

# **KINGSTOWN RESOURCES D.O.O., BELGRADE**

**Financial Statements for the period from January 01, 2017 to December 31, 2017**



**RSM Serbia d.o.o. Beograd**

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## **AUDITOR'S INDEPENDENCE DECLARATION**

As lead auditor of Kingstown Resources d.o.o., Belgrade for the period from January 01, 2017 to December 31, 2017, I declare that, to the best of my knowledge and believe there have been:

1. No contraventions of the auditor independence requirements to Article 20, paragraph 7 of the Law on auditing;
2. No contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of Kingstown Resources d.o.o., Belgrade for controlled period.

Belgrade, March 27, 2018

RSM Serbia d.o.o.  
Beograd-Novi Beograd

Srđan Simić

Certified Auditor

## **Kingstown Resources d.o.o., Belgrade**

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**For the period from January 01, 2017 to December 31, 2017**

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### **General information**

The financial statements Kingstown Resources d.o.o., Belgrade as an individual entity. The financial statements are presented in US dollars, which is Kingstown Resources d.o.o., Belgrade presentation currency.

Kingstown Resources d.o.o., Belgrade is a limited liability company, incorporated and domiciled in Belgrade. Its registered office and principal place of business are:

#### **Registered office**

Belgrade, Radnicka 45  
11030 Belgrade, Serbia

#### **Principal place of business**

Belgrade, Radnicka 45  
11030 Belgrade, Serbia

The financial statements were authorised for issue, in accordance with a resolution of directors, on 27 March 2018. The directors have the power to amend and reissue the financial statements.

**Kingstown Resources d.o.o., Belgrade**  
**Statement of profit or loss and other comprehensive income**  
**For the period from January 01, 2017 to December 31, 2017**  
**(In USD)**

	January 01, 2017- to December 31, 2017	December 23, 2015 (date of incorporation)- to December 31, 2016
<b>Revenue</b>		
Other income	-	3.100
<b>Total:</b>	<b>-</b>	<b>3.100</b>
<b>Expenses</b>		
Operating costs	17.088	6.799
<b>Total:</b>	<b>17.088</b>	<b>6.799</b>
<b>Loss before income tax expense</b>	<b>(17.088)</b>	<b>(3.699)</b>
Income tax expense	-	-
Loss after income tax expense for the period attributable to the owner of <b>Kingstown Resources d.o.o., Belgrade</b>	<b>(17.088)</b>	<b>(3.699)</b>
Other comprehensive income for the period, net of tax	(2.211)	91
Total comprehensive loss for the period attributable to the owner of <b>Kingstown Resources d.o.o., Belgrade</b>	<b>(19.299)</b>	<b>(3.608)</b>

**Kingstown Resources d.o.o., Belgrade**  
**Statement of financial position**  
**As at December 31, 2017**  
(In USD)

**December 31, 2017    December 31, 2016**

**Assets**

**Current assets**

Advances paid for inventories and services

Cash and cash equivalents

Value added tax (VAT)

**Total current assets**

756 3

643 -

**1.399 3**

**Total assets**

**1.399 3**

**Liabilities**

**Non-current liabilities**

Long-term borrowings

**Total non-current liabilities**

22.792 3.577

**22.792 3.577**

**Current liabilities**

Short-term loans and borrowings - domestic

Trade and other payables

**Total current liabilities**

1.474 -

31 25

**1.505 25**

**Total liabilities**

**24.297 3.602**

**Net assets**

**(22.898) (3.599)**

**Equity**

Issued capital

Retained profits

Translation reserves

**Total equity**

9 9

(20.787) (3.699)

(2.120) 91

**(22.898) (3.599)**

**Total equity and liabilities**

**1.399 3**

*The above statement of financial position should be read in conjunction with the accompanying notes*

**Kingstown Resources d.o.o., Belgrade**  
**Statement of changes in equity**  
**For the period ended December 31, 2017**  
(In USD)

	Issued capital	Retained profits	Trans. reserves	Total equity
<b>Balance as at December 23, 2015 (date of incorporation)</b>	-	-	-	-
Stakes in limited liability companies issued during the period	9	-	-	-
Total comprehensive profit for the period after tax	-	(3.699)	91	-
<b>Balance as at December 31, 2016</b>	<b>9</b>	<b>(3.699)</b>	<b>91</b>	<b>(3.599)</b>
<b>Balance as at January 01, 2017</b>	<b>9</b>	<b>(3.699)</b>	<b>91</b>	<b>(3.599)</b>
Total comprehensive loss for the period after tax	-	(17.088)	(2.211)	-
<b>Balance as at December 31, 2017</b>	<b>9</b>	<b>(20.787)</b>	<b>(2.120)</b>	<b>(22.898)</b>

*The above statement of changes in equity should be read in conjunction with the accompanying notes*

**Kingstown Resources d.o.o., Belgrade**  
**Statement of cash flows**  
**For the period ended December 31, 2017**  
**(In USD)**

	<b>January 01, 2017 - to December 31, 2017</b>	<b>December 23, 2015 (date of incorporation) - to December 31, 2016</b>
<b>Cash flows from investing activities</b>		
Cash flows from investing activities	-	9
<b>Net cash flow from investing activities</b>	<b>-</b>	<b>9</b>
<b>Cash flows from operating activities</b>		
Payments to suppliers and employees	(17.784)	(3.102)
Payments based on other public income	(663)	(570)
Other inflows from operating activities	769	-
<b>Net cash used in operating activities</b>	<b>(17.678)</b>	<b>(3.672)</b>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	18.367	3.667
<b>Net cash from financing activities</b>	<b>18.367</b>	<b>3.667</b>
<b>Net movement in cash and cash equivalents</b>	<b>689</b>	<b>4</b>
Cash and cash equivalents at the beginning of the period	3	
Foreign exchange gains (losses) from conversion or cash	64	(1)
<b>Cash and cash equivalents at the end of the period</b>	<b>756</b>	<b>3</b>

*The above statement of cash flows should be read in conjunction with the accompanying notes*

**Kingstown Resources d.o.o., Belgrade**  
**Notes to the financial statements**  
**For the period from January 01, 2017 to December 31, 2017**

**Note 1. Significant accounting policies**

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

**Basis of preparation**

In the directors' opinion, the company is not a reporting entity because there are no users dependent on general purpose financial statements.

These are special purpose financial statements that have been prepared for the purposes of distributing financial statements to the owners of Kingstown Resources d.o.o., Belgrade. The directors have determined that the accounting policies adopted are appropriate to meet the needs of the owners of Kingstown Resources d.o.o., Belgrade.

These financial statements have been prepared in accordance with the recognition and measurement requirements specified by the International Financial Reporting Standards.

*Historical cost convention*

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

*Critical accounting estimates*

The preparation of the financial statements requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements, are disclosed in Note 2.

**Revenue recognition**

Revenue is recognised when it is probable that the economic benefit will flow to the company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable.

*Other revenue*

Other revenue is recognised when it is received or when the right to receive payment is established.

**Current and non-current classification**

Assets and liabilities are presented in the statement of financial position based on current and non-current classification.

An asset is classified as current when: it is either expected to be realised or intended to be sold or consumed in normal operating cycle; it is held primarily for the purpose of trading; it is expected to be realised within 12 months after the reporting period; or the asset is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period. All other assets are classified as non-current.

A liability is classified as current when: it is either expected to be settled in normal operating cycle; it is held primarily for the purpose of trading; it is due to be settled within 12 months after the reporting period; or there is no unconditional right to defer the settlement of the liability for at least 12 months after the reporting period. All other liabilities are classified as non-current.

Deferred tax assets and liabilities are always classified as non-current.

**Cash and cash equivalents**

Cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

**Trade and other receivables**

Trade receivables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less any provision for impairment. Trade receivables are generally due for settlement within 30 days.



**Note 1. Significant accounting policies (continued)**

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectable are written off by reducing the carrying amount directly. A provision for impairment of trade receivables is raised when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial.

Other receivables are recognised at amortised cost, less any provision for impairment.

**Trade and other payables**

These amounts represent liabilities for goods and services provided to the company prior to the end of the financial year and which are unpaid. Due to their short-term nature they are measured at amortised cost and are not discounted. The amounts are unsecured.

**Borrowings**

Loans and borrowings received are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

**Comparatives and Reporting period**

The Company was incorporated on December 23, 2015 with the December 31, 2016 being the first reporting period and is the Comparative for these financial statements.

**Functional and Presentation Currency**

Although the RSD (Serbian Dinar) is the currency that represents the principal economic environment in which the Company operates, and thus constitutes the Company's functional currency, these financial statements are presented in U.S dollars. Refer to Note 8.

**New Accounting Standards and Interpretations not yet mandatory or early adopted**

Accounting Standards and Interpretations that have recently been issued or amended but are not yet mandatory, have not been early adopted by the company for the annual reporting period ended December 31, 2017. The company has not yet assessed the impact of these new or amended Accounting Standards and Interpretations.

**Note 2. Critical accounting judgements, estimates and assumptions**

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. There are no judgements, 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.

**Kingstown Resources d.o.o., Belgrade**  
**Notes to the financial statements**  
**For the period from January 01, 2017 to December 31, 2017**  
(In USD)

**Note 3. Current assets - cash and cash equivalents**

	As at December 31, 2017	As at December 31, 2016
Cash at bank	756	3
<b>Total cash and equivalents</b>	<b>756</b>	<b>3</b>

**Note 4. Current liabilities - borrowings**

	As at December 31, 2017	As at December 31, 2016
Short-term loans and borrowings - domestic	1.474	-
<b>Total current liabilities - borrowings</b>	<b>1.474</b>	<b>-</b>

**Note 5. Contingent liabilities**

The company had no contingent liabilities as at December 31, 2017.

**Note 6. Commitments**

The company had no commitments for expenditure as at December 31, 2017.

**Note 7. Events after the reporting period**

After the Balance sheet date and before the financial statements for 2017 were approved by the management, The Company signed Debt Settlement Agreement on February 14, 2018. The Company as borrower agreed with the lender that all financial liabilities are to be written-off.

No other matter or circumstance has arisen since December 31, 2017 that has significantly affected, or may significantly affect the company's operations, the results of those operations, or the company's state of affairs in future financial years.

**Note 8. Exchange rate**

The official exchange rates have used for the preparation of these financial statement are as follows:

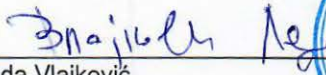
Currency code	Valid for	December 23, 2015	December 31, 2016	December 31, 2017
USD	1,00	111,3944	117,1353	99,1155

In the directors' opinion:

- the company is not a reporting entity because there are no users dependent on general purpose financial statements. Accordingly, the attached special purpose financial statements have been prepared in accordance with the accounting policies described in Note 1;
- the attached financial statements and notes give a true and fair view of the company's financial position as at December 31, 2017 and of its performance for the year ended on that date in accordance with the accounting policies as described in Note 1; and
- there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of directors.

On behalf of the directors

  
Leda Vlajković  
Director



27 March 2018

RP 12/18

## INDEPENDENT AUDITOR'S REPORT ON FINANCIAL STATEMENTS

To the Owner of Kingstown Resources d.o.o., Belgrade

We have audited the accompanying financial statements of Kingstown Resources d.o.o., Belgrade (hereinafter: "the Company"), which comprise the statement of financial position as at December 31, 2017, statement of profit or loss and other comprehensive income, the related statement of changes in equity and statement of cash flows for the period from January 01, 2017 to December 31, 2017, and a summary of significant accounting policies and other explanatory notes.

### Management's Responsibilities for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditors' 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 and fair presentation of the financial statements 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 reasonableness of accounting estimates made by the management, 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 present fairly, in all material respects, the financial position of the Company as at December 31, 2017, and its financial performance and its cash flows for the period from January 01, 2017 to December 31, 2017, in accordance with International Financial Reporting Standards.

Belgrade, March 27, 2018

A handwritten signature in blue ink, appearing to read "Srđan Simić".The logo for RSM Serbia d.o.o., featuring the text "RSM Serbia d.o.o." and "Beograd-Novl Beograd" in blue, with a stylized "RSM" logo above it.

Srđan Simić

Certified Auditor