stage of completion is measured by reference to completion certificate from 3rd party surveyors.

Where the outcome cannot be measured reliably, contract costs are recognised as an expense in the period in which they are incurred and contract turnover is recognised to the extent of costs incurred that it is probable will be recoverable.

When it is probable that contract costs will exceed the total contract turnover, the expected loss is recognised as an expense immediately, with a corresponding provision.

Interest receivable
Interest income is recognised using the effective interest method.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 25% on reducing balance
Computer equipment	- 33% on cost

Investment property
Investment property is shown at most recent valuation. Any aggregate surplus or deficit arising from changes in fair value is recognised in profit or loss.

Stocks
Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

continued...

1. **ACCOUNTING POLICIES - continued**

Tax

Current tax represents the amount of tax payable or receivable in respect of the taxable profit (or loss) for the current or past reporting periods. It is measured at the amount expected to be paid or recovered using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

Deferred tax represents the future tax consequence of transactions and events recognised in the financial statement of current and previous periods. It is recognised in respect of all timing differences, with certain exceptions. Timing differences are difference between taxable profits and income and expanse in tax assessments in periods different from those in which they are recognised in the financial statements. Unrelieved tax losses and other deferred tax assets are recognised only to the extent what it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

Deferred tax is measured using the tax rates and laws that have been enacted or substantively enacted by the balance sheet date that are expected to apply to the reversal of timing difference. Deferral tax on revalued non-depreciable tangible fixed assets and investment properties is measured using the rates and allowances that apply to the sale of the asset.

Deferred tax liabilities are presented within provisions for liabilities and deferred tax assets within debtors. Deferred tax assets and deferred tax liabilities are offset only if:
- the company has legally enforceable right to set off current tax assets against current tax liabilities, and
- the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same taxation authority on the company which it intend either to settle current tax liabilities and assets on a net basis, or to realise the assets and settle the liabilities simultaneously.

Foreign currencies

Foreign currency transactions are initially recognised by applying to the foreign currency amount the spot exchange rate, or an average rate where this rate approximates the actual rate, between the functional currency and the foreign currency at the date of the transaction.

Monetary assets and liabilities denominated in a foreign currency at the balance sheet date are retranslated using the closing rate prevailing at that date. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in the period in which they arise.

continued...

1. **ACCOUNTING POLICIES - continued**

Financial instruments
Financial Instruments are classified according to the substance of the contractual arrangement as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Debtors receivable within one year
Debtors with no stated interest rate and receivable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Amounts recoverable on long term contracts, are included in debtors and stated at the net sales value of the work done after provisions for contingencies and anticipated future losses on contracts, less amounts received as progress payment on account.

Creditors payable within one year
Creditors with no stated interest rate and payable within one year are recorded at transaction price. Any losses arising from impairment are recognised in the profit and loss account in other administrative expenses.

Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs and are measured subsequently at amortised cost using the effective interest method.

Excess progress payments on long term contracts are included in creditors as payments on account.

Employee Benefits
When employees have rendered service to the company, short-term employee benefits to which the employees are entitled are recognised at the undiscounted amount expected to be paid in exchange for that service.

2. **TURNOVER**

The turnover and loss (2015 - profit) before taxation are attributable to the one principal activity of the company.

An analysis of turnover by class of business is given below:

	2016	2015
	€	€
Rest of the world (excl. UK)	**211,629,108**	87,448,041
	211,629,108	87,448,041

3. **STAFF COSTS**

	2016	2015
	€	€
Wages and salaries	**10,755,870**	9,042,505
Social security costs	**1,065,317**	820,812
	11,821,187	9,863,317

continued...

3. STAFF COSTS - continued

The average monthly number of employees during the year was as follows:

	2016	2015
Administration	58	55
Construction	316	276
	374	331

4. OPERATING (LOSS)/PROFIT

The operating loss (2015 - operating profit) is stated after charging:

	2016	2015
	€	€
Depreciation - owned assets	4,790,968	3,337,421
Auditors' remuneration	24,000	24,000
Directors' remuneration	174,312	48,000

5. TAXATION

Analysis of the tax charge
The tax charge on the loss on ordinary activities for the year was as follows:

	2016	2015
	€	€
Current tax:		
UK corporation tax	64,886	-
Deferred tax	181,497	106,357
Tax on (loss)/profit on ordinary activities	246,383	106,357

continued...

5. **TAXATION - continued**

Reconciliation of total tax charge included in profit and loss

The tax assessed for the year is higher than the standard rate of corporation tax in the UK. The difference is explained below:

	2016	2015
	€	€
(Loss)/profit on ordinary activities before tax	(1,097,365)	311,625
(Loss)/profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20.084% (2015 - 20.259%)	(220,395)	63,132
Effects of:		
Utilisation of tax losses	(56,408)	(15,992)
Depreciation	961,992	676,128
Capital Allowances	(620,303)	(723,268)
Deferred Tax	181,497	106,357
Total tax charge	246,383	106,357

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery	Fixtures and fittings	Computer equipment	Totals
	€	€	€	€
COST				
At 1 March 2015	17,751,159	254,462	270,243	18,275,864
Additions	5,037,911	310,094	58,980	5,406,985
At 29 February 2016	22,789,070	564,556	329,223	23,682,849
DEPRECIATION				
At 1 March 2015	5,237,009	66,516	133,259	5,436,784
Charge for year	4,557,814	124,510	108,644	4,790,968
At 29 February 2016	9,794,823	191,026	241,903	10,227,752
NET BOOK VALUE				
At 29 February 2016	12,994,247	373,530	87,320	13,455,097
At 28 February 2015	12,514,150	187,946	136,984	12,839,080

continued...

7. INVESTMENT PROPERTY

	Total
	€
FAIR VALUE	
At 1 March 2015	
and 29 February 2016	**1,400,000**
NET BOOK VALUE	
At 29 February 2016	**1,400,000**
At 28 February 2015	1,400,000

The above relates to land acquired last year.

In the opinion of the directors the market value of land as at the balance sheet is not material different form those disclosed in the accounts.

8. STOCKS

	2016	2015
	€	€
Raw materials	**23,143,611**	8,560,619

9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	€	€
Trade debtors	**117,262,227**	-
Other debtors	**22,875,156**	-
Related company	-	1,163,820
Prepayments	**17,005**	31,811
	140,154,388	1,195,631

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2016	2015
	€	€
Trade creditors	**157,794,720**	4,845,026
Corporation tax	**64,886**	-
Accruals and deferred income	**4,598,847**	42,352,338
	162,458,453	47,197,364

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2016	2015
	€	€
Other creditors	**36,094,371**	-
Accruals and deferred income	-	48,765,000
	36,094,371	48,765,000

continued...

12. PROVISIONS FOR LIABILITIES

	2016	2015
	€	€
Deferred tax	287,854	106,357

	Deferred tax
	€
Balance at 1 March 2015	106,357
Provided during year	181,497
Balance at 29 February 2016	287,854

13. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2016 €	2015 €
1,000,000	Ordinary shares	£1	1,369,200	1,369,200

14. RESERVES

	Retained earnings	Share premium	Totals
	€	€	€
At 1 March 2015	491,138	479,220	970,358
Deficit for the year	(1,343,748)		(1,343,748)
At 29 February 2016	(852,610)	479,220	(373,390)

15. RELATED PARTY DISCLOSURES

Infora Limited incorporated in Cyprus.
a company under common control

During the year the company received services from Infora Limited for which €42,987,716 were charged in the profit and loss account.(2015: €2,764,800).These transactions were concluded on an arms length basis.

As at the year end €36,094,371 were payable to Infora Limited (2015: €1,163,820 receivable from Infora Limited).

Saronox Limited incorporated in Ukraine.
a company under common control

During the year the company received no supplies from Saronox Limited (2015: €28,000)

16. ULTIMATE CONTROLLING PARTY

The ultimately controlling party is Mr. Yuriy Potiyko who is also a director of the company.

continued...

17. FIRST YEAR ADOPTION

Transitional relief
On transition to FRS 102, the company has taken advantage of the following transitional relief:

- to measure fair value at date of transition to FRS 102 and use as deemed cost on:
  - an item of property, plant and equipment;
  - an investment property.

RECONCILIATION OF EQUITY
1 MARCH 2014
(DATE OF TRANSITION TO FRS 102)

	Notes	UK GAAP €	Effect of transition to FRS 102 €	FRS 102 €
FIXED ASSETS				
Tangible assets		11,667,107	-	11,667,107
CURRENT ASSETS				
Debtors		15,461	-	15,461
Cash at bank and in hand		56,823,296	-	56,823,296
		56,838,757	-	56,838,757
CREDITORS				
Amounts falling due within one year		(67,651,310)	-	(67,651,310)
NET CURRENT LIABILITIES		(10,812,553)	-	(10,812,553)
TOTAL ASSETS LESS CURRENT LIABILITIES		854,554	-	854,554
NET ASSETS		854,554	-	854,554
CAPITAL AND RESERVES				
Called up share capital		568,684	-	568,684
Retained earnings		285,870	-	285,870
SHAREHOLDERS' FUNDS		854,554	-	854,554

The notes form part of these financial statements

continued...

RECONCILIATION OF EQUITY - *continued*
28 FEBRUARY 2015

	Notes	UK GAAP €	Effect of transition to FRS 102 €	FRS 102 €
FIXED ASSETS				
Tangible assets		12,839,080	-	12,839,080
Investment property		1,400,000	-	1,400,000
		14,239,080	-	14,239,080
CURRENT ASSETS				
Stocks		8,560,619	-	8,560,619
Debtors		1,195,631	-	1,195,631
Cash at bank and in hand		74,412,949	-	74,412,949
		84,169,199	-	84,169,199
CREDITORS				
Amounts falling due within one year		(47,197,364)	-	(47,197,364)
NET CURRENT ASSETS		36,971,835	-	36,971,835
TOTAL ASSETS LESS CURRENT LIABILITIES		51,210,915	-	51,210,915
CREDITORS				
Amounts falling due after more than one year		(48,765,000)	-	(48,765,000)
PROVISIONS FOR LIABILITIES		(106,357)	-	(106,357)
NET ASSETS		2,339,558	-	2,339,558
CAPITAL AND RESERVES				
Called up share capital		1,369,200	-	1,369,200
Share premium		479,220	-	479,220
Retained earnings		491,138	-	491,138
SHAREHOLDERS' FUNDS		2,339,558	-	2,339,558

The notes form part of these financial statements

RECONCILIATION OF PROFIT
FOR THE YEAR ENDED 28 FEBRUARY 2015

	UK GAAP €	Effect of transition to FRS 102 €	FRS 102 €
TURNOVER	87,448,041	-	87,448,041
Cost of sales	(85,196,885)	-	(85,196,885)
GROSS PROFIT	2,251,156	-	2,251,156
Administrative expenses	(1,939,531)	-	(1,939,531)
OPERATING PROFIT and	311,625	-	311,625
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	311,625	-	311,625
Tax on profit on ordinary activities	(106,357)	-	(106,357)
PROFIT FOR THE FINANCIAL YEAR	205,268	-	205,268

The notes form part of these financial statements