

Company Registration No. 09195624 (England and Wales)

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

ANNUAL REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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MHA Moore & Smalley
Trusted Thinking

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

COMPANY INFORMATION

Directors	Mr S Carbow Dr J T Senst
Company number	09195624
Registered office	26 Red Lion Square London WC1R 4AG
Auditor	MHA Moore and Smalley Richard House 9 Winckley Square Preston PR1 3HP

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

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GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present the strategic report for the year ended 31 December 2016.

Fair review of the business

During the period the principal activity of the company is of a holding company to a trading subsidiary whilst seeking to raise additional share capital investment in order to fund the future trading plans of its subsidiary, GBT German Battery Trading GmbH.

On 15 September 2014 the company purchased the entire issued share capital of GBT German Battery Trading GmbH, a company registered in Germany, from SWT Beteiligungs AG, a company registered in Switzerland. This acquisition was in consideration for a share for share exchange in this company. Consequently an allotment of 49,129,798 ordinary shares of €1 each were issued at par value to SWT Beteiligungs AG.

In the context of providing users of these financial statements with relevant information, the following narrative concerns both the company and its subsidiary, as they are mutually dependent in the long term. During the current and prior financial periods the company's subsidiary, GBT German Battery Trading GmbH ("GBT"), was the official licensee for POLAROID light products, POLAROID medical products and AGFAPHOTO mobile energy products.

GBT was incorporated in the year 2003 in Germany with an emphasis on photographic technologies. One of its key products was a disposable camera. Through the changes in digital photo technology, the Company developed competitive new products in the battery and lighting field for the retail consumer markets. GBT is a leading manufacturer and distributor of high-quality mobile energy and light including LED products under the brands "AGFAPHOTO" and "POLAROID", both brands offering excellent brand recognition amongst retail and commercial customers. Its products can be found in supermarkets, department stores, drugstores, convenience stores, petrol stations etc. Governments, public services or big industrial customers are supplied by GBT as well.

GBT is also the manufacturer for a range of "private label (so called OEM)" products that can be found on the shelves of leading supermarkets and do-it-yourself chains or e-commerce etc. under the customers own branding with competitive pricing. The Company uses state-of-the-art production facilities in Asia that are equally used by its competitors Philips, Osram, Panasonic and Varta, offering the same product quality as these brands.

The Company holds the exclusive branding and licensing rights for all its lighting products under the "POLAROID" brand. POLAROID is one of the rare worldwide brands with a brand recognition of 100%. Especially in Europe, but also in the growing markets in Africa and Middle East, GBT uses this recognition by means of secure long-term contracts to establish a global brand, both in the retail and in the B2B sector. GBT reputation in the marketplace led Polaroid to grant GBT the licenses to its major product line in a long-term partnership.

Additionally, under the brand name AGFAPHOTO, GBT manufactures and distributes a wide range of mobile energy products worldwide, such as batteries, rechargeable batteries and chargers, at the same time increasing brand awareness throughout the world.

The brand names are also used by GBT to offer the above mentioned products as private labels to the retail trade. Whether hypermarkets, do-it-yourself markets, discounters or ecommerce chains – GBT is the fastest growing provider in the light sector.

Both in the light and in the battery sector, private label products of GBT are not only manufactured to be offered in retail, but also for groups or companies who use these products themselves.

The group remains open to strategic alliances to help support the future development of the GBT, while considering all appropriate financing options.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

STRATEGIC REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

Analysis of financial performance

The financial performance of the company for the year ended 31 December was considered acceptable and broadly in line with plans. The company received the benefit of investment funds in the form of share capital finance to further fuel group operations.

Whilst the statement of comprehensive income shows a loss of €22,052,488 (2016: €13,932), this has come about as a consequence of an impairment charge on the carrying valuation of the investment in the company's subsidiary (€18,558,940) and through recognition of the fair value costs associated with granting options to purchase share capital in the company to three key employees (€3,375,945). The remaining costs are predominantly professional fees incurred in order to ensure the company meets its statutory and legal obligations in all relevant territories.

Principal risks and uncertainties

In the context of principal risks and uncertainties, the directors believe commentary from the perspective of the company and its subsidiary provide the relevant information for users of the financial statements. The group derives its turnover globally and believes ample opportunities exist to expand and capitalise on the demand for its products. Accordingly it seeks appropriate sources of finance to fund such growth as circumstances demand, leading to the various private placements for share capital finance in the financial period and that before it.

The group will require additional funds to continue operations and naturally there is no assurance that additional funding will be available to the group to carry out the completion of all proposed activities. Although the group has been successful in the past in obtaining financing through the issue of share capital investment, there can be no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the curtailment of operations, liquidation of assets, seeking additional capital on less favorable terms and/or other remedial measures. At the time of signing there are no indications or concerns that this is currently the case.

The group's operations expose it to various financial risks which ordinarily arise in global operations, these include but are not limited to that of price, currency, interest rate, credit and liquidity. The board of directors monitor such risks ensuring that they are balanced against the profitable running of the group and in furtherance of its aims to expand in a sustainable manner.

The group mitigates the risk that it will be subject to foreign currency fluctuations in satisfying obligations related to its foreign activities by holding a portion of its currency holdings in US dollars and by entering into forward exchange contracts to purchase US dollars with Euros in regular intervals.

The group does not believe it was exposed to material interest rate risk throughout the reporting period or at the balance sheet date.

The group defines credit risk as being the potential for a customer or any other debtor to fail to settle any amounts receivable in good time. The company's primary exposure to credit risk is in its cash accounts and loans receivable. In order to reduce its credit risk, the group employs policies which include the analysis of the financial position of its customers and the regular review of their credit limits. Where appropriate, the group also requires bank letters of credit from new customers or subscribes to credit insurance.

Finally, liquidity risk is the potential for the group to be unable to meet its financial obligations as they fall due for payment. The group has a forecasting and budgeting process in place by which it anticipates and determines the funds required to support its normal operating requirements.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

STRATEGIC REPORT (CONTINUED)

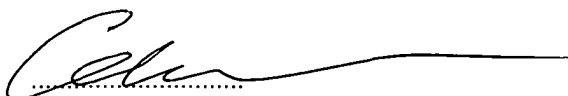
FOR THE YEAR ENDED 31 DECEMBER 2016

Other information and explanations

During the year the company has entered into a share exchange agreement for the arm's-length reverse takeover with CUP Capital Corp ("CUP"). CUP is a company governed under the laws of Ontario, Canada. Pursuant to the terms of the agreement, and subject to completion of certain conditions precedent, including satisfactory due diligence, completion of a concurrent financing, and receipt of all necessary director, shareholder, regulatory and exchange approvals, the proposed business combination with CUP will qualify as CUP's qualifying transaction as defined by Canadian Exchange Policy 2.4.

The board of directors are satisfied with the company's position at the balance sheet date and believe that it is well placed to thrive in the future.

On behalf of the board



Mr S Carbow

Director

30/10/2017

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors present their annual report and financial statements for the year ended 31 December 2016.

Principal activities

The company was incorporated on 30 August 2014 and its principal activity is that of a holding company, offering shares as a mechanism to finance the activities and growth of its subsidiary company.

Directors

The directors who held office during the year and up to the date of signature of the financial statements were as follows:

Mr S Carbow
Dr J T Senst

Results and dividends

The results for the year are set out on page 8.

No ordinary dividends were paid. The directors do not recommend payment of a final dividend.

Auditor

The auditor, MHA Moore and Smalley, is deemed to be reappointed under section 487(2) of the Companies Act 2006.


Strategic report

The company has chosen in accordance with Companies Act 2006, s. 414C(11) to set out in the company's strategic report information required by Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7 to be contained in the directors' report. It has done so in respect of financial instruments and future developments.

Statement of disclosure to auditor

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information of which the company's auditor is unaware. Additionally, the directors individually have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditor is aware of that information.

On behalf of the board



Mr S Carbow
Director
30/10/2017

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

DIRECTORS' RESPONSIBILITIES STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

The directors are responsible for preparing the annual report 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 UK 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.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

We have audited the financial statements of GBLT German Battery & Lighting Technologies PLC for the year ended 31 December 2016 set out on pages 8 to 21. 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 FRS 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 an auditor's report 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 auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 5, 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 annual report 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 31 December 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 matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

INDEPENDENT AUDITOR'S REPORT (CONTINUED)

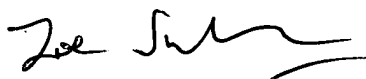
TO THE MEMBERS OF GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic Report and the Directors' Report.

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.



Joe Sullivan (Senior Statutory Auditor)
for and on behalf of MHA Moore and Smalley
Chartered Accountants
Statutory Auditor

Richard House
9 Winckley Square
Preston
PR1 3HP

31/10/2017

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

		Year ended 31 December 2016 €	Period ended 31 December 2015 €
Administrative expenses	Notes	(3,493,548)	(13,932)
Amounts written off investments	5	(18,558,940)	-
Loss before taxation		(22,052,488)	(13,932)
Tax on loss	6	-	-
Loss for the financial year		(22,052,488)	(13,932)

The statement of comprehensive income has been prepared on the basis that all operations are continuing operations.


GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC


BALANCE SHEET

AS AT 31 DECEMBER 2016

	Notes	2016 €	€	2015 €	€
Fixed assets					
Investments	7	30,870,858		49,129,798	
Current assets					
Debtors	10	169,570		-	
Cash at bank and in hand		14,625		466	
		<u>184,195</u>		<u>466</u>	
Creditors: amounts falling due within one year	11	<u>(17,678)</u>		<u>(14,398)</u>	
Net current assets/(liabilities)		166,517		(13,932)	
Total assets less current liabilities		<u>31,037,375</u>		<u>49,115,866</u>	
Capital and reserves					
Called up share capital	13	49,594,262		49,129,798	
Share premium account	14	133,588		-	
Profit and loss reserves		<u>(18,690,475)</u>		<u>(13,932)</u>	
Total equity		<u>31,037,375</u>		<u>49,115,866</u>	

The financial statements were approved by the board of directors and authorised for issue on 30/12/2017 and are signed on its behalf by:


 Mr S Carbow
 Director


 Dr J T Sens
 Director

Company Registration No. 09195624

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	Share capital €	Share premium account €	Profit and loss reserves €	Total €
Balance at 30 August 2014		-	-	-	-
Period ended 31 December 2015:					
Loss and total comprehensive income for the period		-	-	(13,932)	(13,932)
Issue of share capital	13	49,129,798	-	-	49,129,798
Balance at 31 December 2015		49,129,798	-	(13,932)	49,115,866
Period ended 31 December 2016:					
Loss and total comprehensive income for the period		-	-	(22,052,488)	(22,052,488)
Issue of share capital	13	464,464	133,588	-	598,052
Credit to equity for equity settled share-based payments	12	-	-	3,375,945	3,375,945
Balance at 31 December 2016		49,594,262	133,588	(18,690,475)	31,037,375

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 €	€	2015 €	€
Cash flows from operating activities					
Cash (absorbed by)/generated from operations	18		(283,893)		466
Investing activities					
Purchase of subsidiaries		(300,000)		(49,129,798)	
Net cash used in investing activities			(300,000)		(49,129,798)
Financing activities					
Proceeds from issue of shares		896,002		49,129,798	
Share issue costs		(297,950)		-	
Net cash generated from financing activities			598,052		49,129,798
Net increase in cash and cash equivalents			14,159		466
Cash and cash equivalents at beginning of year			466		-
Cash and cash equivalents at end of year			14,625		466

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

Company information

GBLT German Battery & Lighting Technologies PLC is a public company limited by shares incorporated in England and Wales. The registered office is 26 Red Lion Square, London, WC1R 4AG. The company's principal place of business is c/o GBT German Battery Trading GmbH, An Gut Nazareth 18 A, 52353 Duren, Germany.

1.1 Accounting convention

These financial statements have been prepared in accordance with FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" ("FRS 102") and the requirements of the Companies Act 2006.

The financial statements are prepared in sterling, which is the functional currency of the company. Monetary amounts in these financial statements are rounded to the nearest €.

The financial statements have been prepared under the historical cost convention, modified to include certain financial instruments at fair value. The principal accounting policies adopted are set out below.

These financial statements for the year ended 31 December 2016 are the first financial statements of GBLT German Battery & Lighting Technologies PLC prepared in accordance with FRS 102, The Financial Reporting Standard applicable in the UK and Republic of Ireland. The date of transition to FRS 102 was 30 August 2014. The reported financial position and financial performance for the previous period are not affected by the transition to FRS 102.

The company has taken advantage of the exemption under section 400 of the Companies Act 2006 not to prepare consolidated accounts. The financial statements present information about the company as an individual entity and not about its group.

GBLT German Battery & Lighting Technologies PLC is a wholly owned subsidiary of SWT Beteiligungs AG, a company incorporated in Switzerland and the results of GBLT German Battery & Lighting Technologies PLC are included in the consolidated financial statements of the ultimate parent company, GBT Asia Ltd, a company incorporated in China.

1.2 Going concern

At the time of approving the financial statements, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. Thus the directors continue to adopt the going concern basis of accounting in preparing the financial statements.

1.3 Reporting period

The company's financial reporting period has now reverted to twelve months. The prior financial period was greater than twelve months as it was the company's first financial reporting period immediately after its incorporation.

1.4 Fixed asset investments

Interests in subsidiaries, associates and jointly controlled entities are initially measured at cost and subsequently measured at cost less any accumulated impairment losses. The investments are assessed for impairment at each reporting date and any impairment losses or reversals of impairment losses are recognised immediately in profit or loss.

A subsidiary is an entity controlled by the company. Control is the power to govern the financial and operating policies of the entity so as to obtain benefits from its activities.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

An associate is an entity, being neither a subsidiary nor a joint venture, in which the company holds a long-term interest and where the company has significant influence. The company considers that it has significant influence where it has the power to participate in the financial and operating decisions of the associate.

Entities in which the company has a long term interest and shares control under a contractual arrangement are classified as jointly controlled entities.

Where a reasonable and consistent basis of allocation can be identified, assets are allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

1.5 Cash at bank and in hand

Cash at bank and in hand are basic financial assets and include cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities.

1.6 Financial instruments

The company has elected to apply the provisions of Section 11 'Basic Financial Instruments' and Section 12 'Other Financial Instruments Issues' of FRS 102 to all of its financial instruments.

Financial instruments are recognised in the company's balance sheet when the company becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are offset, with the net amounts presented in the financial statements, when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

Basic financial assets

Basic financial assets, which include debtors and cash and bank balances, are initially measured at transaction price including transaction costs and are subsequently carried at amortised cost using the effective interest method unless the arrangement constitutes a financing transaction, where the transaction is measured at the present value of the future receipts discounted at a market rate of interest. Financial assets classified as receivable within one year are not amortised.

Other financial assets

All of the company's financial assets are basic financial instruments.

Impairment of financial assets

Financial assets are assessed for indicators of impairment at each reporting end date.

Financial assets are impaired where there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows have been affected. If an asset is impaired, the impairment loss is the difference between the carrying amount and the present value of the estimated cash flows discounted at the asset's original effective interest rate. The impairment loss is recognised in profit or loss.

If there is a decrease in the impairment loss arising from an event occurring after the impairment was recognised, the impairment is reversed. The reversal is such that the current carrying amount does not exceed what the carrying amount would have been, had the impairment not previously been recognised. The impairment reversal is recognised in profit or loss.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

Derecognition of financial assets

Financial assets are derecognised only when the contractual rights to the cash flows from the asset expire or are settled, or when the company transfers the financial asset and substantially all the risks and rewards of ownership to another entity, or if some significant risks and rewards of ownership are retained but control of the asset has transferred to another party that is able to sell the asset in its entirety to an unrelated third party.

Classification of financial liabilities

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Basic financial liabilities

Basic financial liabilities, including creditors and loans from fellow group companies, are initially recognised at transaction price unless the arrangement constitutes a financing transaction, where the debt instrument is measured at the present value of the future payments discounted at a market rate of interest. Financial liabilities classified as payable within one year are not amortised.

Debt instruments are subsequently carried at amortised cost, using the effective interest rate method.

Trade creditors are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Amounts payable are classified as current liabilities if payment is due within one year or less. If not, they are presented as non-current liabilities. Trade creditors are recognised initially at transaction price and subsequently measured at amortised cost using the effective interest method.

Other financial liabilities

All of the company's financial liabilities are basic financial instruments.

Derecognition of financial liabilities

Financial liabilities are derecognised when the company's contractual obligations expire or are discharged or cancelled.

1.7 Equity instruments

Equity instruments issued by the company are recorded at the proceeds received, net of direct issue costs. Dividends payable on equity instruments are recognised as liabilities once they are no longer at the discretion of the company.

1.8 Employee benefits

The costs of short-term employee benefits are recognised as a liability and an expense, unless those costs are required to be recognised as part of the cost of stock or fixed assets.

Termination benefits are recognised immediately as an expense when the company is demonstrably committed to terminate the employment of an employee or to provide termination benefits.

1.9 Share-based payments

Equity-settled share-based payments are measured at fair value at the date of grant by reference to the fair value of the equity instruments granted using the Black Scholes valuation model. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the estimate of shares that will eventually vest. A corresponding adjustment is made to equity.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

1 Accounting policies

(Continued)

When the terms and conditions of equity-settled share-based payments at the time they were granted are subsequently modified, the fair value of the share-based payment under the original terms and conditions and under the modified terms and conditions are both determined at the date of the modification. Any excess of the modified fair value over the original fair value is recognised over the remaining vesting period in addition to the grant date fair value of the original share-based payment. The share-based payment expense is not adjusted if the modified fair value is less than the original fair value.

Cancellations or settlements (including those resulting from employee redundancies) are treated as an acceleration of vesting and the amount that would have been recognised over the remaining vesting period is recognised immediately.

2 Judgements and key sources of estimation uncertainty

In the application of the company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods.

Critical judgements

The following judgements (apart from those involving estimates) have had the most significant effect on amounts recognised in the financial statements.

Impairment of fixed asset investments

In November 2016 the directors commissioned independent external professional consultants to undertake a formal valuation of the company's subsidiary. After reviewing the conclusions of this report, the directors considered them in light of the carrying value of the company's fixed asset investment at the balance sheet date, for the purposes of an impairment review in compiling the statutory financial statements.

Key sources of estimation uncertainty

The estimates and assumptions which have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities are as follows.

Valuation of share based payments

The directors commissioned external independent accountants to advise upon the fair value of the share options and, subsequently, the cost upon which to be recognised within these financial statements.

3 Operating loss

	2016	2015
	€	€
Operating loss for the period is stated after charging:		
Fees payable to the company's auditor for the audit of the company's financial statements	7,705	-
Share-based payments	3,375,945	-
	<u> </u>	<u> </u>

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

4 Employees

The average monthly number of persons (including directors) employed by the company during the year was:

	2016 Number	2015 Number
Directors	2	2

Their aggregate remuneration comprised:

	2016 €	2015 €
Wages and salaries	3,375,945	-

5 Amounts written off fixed asset investments

	2016 €	2015 €
Other gains and losses	(18,558,940)	-

The above impairment loss is stated in the Statement of Comprehensive Income within Amounts written off investments.

6 Taxation

The actual charge for the year can be reconciled to the expected credit for the year based on the profit or loss and the standard rate of tax as follows:

	2016 €	2015 €
Loss before taxation	(22,052,488)	(13,932)
Expected tax credit based on the standard rate of corporation tax in the UK of 20.00% (2015: 20.00%)	(4,410,498)	(2,786)
Tax effect of expenses that are not deductible in determining taxable profit	4,408,899	2,774
Unutilised tax losses carried forward	1,599	12
Taxation charge for the period	-	-

The company has taxable losses to carry forward of £8,055 (2015: £60) which can be set off against future taxable profits.

The Chancellor stated his intention to reduce the main rate of corporation tax from 20% to 19% from 1 April 2017 and to 17% from 1 April 2020. This change was substantively enacted on 6 September 2016.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

7 Fixed asset investments

	Notes	2016 €	2015 €
Investments in subsidiaries	8	30,870,858	49,129,798

Movements in fixed asset investments

	Shares in group undertakings €
Cost or valuation	
At 1 January 2016	49,129,798
Additions	300,000
At 31 December 2016	49,429,798
Impairment	
At 1 January 2016	-
Impairment losses	18,558,940
At 31 December 2016	18,558,940
Carrying amount	
At 31 December 2016	30,870,858
At 31 December 2015	49,129,798

The company subscribed for additional share capital in its subsidiary, GBT German Battery Trading GmbH, totalling €100,000 and €200,000 in June and July 2016 respectively.

Following an external valuation of the company's subsidiary it was concluded upon review that the carrying value of the cost of investment at the balance sheet date was impaired and an appropriate impairment loss has been recognised in this respect.

8 Subsidiaries

Details of the company's subsidiaries at 31 December 2016 are as follows:

Name of undertaking	Registered office	Nature of business	Class of shares held	% Held Direct Indirect
GBT German Battery Trading GmbH	Germany	Official licensee for POLAROID light products and AGFAPHOTO mobile energy products	Ordinary	100.00
GBLT Africa (Pty) Ltd	South Africa	Official distributor of POLAROID products in Africa	Ordinary	25.00

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

8 Subsidiaries

(Continued)

The aggregate capital and reserves and the result for the year of the subsidiaries noted above was as follows:

Name of undertaking	Profit/(Loss)	Capital and Reserves
	€	€
GBT German Battery Trading GmbH	(631,052)	38,640

At the balance sheet date, GBLT Africa (Pty) Ltd was in its first financial period and it was not possible to obtain the relevant financial information to disclose in the note above.

9 Financial instruments

	2016 €	2015 €
Carrying amount of financial assets		
Debt instruments measured at amortised cost	169,090	-
Carrying amount of financial liabilities		
Measured at amortised cost	17,678	14,398

10 Debtors

	2016 €	2015 €
Amounts falling due within one year:		
Amounts due from group undertakings	169,090	-
Prepayments and accrued income	480	-
	169,570	-

11 Creditors: amounts falling due within one year

	2016 €	2015 €
Amounts due to group undertakings	-	14,398
Accruals and deferred income	17,678	-
	17,678	14,398

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

12 Share-based payment transactions

In October 2016 the company granted options wholly relating to the purchase ordinary shares in the company, to three key employees. The total number of Ordinary shares under option is 3,500,000, which were all outstanding and exercisable at the balance sheet date.

A total of 1,150,000 of the shares vested immediately upon signature of the option agreements, a further 1,150,000 shares vest six months after the date of the option grant and the balance vest on the one year anniversary of each agreement.

	Number of share options		Weighted average exercise price	
	2016 Number	2015 Number	2016 \$	2015 \$
Outstanding at 1 January 2016	-	-	-	-
Granted	3,500,000	-	0.05	-
Outstanding at 31 December 2016	3,500,000	-	0.05	-
Exercisable at 31 December 2016	3,500,000	-	0.05	-

The options outstanding at 31 December 2016 had an exercise price of \$0.05 per share, and do not expire so have no formal contractual life.

The share options were valued using the Black-Scholes valuation model, with the relevant assumptions being a share price of €1.70, exercise price of US\$0.05, expected volatility of 25%, expected dividend yield of 0%, risk free return of 0.61% and an expected remaining life of two years.

During the year, the company recognised total share-based payment expenses of €3,375,945 (2015 - €-) which related to equity settled share based payment transactions.

13 Share capital

	2016 €	2015 €
Ordinary share capital		
Issued and fully paid		
49,594,262 Ordinary shares of €1 each	49,594,262	49,129,798

In the months of May to September 2016, the company issued a total of 325,500 Ordinary €1 shares for a total consideration of €651,000.

In June 2016, the company issued a total of 25,000 Ordinary €1 shares for a total consideration of €46,000.

In September 2016, the company issued a total of 26,316 Ordinary €1 shares for a total consideration of €50,000.

In the months of October and November 2016, the company issued a total of 87,648 Ordinary €1 shares for a total consideration of €149,002.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

14 Share premium account

During the year various share tranches were issued for a total premium of €431,538. Share issue costs totalling €290,664 have been set against share premiums, resulting in a year end share premium balance of €140,874.

15 Events after the reporting date

In January to October 2017 inclusive, the company issued 3,310,971 Ordinary €1 shares for a total of €2,450,804.

In April 2017 400,000 options to purchase 1 Ordinary €1 share each, were exercised at a price of €0.05 for a total subscription price of €20,000.

In May 2017 the company issued 500 units of non-convertible, subordinated debentures for an issue price of \$1,000 per unit, being total subscription proceeds of \$500,000. The company also issued 435,000 warrants to the subscriber. Each warrant has an exercise price of \$1.15 and is exercisable within two years of the issue date.

16 Directors' transactions

On 11 October 2016, the company issued an option to Dr J T Senst to purchase 1,500,00 Ordinary €1 shares at a purchase price of US \$0.05 per share, to be paid in Euros at the spot rate prevailing at the date of exercise. During the year, the company recognised total share-based payment expenses of €1,295,929 within the statement of comprehensive income in respect of this.

On 11 October 2016, the company issued an option to Mr S Carbow to purchase 1,000,00 Ordinary €1 shares at a purchase price of US \$0.05 per share, to be paid in Euros at the spot rate prevailing at the date of exercise. During the year, the company recognised total share-based payment expenses of €863,951 within the statement of comprehensive income in respect of this.

The transactions noted above were the only compensation received by the directors in the year, who are also the key management personnel of the company.

17 Controlling party

The immediate parent company is SWT Beteiligungs AG, a company incorporated in Switzerland. The ultimate parent company is GBT Asia Ltd, a company incorporated in China.

The directors consider Dr J T Senst to be the ultimate controlling party at the year end date.

GBLT GERMAN BATTERY & LIGHTING TECHNOLOGIES PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2016

18 Cash generated from operations

	2016 €	2015 €
Loss for the year after tax	(22,052,488)	(13,932)
Adjustments for:		
Amounts written off investments	18,558,940	-
Equity settled share based payment expense	3,375,945	-
Movements in working capital:		
(Increase) in debtors	(169,570)	-
Increase in creditors	3,280	14,398
Cash (absorbed by)/generated from operations	(283,893)	466