2017 R-LOGITECH ANNUAL REPORT

R-LOGITECH

R-LOGITECH

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01 R-LOGITECH STRATEGIC REPORT

Who we Are
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R-LOGITECH WHO WE ARE

R-Logitech provides a range of logistics and technology solutions to the natural resources sector.

Established in 2015, R-Logitech is formed from existing international businesses, each with strong track records in logistics and technology. Through the group we manage ports and terminals and provide global logistics, transportation, technology and procurement solutions.

R-Logitech has networks across the natural resources sector including in developing regions. We deliver flexible logistics and technology solutions and are strategically located in a number of coastal and inland sites in Africa and Asia. We provide reliable, cost effective, services by leveraging our physical presence and local knowledge with commercial and technical expertise from our European offices in Paris, Vienna, London and Monaco.

Our value offer is underpinned by reliability, cost competitiveness and our ability to provide scalable solutions tailored to meet the needs of our customers. We maintain high standards as required by our blue chip international clients and provide services to NATO member states, mining and oil companies, agricultural businesses, International Non-Government Agencies (NGOs) and the UN.

Headquartered in Monaco, part of Monaco Resources Group - a global firm specialising in natural resources with a diversified asset base that spans metals and minerals, agribusiness, energy, logistics & technology and finance.

R-LOGITECH
AT A GLANCE

+ 40 YEARS	+ 1400 EMPLOYEES	+ 20 COUNTRIES

R-Logitech provides strategic logistics, procurement and maintenance services for transporting commodities in and out of Africa.

Our business is organised within two divisions: Logistics and Technology.

LOGISTICS

We manage ports and terminals and provide logistics services

Our logistics division enables the import and export of natural products and raw materials through the management of Ports and Terminals, specialising in dry bulk handling, and the provision of logistics services including freight forwarding, Ship Agency services and transportation.

TECHNOLOGY

We provide procurement solutions and maintenance

Our technology division provides technical solutions, procurement services, equipment and maintenance, as well as pipeline networks and technologies.

R-LOGITECH KEY DATA

REVENUES	40 M€
GROSS PROFIT	38 M€
OPERATING PROFIT	13 M€
EQUITY	26 M€
EBITDA	13 M€

R-LOGITECH TIMELINE

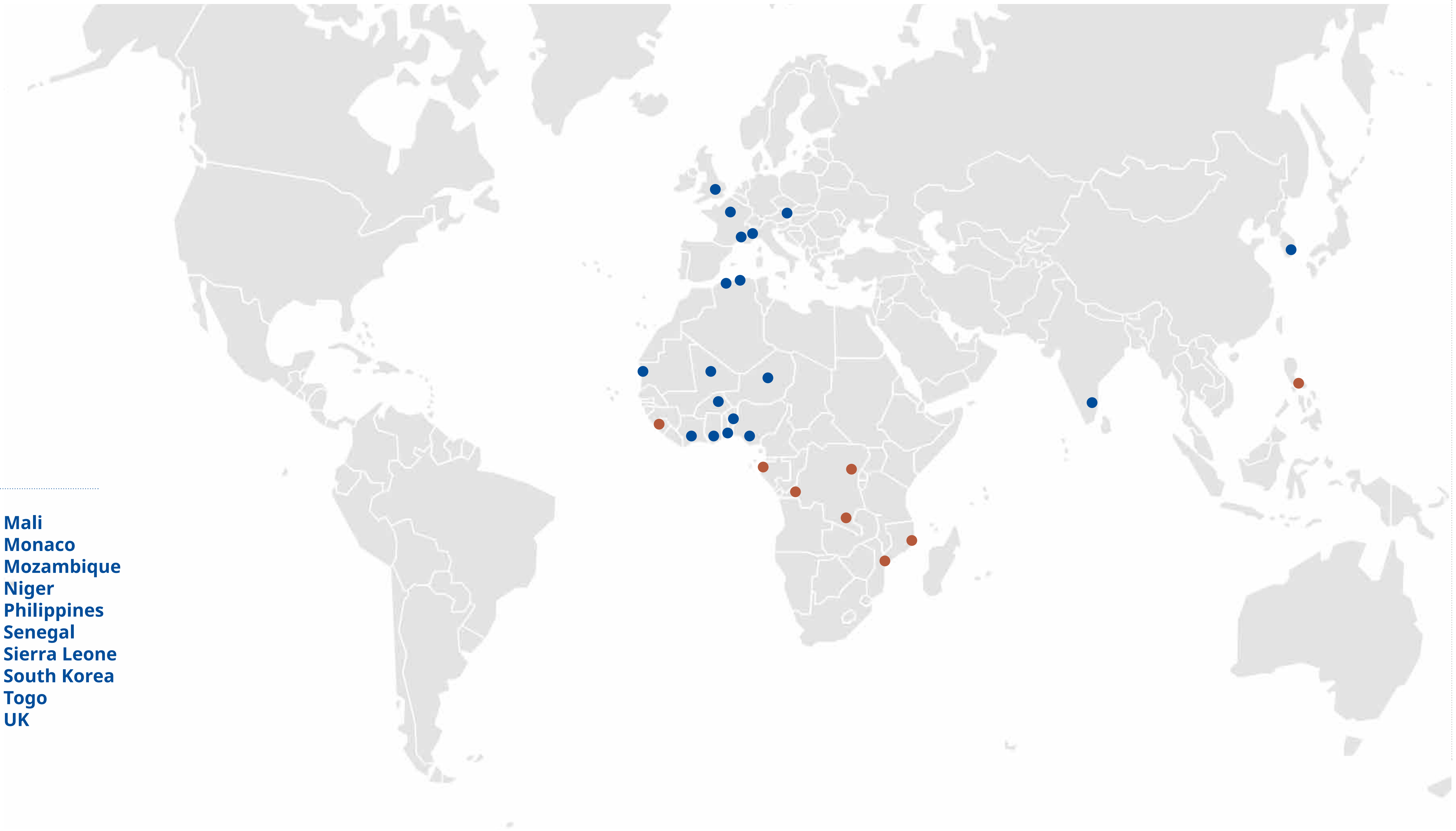
	2018	R-Logitech Bond Issue
R-LOGISTIC	Oct. 2017	R-Logistic established, following the acquisition of 19 Necotrans's entities covering logistics services and port and terminals activities
		Nectar Freetown, Sierra Leone licence converted to long-term port concession with plans to expand
	Jan. 2017	R-Logitech acquired controlling position in Nectar Group
SOUTHERN & MEDITERRANEAN LOGISTICS	Nov. 2016	Acquisition of : - Technipipe - Southern & Med. Logistics
ICS PROCUREMENT SOLUTIONS	Sept. 2016	Acquisition of ICS Procurement solutions
	2015 2016	Nectar commenced operations at the purpose built Marivele Multipurpose Terminal
R-LOGITECH	2015	Creation of R-LOGITECH Nectar awarded licence to run the bulk terminal in Freetown, Sierra Leone
	2011	Nectar awarded contract to operate Beira Coal Terminal
	90's 2000's	Nectar launched 2nd generation mobile bagging system, COMPAC 140, using state of the art bagging technology
	1996	Nectar developed quayside operations around the world
TECHNIPIPE	1990	Creation of Technipipe Pipelines
	1989	Development of Necotrans port, terminals and logistics activities
	1985	Creation of Necotrans Freight forwarding in Africa
	1980	Nectar developed a unique mobile bagging system, MOPACK, that went on to provide huge savings for clients
NECTAR GROUP	1972	Creation of Nectar Bulk commodity handling in Africa

R-LOGITECH
GLOBAL PRESENCE

21 COUNTRIES

8 TERMINALS

R-Logitech forms a network of global businesses with strong track records across logistics and technology services



LOCATIONS

Algeria
Austria
Benin
Burkina Faso
D.R.Congo
France
Gabon
Ghana
India
Ivory Coast

Mali
Monaco
Mozambique
Niger
Philippines
Senegal
Sierra Leone
South Korea
Togo
UK

R-LOGITECH
STRATEGY

Our Strategy is based on five key success factors.

01 Network

The core of R-Logitech is **our network**. We have established relationships and existing infrastructure in a number of strategic locations which create barriers to entry for new market entrants and provide us with competitive advantage.

02 Know-How

We have **significant execution capabilities** including equipment, knowledge and people. With approximately **1,400 employees** on the ground, we are able to scale and adapt to the needs of our international clients.

Asset Base 03

Our **large asset base** includes Ports, Terminals and storage facilities. We also provide procurement and related services which positions us well for handling cargo and a variety of different natural materials.

Risk Averse 04

We **avoid risk** within our business model. Our income is received largely in two currencies – USD and Euro thereby avoiding unnecessary fluctuations and we undertake regularised contract based activities including for blue chip clients including the French and US Military and the UN.

Diversified 05

Our **diversified business model** means that we are not reliant on a single service offering. We operate in Africa – an area with growing opportunities and higher margins – benefiting from the so called "African premium".

01 R-LOGITECH
STRATEGIC REPORT

R-LOGITECH
LOGISTICS

PORT & TERMINALS

We operate ports and terminals in Africa, Asia and Central America and offer a wide range of services:

- Construction and development of bespoke, specialist ports and terminals
- Operation and maintenance services for existing port operations
- Managing ports and terminals as a long-term concessionaire

AIRPORT & TERMINALS

We also deliver services on airport grounds and possess the IATA Safety Audit for Ground Operations.

In specified locations R-Logitech provide:

- Air Cargo (Cargo Handling)
- Passage (Boarding, Passengers, Baggage)
- Processing of aircraft arrivals and departure
- Ground Support Equipment « GSE » Maintenance

IATA | ISAGO

LOGISTICS SERVICES

We develop logistics solutions for the import and export of natural products and raw materials in both established and emerging markets.

R-Logitech comprises a number of entities with extensive freight forwarding capabilities. With international experience and strong regional knowledge, we provide a wide range of freight forwarding services :

- Air freight
- Customs clearance
- Warehousing
- Local haulage
- Shipping and Port Agency services in selected ports in Africa

BULK HANDLING

Our services include the design, manufacture and operation of custom made bulk handling equipment to meet the specific needs of customers.

We have developed award-winning mobile bulk handling equipment – Mobile Bagging Machines, Bulk Hoppers and Grabs.

We own and operate a fleet of mobile bulk handling equipment worldwide, providing mobile bagging services in challenging environments along with other bulk handling services.

Handling over
7 MT
of cargo
each year

01 R-LOGITECH STRATEGIC REPORT

R-LOGITECH TECHNOLOGY

TECHNOLOGY SOLUTIONS

We offer full procurement solutions in the natural resources sector assisting customers working in complex environments such as geographically remote sites, areas with underdeveloped infrastructure networks or geopolitically sensitive locations. We provide solutions to the wider Monaco Resources Group and to customers in the Energy, Mining and Agri industries as well as NGO's and Government institutions

STRUCTURED SOLUTIONS

R-Logitech provides structured, integrated supply chain solutions, characterised by flexibility and the ability to scale and adapt to the meet the needs of both large and small clients.

Our experience includes significant expertise in Africa with strong capabilities in Algeria, DRC, The Republic of Congo and Niger.

The services we provide include:

- Full supply chain solutions based on our logistics capabilities and experience
- Custom made transport solutions for special equipment, sensitive materials and refrigerated products
- Infrastructure and support service from the provision of utilities and storage to full site management
- Mining logistics solutions
- Industrial vehicles and fleet management services

PIPE & NETWORK SERVICES

We provide a range of specialist pipe network services to the oil, gas and petrochemical industries. Our services in this area include:

- Network design consultancy
- Network integrity management
- Support and maintenance services
- Surveillance, security and incident intervention
- Complete service in relation to cathodic protection to safeguard buried or submerged steel structures to the maximum extent
- Provision of customised training and training modules

01 R-LOGITECH BUSINESS PERFORMANCE

BUSINESS PERFORMANCE

The Company commenced its activities in 2016 and laid the foundation of the technical division with the acquistion of Technipipe in that year. Technipipe is a service provider in the field of pipe and tubes installations mainly focused on the oil and gas industry. In 2017, the Company acquired significant activities in the logistics division: a controlling stake in Nectar and multiple (air)port operations in West-Africa through the acquisition of former Necotrans entities (now named "R-Logistic"). As a result, the results as well as the balance sheet have expanded significantly. Note that only the last three months of activities R-Logistic are included.

The table below provides a segmented overview of the Revenue and Gross profit ("GM") of the Company:

	Revenue		GM	
EUR 1.000	**2017**	**2016**	**2017**	**2016**
Logistics	31, 052	-	30, 526	-
Technology	9, 566	7, 000	7, 369	4, 978
Total	**40, 618**	**7, 000**	**37,895**	**4, 978**

The solvency (total group equity divided by the balance sheet total) at the balance sheet date is 34.7% in 2017. In order to view the actual solvency, management uses an "Adjusted Solvency" in which cash reserves are netted with overdraft facilities. This Adjusted Solvency rate amounts to 42.9%.

01 R-LOGITECH OUTLOOK

OUTLOOK

GENERAL

Despite the unpredictable global environment, the Company expects to realise further growth in 2018. Part of this is a natural result as the R-Logistic activities will be included for 12 months compared to only 3 months in 2017. The other sources of growth are the further integration of the activities and the realization of synergies with the larger group.

FINANCING

The long term financing and short term bank facilities are in place and the relationships with these banks will be maintained.
In order to further grow the activities, additional finance capacity is being developed with the group’s current and new banking and capital market relationships.

EMPLOYEES

As over the last years, the Company will ensure that the organization remains lean in terms of headcount. Key management positions are filled in by personnel with the required experience, background, and the entrepreneurial spirit and drive to contribute to our growth and success. Additional personnel will be employed, when the growth in activities and further requires so.

01 R-LOGITECH RISKS & UNCERTAINTIES

RISKS & UNCERTAINTIES

The presentation of financial statements requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Actual results could differ from those estimates impacted by the following risks:

FLUCTUATION IN CURRENCY EXCHANGE RATES

The Company finds its suppliers and customers across the globe, while operations and operating costs are spread across several different countries and currencies. Fluctuation in exchange rates, in particular, movements in US dollar against the Euro, may have a material impact on the Company's financial results. Note that our business is mainly executed on a dollar basis on the sales side, whereas the reporting currency is Euro. In case that foreign currency effects have a significant impact, the exposure is hedged through adequate instruments. The local expenditures are mainly covered in local African currencies that can fluctuate from the earnings that are in USD. Note that this exposure is limited.

FINANCING, CASH FLOWS AND LIQUIDITY

The company's activities are dependent on sufficient availability of liquidity. We have significant overdraft lines with major local banks. These lines are committed on a short term by nature and, therefore, no guarantee can be given that these lines will be extended. However, all lines have been prolonged over the previous years and there is no imminent reason to assume that these lines will not be extended in the foreseeable future.

COUNTRY RISKS, POLITICAL, COMMUNITY AND FISCAL INTERVENTION

The Company's operations and projects span numerous countries, some of which have more complex, less stable political or social climates and consequently higher country risk. Political risks include changes in laws, taxes or royalties, expropriation of assets, currency restrictions or renegotiation of, or changes to, leases of property and permits. Similarly, communities in certain regions may oppose activities for various reasons. Any of these factors could have an adverse impact on the Company's profitability in a certain geographic region or at certain operations. However, so far the Company has not experienced those problems.

OTHER RISKS

Other risks facing the Company include performance risk on agreements; quality of work performed, competition, environmental and insurance risks and uncertainty of additional financing. These risks and the mitigating measures are monitored and managed by the company on a regular basis and appropriate action is taken whenever this is required.

Monaco, 5 March 2018

Pascale Younes
Director

02 R-LOGITECH CONSOLIDATED FINANCIAL STATEMENTS

Consolidated statement of income

Consolidated statement of other comprehensive income

Consolidated statement of financial position

Consolidated statement of cash flows

Consolidated statement of changes in equity

Notes to the financial statements

Signing of the financial statements

CONSOLIDATED STATEMENT OF PROFIT OR LOSS

(before appropriation of result)

EUR 1.000	Note	2017	2016
Continuing Operations			
Revenue	2	**40 618**	**7 000**
Cost of sales	2	-2 723	-2 022
Gross profit	**2**	**37 895**	**4 978**
Operating expenses			
Selling expenses	3	-56	-64
Administrative expenses	3	-25 028	-5 288
		-25 084	**-5 352**
Operating profit		**12 811**	**-374**
Non-operating expenses			
Financial income and expense	4	-1 409	69
Net finance cost		**-1 409**	**69**
Profit before tax		**11 403**	**-305**
Income tax expense	5	-1 641	-47
Profit from continuing operations		**9 762**	**-352**
Profit		9 762	-352
Profit attributable to:			
Equity holders of the company		6 272	-452
Non-controlling interests		3 490	100
		9 762	-352

CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME

EUR 1.000	2017	2016
Profit	**9 762**	**-352**
Other comprehensive income		
Translation differences foreign associated companies	141	-
Total comprehensive income	9 903	-352
Total comprehensive income atrributable to:		
Equity holders of the company	6 243	-452
Non-controlling interests	3 660	100
Total result	**9 903**	**-352**

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(before appropriation of result)

EUR 1.000	Note	31/12/2017	31/12/2016
Assets			
Non-current assets			
Property plant and equipment	6	14 428	249
Intangible fixed assets	7	10 493	304
Financial fixed assets	8	6 418	186
Total non-current assets		**31 339**	**739**
Current assets			
Inventories	9	3 467	-
Receivables, prepayments and accrued income	10	25 755	3 766
Cash and cash equivalents	11	14 269	614
Total current assets		**43 491**	**4 380**
Total assets		74 830	5 119
Equity and liabilities			
Equity			
Share capital		15	15
Reserves and retained earnings		10 248	-993
Equity attributable to the owners of the company	12	10 263	-978
Non-controlling interest	12	15 720	881
Total equity		**25 984**	**-97**
Non-current liabilities			
Loans and borrowings	13	3 677	128
Provisions	14	4 643	134
Deferred tax liabilities	5	303	-
Total non-current liabilities		**8 623**	**262**
Current liabilities and accruals	13	40 223	4 954
Total current liabilities		**40 223**	**4 954**
Total equity and liabilities		74 830	5 119

CONSOLIDATED STATEMENT OF CASH FLOWS

(before appropriation of result)

EUR 1.000	2017	2016
Operating profit	**12 811**	**-374**
Adjustments for:		
- Depreciation (and other changes in value)	729	150
	729	**150**
Working capital changes		
- Movements trade receivables	-15 329	-2 642
- Movements inventories	-3 467	-
- Movements on loans receivable	-6 348	-1 104
- Movements trade payables	12 046	-61
- Movements other payables and liabilities	9 634	4 910
- Movements overdraft	13 589	-
	10 125	**1 102**
Interest paid after corporate income tax		
Corporate income tax expense on operating activities	-1 641	-47
	-1 641	**-47**
Cash flow from operating activities	**22 024**	**832**
Investments in intangible fixed assets	-10 191	-303
Investments in property plant and equipment	-14 905	-399
Investments in other financial assets	-6 232	-177
Cash flow from investment activities	**-31 328**	**-879**
Receipt of long-term liabilities	3 549	128
Movement in provisions and deferred taxes	4 812	134
Proceeds from issue of capital	5 000	
Minority shareholder and equity movements	11 179	313
Movements on loans receivable	-312	-
Other finance result	-1 349	69
Interest received	69	7
Interest paid	-129	-7
Cash flow from financing activities	**22 819**	**644**
Net cash flow		
Exchange rate and translation differences on movements in cash	139	1
Movements in cash	13 655	598

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(before appropriation of result)

EUR 1.000	Issued share capital	Translation reserve	Other reserves	Result for the year	Legal entity share in group equity	Third-party share in group equity	Group Equity
2016							
Opening Balance local accounting principles	15	-	-	-74	-59	-	-59
Adjustment due to accounting policy change	-	-	-	-	-	-	-
Opening Balance	**15**	**-**	**-**	**-74**	**-59**	**-**	**-59**
Total comprehensive income and expense for the period							
Profit/(loss) for the period	-	-	-	-452	-452	100	-352
Foreign currency translation differences	-	-	-	-	-	-	-
Total comprehensive income and expense for the period	-	-	-	-452	**-452**	100	**-352**
Other movements in equity							
Allocation of prior year result	-	-	-74	74	-	-	-
Acquisitions	-	-	-468	-	-468	781	313
Total other movements in equity	-	-	-542	74	**-468**	781	**313**
Total	**15**	**-**	**-542**	**-452**	**-979**	**881**	**-98**
2017							
Opening Balance	**15**	**-**	**-542**	**-452**	**-979**	**881**	**-98**
Total comprehensive income and expense for the period							
Profit/(loss) for the period	-	-	-	6 272	6 272	3 490	9 762
Foreign currency translation differences		-29	-	-	-29	170	141
Total comprehensive income and expense for the period	-	-29	-	6 272	**6 243**	3 660	**9 903**
Other movements in equity							
Allocation of prior year result	-	-	-452	452	-	-	-
Capital contribution	-	-	5 000	-	5 000	-	5 000
Acquisitions	-	-	-	-	-	11 179	11 179
Total other movements in equity	-	-	4 548	452	**5 000**	11 179	**16 179**
Total	**15**	**-29**	**4 006**	**6 272**	**10 264**	**15 720**	**25 984**

The IFRS adjustments are further explained in note 1.2
The acquisitions in 2016 are related to Southern Mediterranean Logistics and the acquisition of Technipipe.
In 2017, Monaco Resources S.A.M. has converted its loan into equity.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1. ACCOUNTING POLICIES

1.1 Corporate information

The activities of R-Logitech Sarl ("R-Logitech" or "the Company") and its group companies primarily consist of running ports and terminals, providing logistical services and transportation, procurement solutions and technical solutions. The Company has its legal seat at 7. Rue du Gabian, Monaco and is registered with the chamber of commerce under number 14S06452.

The Company was incorporated as a limited liability company under the laws of Monaco for the purpose of establishing a holding company for logistics and technological solutions.

The consolidated annual accounts comprise the financial information of the Company and of its investments in which it exercises a controlling interest. These investments are fully included in the consolidation.

1.2 Statement of compliance

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards as adopted by the European Union, and its interpretations adopted by the International Accounting Standards Board (IASB), and are in compliance with the provisions of the company law in Monaco. The above Standards and Interpretations are collectively referred to as "IFRS" in these financial statements.

The company financial statements, Report and Financial Statements for the period ended 31 December 2017, were prepared in accordance with the General Accepted Accounting Principles of Monaco ("Monegasque GAAP") and provided the statement of financial position as of 31 December 2017, the statement of profit or loss and comprehensive income and statement of changes in equity over the period 1 January 2017 to 31 December 2017.

As the Company does not meet the requirements of consolidation, however, it was decided to prepare these consolidated financial statements in accordance with IFRS on a voluntary basis in order to improve the understandability, relevance, and comparability for the international stakeholders of the Company.

The difference between the statements in accordance with Monaco GAAP and these IFRS financial statements are related to the valuation of the subsidiaries: In accordance with Monegasque GAAP, the subsidiaries are valued at cost, whereas the subsidiaries are valued (and consequently consolidated) at the net asset value.

As the Company is only incorporated in the financial year 2016, the Directors have decided to prepare a consolidation for the financial year 2016 as well in order to provide comparing figures in accordance with the requirements of IFRS.

1.3 Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain properties and financial instruments that are measured at revalued amounts or fair values at the end of each reporting period, as explained in the accounting policies below.

Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these consolidated financial statements is determined on such a basis, except for:

- share-based payment transactions that are within the scope of IFRS 2; and
- leasing transactions that are within the scope of IAS 17; and
- measurements that have some similarities to fair value but are not fair value, such as net realizable value in IAS 2 or value in use in IAS 36.

In addition, for financial reporting purposes, fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability either directly or indirectly; and

- Level 3 inputs are unobservable inputs for the asset or liability.

NOTE 1.

1.4 New and revised IFRSs

In the current year, the Group has applied IFRS for the first time in accordance with IFRS 1 and applied the following relevant new and revised IFRSs:

- Amendments to IAS 12 – Recognition of Deferred Tax Asset for Unrealized Losses
- Amendments to IFRS 7 – Disclosure initiative
- IFRS 12 – scope clarifications

These new and revised IFRSs do not lead to significant changes in in these financial statements.

The following new and revised IFRSs have been issued but are not yet effective:

- IFRS 9 regarding Financial Instruments.
- IFRS 15 regarding Revenue from Contracts with Customers
- IFRS 16 regarding Leases
- IFRS 2 regarding the classification of share-based payments

The Directors are currently evaluating the impact that these new standards and interpretations will have on the financial statements of the Company.

1.5 Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company and its subsidiaries.

Control is achieved when the Company:
- has power over the investee;
- is exposed or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over the investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the investee unilaterally. The Company considers all relevant facts and circumstances in assessing whether or not the Company's voting rights in an investee are sufficient to give it power, including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the group are eliminated in full on consolidation.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is

NOTE 1.

recognized directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill, and liabilities of the subsidiary and any non-controlling interests. All amounts previously recognized in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets or liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

1.6 Business combinations

Acquisitions of businesses are accounted for using the acquisition method.

The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognized in profit or loss as incurred.

At the acquisition date the identifiable assets acquired and the liabilities assumed are recognized at their fair value except that:

- deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognized and measured in accordance with IAS 12 Income Taxes and IAS 19 respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 at the acquisition date; and
- Assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred the amount of any non-controlling interest in the acquiree and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interest proportionate share of the recognized amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interest are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the "measurement period" (which cannot exceed one year from acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not re-measured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is re-measured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as

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appropriate, with the corresponding gain or loss being recognized in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is re-measured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognized to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

1.7 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 1.6.) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rate based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

1.8 Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decision about the relevant activities require unanimous consent of the parties sharing control. The results and assets and liabilities of associates or joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with IFRS 5. Under the equity method, an investment in an associate or a joint venture is initially recognized in the consolidated statement of financial position at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate or joint venture. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that associate or joint venture (which includes any long-term interest that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

The requirements of IAS 39 are applied to determine whether it is necessary to recognize any impairment loss with respect to the Group's investment in an associate or a joint venture. When necessary, the

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entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any Impairment loss recognized forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognized in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to be an associate or a joint venture or when the investment tis classified as held for sale. When the group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with IAS 39. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate or joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition the Group accounts for all amounts previously recognized in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities.
Therefore, if a gain or loss previously recognized in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no re-measurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognized in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting from the transactions with the associate or joint venture are recognized in the Group's consolidated financial statements only to the extent of interest in the associate or joint venture that are not related to the Group.

1.9 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns rebates and other similar allowances.

Revenue is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amounts of revenue can be measured reliably;
- it is probably that the economic benefits associated with the transaction will flow to the Group;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

1.10 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to quaffing assets, in which case they are capitalized in accordance with the Group's general policy on borrowing costs. Contingent rentals are recognized a expenses in the periods in which they are incurred.

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Operating lease payments are recognized as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognized as an expense in the period in which they are incurred.

In the event that lease incentives are received to enter into operating leases such incentives are recognized as a liability. The aggregate benefit of incentives is recognized as a reduction of rental expense on a straight-line basis, except where another systematic basis is more representative of the time pattern in which economic benefits form the leased asset are consumed.

1.11 Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical costs in a foreign currency are not retranslated.

Exchange differences on monetary items are recognized in profit or loss in the period in which they arise except for:

- Exchange differences on foreign currency borrowings relating to assets under construction for future reductive use which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings.
- Exchange differences on transactions entered into in order to hedge foreign currency risks.
- Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur therefore forming part of the net investment in the foreign operation), which are recognized initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into Euros using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognized in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset) all of the exchange differences accumulated in equity in respect of the operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognized in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.
Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognized in other comprehensive income.

1.12 Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

1.13 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

The tax currently payable is based on taxable profit for the year. Taxable profit differs from "profit before tax" as reported in the consolidated statement of profit or loss and other comprehensive income, because items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax based used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized. Such deferred tax assets and liabilities are not recognized if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognized if the temporary difference arises from the initial recognition of goodwill.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary differences will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized., based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the consequences that would follow from the manner in which the Group expects at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively. Where current tax or deferred tax arises from the initial accounting for a business combination the tax effect is included in the accounting from the business combination.

1.14 Property, plant and equipment

Property, plant and equipment and intangible assets are stated at cost, being the fair value of the consideration given to acquire or construct the asset, including directly attributable costs required to bring the asset to the location or to a condition necessary for operation and the direct cost of dismantling and removing the asset, less accumulated depreciation and any accumulated impairment losses.

Intangible assets include goodwill and licenses.

Property, plant and equipment are depreciated to their estimated residual value over the estimated useful life of the specific asset concerned. Identifiable intangible assets with a finite life are amortized on a straight-line basis and/or UOP basis over their expected useful life. Goodwill is not amortized.

The major categories of property, plant and equipment and intangible assets are depreciated/amortized on a UOP and/or straight-line basis as follows:

Land and Buildings:	0%
Plant and Equipment:	10% - 33%
Other operating assets:	2%

Assets under finance leases, where substantially all the risks and rewards of ownership transfer to the Group as lessee, are capitalized and depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease. All other leases are classified as operating leases, the expenditures for which are charged against income over the accounting periods covered by the lease term.

1.15 Impairment

At the end of each reporting period the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

When a reasonable and consistent basis can be identified, Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.
An impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash generating unit) is increased to the revised estimate of its recoverable amount but so that the increased carrying amount, does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

A reversal of an impairment loss is recognized immediately in profit or loss unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

1.16 Inventories

Production Inventories are stated at the lower of cost and net realizable value. Costs of inventories are determined on a first-in-first-out basis. Net realizable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale.

1.17 Provisions

Provisions are recognized when the Group has a present obligation as a result of a past event it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all the economic benefits required to settle a provision are expected to be recovered from a third party a receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

1.18 Financial instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs that are directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

Financial assets are classified into the following specified categories: financial assets "at fair value through profit or loss" (FVTPL), "held-to-maturity" investments, "available-for-sale" (AFS) financial assets, and "loans and receivables". The classification depends on the nature and purpose of the financial assets and is determined at the time of initial recognition. All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

Financial assets are classified as at FVTPL when the financial asset is either held for trading or it is designated as at FVTPL. These are stated at fair value with any gains or losses arising on re-measurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the "other gains and losses" line item.

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturity dates that the Group has the positive intent and ability to hold to maturity. Subsequent to initial recognition, held-to-maturity investments are measured at amortized cost using the effective interest method less any impairment.

AFS financial assets are non-derivatives that are either designated as AFS or are not classified as loans and receivables, held-to-maturity investments, or FVTPL.

Listed redeemable notes held by the Group that are traded in an active market are classified as AFS and are stated at fair value at the end of each reporting period. The Group also has investments in unlisted shares that are not traded in an active market but that are also classified as AFS financial assets and stated at fair value at the end of each reporting period (because the directors consider that fair value can be reliably measured). Changes in the carrying amount of AFS monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on AFS equity investments are recognized in profit or loss. Other changes in the carrying amount of AFS financial assets are recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the investments revaluation reserve is reclassified to profit or loss.
Dividends on AFS equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

The fair value of AFS monetary financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate prevailing at the end of the reporting period. The foreign exchange gains and losses that are recognized in profit or loss are determined based on the amortized cost of the monetary asset. Other foreign exchange gains and losses are recognized in other comprehensive income.

AFS equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment losses at the end of each reporting period.

1.19 Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market.
Loans and receivables (including trade and other receivables, bank balances and cash, and others are measured at amortized cost using the effective interest method, less any impairment.

1.20 Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered to be impaired when 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 of the investment have been affected.

For AFS equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. For all other financial assets, objective evidence of impairment could include:

- significant financial difficulty of the issuer or counterparty; or
- breach of contract, such as a default or delinquency in interest or principal payments; or
- it becoming probable that the borrower will enter bankruptcy or financial reorganization; or
- the disappearance of an active market for that financial asset because of financial difficulties.

For certain categories of financial assets, such as trade receivables assets are assessed for impairment on a collective basis even if they were assessed not to be impaired individually. Objective evidence of impairment for a portfolio of receivables could include the Group's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period, as well as observable changes in national or local economic conditions that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the financial asset's original effective interest rate.

For financial assets that are carried at cost, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.
The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account.

When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss.

When an AFS financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

In respect of AFS equity securities, impairment losses previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of AFS debt securities, impairment loses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

1.21 De-recognition of financial assets

The Group derecognizes a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

If the Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognizes its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group continues to recognize the financial asset and also recognizes a collateralized borrowing for the proceeds received.

On de-recognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

On de-recognition of a financial asset other than its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the group allocates the previous carrying amount of the financial asset between the part it continues to recognize under continuing involvement, and the part it no longer recognizes on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognized and the sum of the consideration received for the part no longer recognized and any cumulative gain or losses allocated to it that had been recognized in other comprehensive income is recognized in profit or loss. A cumulative gain or loss that had been recognized in other comprehensive income is allocated between the part that continues to be recognized and the part that is no longer recognized on the basis of the relative fair values of those parts.

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1.22 Financial liabilities and equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized and deducted directly in equity. No gain or loss is recognized in profit or loss on the purchase, sale issue or cancellation of the Company's own equity instruments.

1.23 Financial liabilities

Financial liabilities are classified as either financial liabilities "at FVTPL" or "Other financial liabilities".

Financial liabilities are classified as at FVTPL when the financial liability is either held for trading or it is designated as at FVTPL.
A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing in the near term; or

- On initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit taking; or

- It is a derivative that is not designated and effective as hedging instrument.

A financial liability other than held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis ; or

- It forms part of a contract containing one or more embedded derivatives, and IAS 39 permits the entire combined contract to be designated as at FVTPL.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognized in profit or loss. The profit or loss recognized in profit or loss incorporates any interest paid on the financial liability and is included in the "other gains and losses"-line item.

Other financial liabilities (including borrowings and trade and other payables) are subsequently measured at amortized cost using the effective interest method.

The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs, and other premiums or discounts) through the expected life of the financial liability or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

1.24 De-recognition of financial liabilities

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

1.25 Derivatives and hedging activities

Derivative instruments, which mainly include contracts to sell or purchase commodities that do not meet the own use exemption, as well as FX derivatives to a minor extend, are initially recognize at fair value when the Company becomes a party to the contractual provisions of the instrument and are subsequently re-measured to fair value at the end of each reporting period. Fair values are determined using quoted market prices, dealer price quotations or using models and other valuation techniques, the key inputs for which include current market and contractual prices of the underlying instrument, time to expiry, yield curves, volatility of the underlying instrument and counterparty risk.

Gains and losses on derivative instruments for which hedge accounting is not applied, other than the revenue adjustment mechanism embedded within provisionally priced sales, are recognized in cost of goods sold.

Those derivatives qualifying and designated as hedges are either

(i) a Fair Value Hedge of the change in fair value of a recognized asset or liability or an unrecognized firm commitment, or

(ii) a Cash Flow Hedge of the change in cash flows to be received or paid relating to a recognized asset or liability or a highly probably transaction.

A change in the fair value of derivatives designated as a Fair Value Hedge is reflected together with the change in the fair value of the hedged item in the statement of income.

A change in the fair value of derivatives designated as a Cash Flow Hedge is initially recognized as a cash flow hedge reserve in shareholders' equity. The deferred amount is then released to the statement of income in the same periods during which the hedged transaction affects the statement of income. Hedge ineffectiveness is recorded in the statement of income when it occurs. When a hedging instrument expires or is sold, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in shareholders' equity and is recognized in the statement of income when the committed or forecast transaction is ultimately recognized in the statement of income.

A derivative may be embedded in a "host contract". Such combinations are known as hybrid instruments and at the date of issuance, the embedded derivative is separated from the host contract and accounted for as a stand-alone derivative if the criteria for separation are met. The host contract is accounted for in accordance with its relevant accounting policy.

1.26 Critical accounting policies, key judgments and estimates

The preparation of the consolidated financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities as well as the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual outcomes could differ from those estimates.

The Company has identified the following areas as being critical or understanding the Company's financial position as they require management to make complex and/or subjective judgments and estimates about matters that are inherently uncertain:

Depreciation and amortization of property plant and equipment

Plant and equipment are depreciated / amortized using the lineair method, and therefore the annual charge is subject to the estimation of the economic life of property, plant and equipment and the actual economic life can fluctuate from initial estimates.

Impairments

Investments in Associates and other investments, advances, and loans and property, plant and equipment, and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value may not be fully recoverable or at least annually for goodwill and other indefinite life intangible assets.

If an asset's recoverable amount is less than the assets' carrying amount, an impairment loss is recognized. Future cash flow estimates which are used to calculate the asset's fair value are base on expectations about future operations primarily comprising estimates about production and sales volumes, commodity prices, reserves and resources, operating rehabilitations and restoration costs and capital expenditures. Changes in such estimates could impact recoverable values of these assets.

Estimates are reviewed regularly by management.

Provisions

The amount recognized as a provision, including tax, legal, restoration and rehabilitation, contractual and other exposures or obligations is the best estimate of the consideration required to settle the related liability, including any related interest charges, taking into account the risks and uncertainties surrounding the obligation. The Group assesses its liabilities and contingencies based upon the best information available, relevant tax laws and other appropriate requirements.

NOTE 2. SEGMENT INFORMATION

2.1 General

The Company is organized in two segments: Logistics and Technology.

This structure is used by management to assess the performance of the Company.

The Logistics division mainly comprises of the operations of Nectar and the R-Logistic group.

The Technology division mainly comprises of the operations of Technipipe and ICS Procurement Solutions. The track record of the companies goes back to the early 1970's.

2.2 Segment Revenues and Results

The following is an analysis of the Group's revenue, gross profit ("GM").

	Revenue		GM		Result	
EUR 1.000	2017	2016	2017	2016	2017	2016
- Logistics	31 052	-	30 526	-	6 795	-
- Technology	9 566	7 000	7 369	4 978	2 980	-352
Total	**40 618**	**7 000**	**37 895**	**4 978**	**9 775**	**-352**

2.3 Segment Assets and Liabilities

The following is an analysis of the Group's assets and liabilities by reportable segment.

	Assets		Liabilities	
EUR 1.000	2017	2016	2017	2016
- Logistics	62 003	-	37 719	-
- Technology	12 827	5 119	11 127	5 216
Total	**74 830**	**5 119**	**48 846**	**5 216**

	Depreciation and amortization		Additions to non-current assets	
EUR 1.000	2017	2016	2017	2016
- Logistics	315	-	30 600	-
- Technology	414	150	-	739
Total	**729**	**150**	**30 600**	**739**

NOTE 2.

2.4 Geographical Information

The Group operates globally and operations are managed by the following geographical analysis:

	Revenue		GM		Non-Current assets	
EUR 1.000	2017	2016	2017	2016	2017	2016
Region						
Europe	7 750	7 000	5 420	4 978	5 168	739
Africa	32 868	-	32 475	-	26 171	-
Total	**40 618**	**7 000**	**37 895**	**4 978**	**31 339**	**739**

The allocation of Revenue and GM is based on the country of incorporation of the sales counterparty. This may not necessarily be the country of the counterparty's ultimate parent and/or final destination of product.

Note that the Non-Current assets also contain the financial instruments as reported in Note 8 Financial Fixed Assets, as this is a significant position that is reported to management on a regular basis. This amount (EUR 7,418 thousand) is included in its entirety in the Africa segment.

None of the customers contribute over 10% of revenue.

NOTE 3. EXPENSES

EUR 1.000	2017	2016
Selling expenses		
Sales and marketing expenses	56	64
Total selling expenses	**56**	**64**
Administrative expenses		
Personnel	6 191	4 223
Professional services fees	851	258,53
Facilities and offices	1 054	354,36
Other operating expenses	16 202	302,14
Depreciation and amortization	729	150
Total administrative expenses	**25 028**	**5 288**
Operating expenses	**25 084**	**5 352**
Breakdown: depreciation and amortization		
Property Plant and Equipment	726	150
Intangible assets	3	-
total depreciation and amortization	**729**	**150**

The average number of employees of the Group during the year, converted to full-time equivalents was 1,402 (2016: 86) of which 10 are employed in Monaco (2016: 6).

NOTE 4. FINANCIAL INCOME AND EXPENSES

EUR 1.000	2017	2016
Financial income and expense		
Other interest income and similar income	69	7
Interest expenses and similar charges	-129	-7
Other financing result	-453	70
Total financial income and expense	**-513**	**70**
Income from foreign exchange		
Forex gains	-845	-
Forex losses	-51	-1
Total income from foreign exchange	**-896**	**-1**
Total financial income and expense	**-1 409**	**69**

The other financing result includes an accrual in the amount of EUR 600 thousand as a general reserve for the potential impairment of the results of subsidiaries and the assets of these subsidiaries.

NOTE 5. TAXATION

Income taxes consist of the following:

EUR 1.000	2017	2016
Current income tax expense	-1 641	-1 817
Deferred income tax	-	-35
Total income tax expense	**-1 641**	**-1 852**

EUR 1.000		2017		2016
	%	EUR	%	EUR
Taxable result		11 403		-305
Tax burden based on nominal rate	30,0%	-3 421	30,0%	-
Tax rate differences.	15,6%	1 780	15,4%	-47
Taxation on result on ordinary activities	**-14,4%**	**1 641**	**15,4%**	**-47**

The effective Group tax rate differs from the statutory Monegasque income tax rate applicable to the Company mainly due to the exempted income related to unrealized fair value changes and the effect of compensated losses.

No deferred taxes were accounted for in the consolidated statement of income or in other comprehensive income/loss.

NOTE 6. PROPERTY PLANT AND EQUIPMENT

The movements in Property plant and equipment are as follows:

EUR 1.000	Land and buildings	Plant and machinery	Transportation vehicles	Other operating assets	Total
Gross carrying amount					
1 January 2016	-	-	-	-	-
Additions	-	68	307	24	399
31 December 2016	**-**	**68**	**307**	**24**	**399**
Accumulated depreciation and impairments					
1 January 2016	-	-	-	-	-
Depreciation	-	4	143	3	150
31 December 2016	**-**	**4**	**143**	**3**	**150**
Net book value at 31 December 2016	**-**	**64**	**164**	**21**	**249**

EUR 1.000	Land and buildings	Plant and machinery	Transportation vehicles	Other operating assets	Total
Gross carrying amount					
1 January 2017	-	68	307	24	399
Acquisition	2 290	6 341	5 212	1 062	14 905
31 December 2017	**2 290**	**6 409**	**5 519**	**1 086**	**15 304**
Accumulated depreciation and impairments					
1 January 2017	-	4	143	3	150
Depreciation	-	380	302	44	726
31 December 2017	**-**	**384**	**445**	**47**	**876**
Net book value at 31 December 2017	**2 290**	**6 025**	**5 074**	**1 039**	**14 428**

The additions in 2016 are mainly related to the assets of Technipipe. The additions in 2017 are related to Nectar and the former Necotrans companies.

The depreciation is accounted for in accordance with the principles as included in Note 1.

NOTE 7. INTANGIBLE FIXED ASSETS

A summary of the movements of intangible fixed assets is given below:

EUR 1.000	Goodwill	Other intangible assets	Total
Gross carrying amount			
1 January 2016	-	-	-
Acquisitions	282	22	304
Exchange rate differences	-	-	-
31 December 2016	**282**	**22**	**304**
Accumulated amortization and impairments			
1 January 2016	-	-	-
Amortization	-	-	-
31 December 2016	**-**	**-**	**-**
Net book value at 31 December 2016	**282**	**22**	**304**

EUR 1.000	Goodwill	Other intangible assets	Total
Gross carrying amount			
1 January 2017	282	22	304
Additions	8 924	1 267	10 191
Exchange rate differences	-	-	-
31 December 2017	**9 206**	**1 289**	**10 495**
Accumulated amortization and impairments			
1 January 2017	-	-	-
Amortization	-	3	3
31 December 2017	**-**	**3**	**3**
Net book value at 31 December 2017	**9 206**	**1 286**	**10 492**

Goodwill is related to the investments in the logistics activities (EUR 8,924 thousand) and the technical activities (EUR 282 thousand). The recoverable amount of each cash-generating unit, used in the annual impairment tests performed in the fourth quarter, is based on its value in use. Key assumptions used in the impairment tests for the cash-generated units were sales growth rates, operating result and the rates used for discounting the projected cash flows. These cash flow projections were determined using management's internal forecasts that cover a period of multiple years, based on the financial plans. The annual impairment test did not lead to any impairments of goodwill. The present value of estimated cash flows has been calculated using a pre-tax discount rate that reflects the current market assessment of the time value of money and the specific risks of the cash-generating unit.

The addition in other intangible assets mainly related to licenses to operate (air)ports.

NOTE 8. FINANCIAL FIXED ASSETS

A summary of the movements in the financial fixed assets is given below:

EUR 1.000	Associated companies	Other receivables	Total
Book Value			
Balance at 1 January 2016	-	186	186
Balance at 31 December 2016	**-**	**186**	**186**
Book Value			
Balance at 1 January 2017	-	186	186
Additions	5 521	711	6 232
Balance at 31 December 2017	**5 521**	**897**	**6 418**

The "Associated companies" mainly consist of investments in port operations in the Philippines and Gabon.
The "Other receivables" are mainly related to deposits that have been provided to service providers for utilities of port operation facilities.

NOTE 9. INVENTORIES

EUR 1.000	31/12/2017	31/12/2016
Consumables	3 467	-
Total inventories	**3 467**	**-**

The inventory consists of consumables that are required to keep the operation up-and-running.
No impairment has been recorded for the inventories during the year.

NOTE 10. RECEIVABLES, PREPAYMENTS AND ACCRUED INCOME

EUR 1.000	31-12-2017	31-12-2016
Trade receivables	17 971	2 642
Shareholder	623	271
Related parties	528	216
Other receivables	4 136	486
Taxation	319	-
Prepayments and accrued income	2 177	151
Total receivables, prepayments and accrued income	**25 755**	**3 766**

The trade receivables are not pledged and any doubtful debt is provided for. With regards to the receivables from shareholder and related parties, an arm's length interest rate is charged.

Other receivables mainly consist of loans to former Necotrans companies, that have been acquired by other significant and leading companies in the logistics sector. These loans are in the process of being settled in 2018.

NOTE 11. SECURITIES

There are no restrictions with regards to the cash and cash equivalents as reflected in the balance sheet.

NOTE 12. CASH AND CASH EQUIVALENTS

There are no restrictions with regards to the cash and cash equivalents as reflected in the balance sheet.

NOTE 13. LIABILITIES

EUR 1.000	31/12/2017	31/12/2016
Long-term liabilities		
Bank loans (> 1 year)	3 677	128
	3 677	**128**
Current liabilities and accruals		
Bank loans (< 1 year)	13 589	-
Trade payables	12 046	-
Related parties	3 768	2 292
Taxes and social security charges	1 160	436
Accrued liabilities and deferred income	9 660	2 226
	40 223	**4 954**

Long Term Liabilities

The Long term liabilities are those bank loans and lease obligations which are due in more than 1 year. None of these are due in more than 7 years. The interest rate of these loans are between 7.5% and 9% per annum.

Current Liabilities and Accruals

All liabilities due in less than a year represent bank overdraft facilities. The liabilities related to R-Logistic have an interest between 7.25% and 9% per annum. As mentioned in Note 4, an accrual in the amount of EUR 600 thousand is reflected as a general reserve for the potential impairment of the results of subsidiaries and the assets of these subsidiaries.

NOTE 14. PROVISIONS

The provisions comprise of employment benefit related matters as well as legal matters that have resulted from the acquisition of the former Necotrans companies. No legal provision exceeds EUR 200 thousand except for a provision related to a dispute that dates back to the year 2000. In 2000 the former Necotrans company also deployed trading activities and did not deliver properly under one of the contracts. The claim has been fully provided for and amounts to EUR 2,569 thousand. No trading activities are deployed by any former Necotrans company nor any other company of the Group.

NOTE 15. FINANCIAL INSTRUMENTS

The table below provides an overview of the financial instruments of the group divided into the classes Fair Value through Profit and Loss (“FVTPL”) and Loans and Receivables. Available-for-Sale and Held-to-maturity instruments are not applicable.

2016 EUR 1.000	note	FVTPL	Loans and receivables	Total
Financial Fixed assets - other receivables	8	-	186	186
Receivables, prepayments and accrued income	10	-	3 766	3 766
Cash and cash equivalents	11	614	-	614
Total financial assets		**614**	**3 952**	**4 566**
Borrowings (> 1 year)	13	-	128	128
Current liabilities and accruals	13	-	4 954	4 954
Total financial liabilities		**-**	**5 082**	**5 082**

2017 EUR 1.000	note	FVTPL	Loans and receivables	Total
Financial Fixed assets - other receivables	8	-	897	897
Receivables, prepayments and accrued income	10	-	25 755	25 755
Cash and cash equivalents	11	14 269	-	14 269
Total financial assets		**14 269**	**26 652**	**40 921**
Borrowings (> 1 year)	13	-	3 677	3 677
Current liabilities and accruals	13	-	40 223	40 223
Total financial liabilities		**-**	**43 900**	**43 900**

Fair Value Measurements

Fair values are primarily determined using quoted market prices or standard pricing models using observable market inputs where available and are presented to reflect the expected gross future cash in/outflows. The Company classifies the fair values of its financial instruments into three level hierarchy based on the degree of the source and observability of the inputs that are used to derive the fair value of the financial asset or liability as follows:

- **Level 1** – Inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the Company can assess at the measurement date; or
- **Level 2** – Inputs other than quoted inputs included in Level 1 that are observable for the assets or liabilities, either directly or indirectly; or
- **Level 3** – Unobservable inputs for the assets or liabilities, requiring the Company to make market based assumptions.

No instruments are valued at fair value.

Financial and Capital Risk Management

The Group has exposure to the following risks arising from financial instruments:

Credit risk
Liquidity risk
Market risk

This note presents information about the Group’s exposure to each of the above risks, the Group’s objectives, policies and processes for measuring and managing risk, and the Group’s management of capital.

Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group’s receivables from customers and loans related to resources development:

- The Financial fixed assets are secured by underlying assets of those companies. Reference is made to note 8.
- For the Receivables, prepayments and accrued income, the group policy is being introduced to ensure that all receivables will be secured through adequate credit insurance.

The Group’s exposure to credit risk is influenced mainly by the individual characteristics of each customer. However, management also considers the demographics of the Group’s customer base, including the default risk of the industry and country in which customers operate, as these factors may have an influence on credit risk. During 2016 and 2017 none of the Group’s revenue attributable to sales transactions with a single multinational customer exceeded 10%.
The Group has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Group’s payment and delivery terms and conditions are offered. Nevertheless, since the acquisition of the activities, in principle insurance coverage is (in the process of being) obtained for all Trade Receivables.

Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulties in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group’s approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group’s reputation. The hedging activities primarily take place for the coverage of foreign currency exposure and this is structured in a manner in which margin calls are avoided.

Market risk

Market risk is the risk that results out of changes in market prices, such as foreign exchange rates, interest rates, market prices and equity prices and will affect the Group’s income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return. The Group buys and sells derivatives in order to manage market risks. All such transactions are carried out within the guidelines set by the Group. In principle all derivatives are accounted at FVTPL; if required and appropriate, the Group seeks to apply hedge accounting in order to manage volatility in profit or loss.

Currency risk
The Production facilities mainly enter in to euro agreements and therefore, the currency risk is insignificant.
The activities are mainly exposed to the USD/EUR exchange rate, as the activities are predominantly in USD and the reporting currency is in EUR. However, the currency risk is limited as contract deals are denominated in USD for the sales side. Furthermore, the local operations have a limited exposure to the local currency for the part that local resources are paid in the local currency. This effect is insignificant compared to the sales and other operating expenses.

Interest rates
To limit the interest rate risk, the Company decided to only give out and obtain loans with a fixed interest rate. For overdraft facilities the risk is limited due to the short term of these facilities.

Market price risk
The activities are performed on a contract basis that spans multiple years. Due to exclusive operations and ports, the market price risk is limited.
At 31 December 2017, the Company has no hedging instruments and no expenses related to derivatives are reflected in the profit and loss account over the year 2017 and 2016.

Equity price risk
The Company invested into unlisted shares of (air)port operators in order to generate synergies between our group and the co-shareholders. The exposure is limited as the investments are related to exclusive activities in various regions.

NOTE 16. REMUNERATION OF KEY MANAGEMENT

The remuneration of the director is carried by the parent company.

NOTE 17. TRANSACTIONS WITH RELATED PARTIES

In 2017, the Company conducted various transactions with related parties.

EUR 1.000	Note	2017	2016
Shareholder <1yr	10	623	271
Related parties <1yr	10	528	216
Total Receivables		**1 151**	**487**
Related parties <1yr	13	3 768	2 292
Total Liabilities		**3 768**	**2 292**

The receivable from related parties will be repaid in the next 12 months. All loans are provided at arm's length.

NOTE 18. CONTINGENT ASSETS AND LIABILITIES

In the course of business, the company is involved in discussions with business partners from time to time. These discussions may include the interpretation and compliance with the terms and conditions of agreements and may also include claims made by the company, as well as against the company. At year end no claims existed - if any - that were assessed to be probable, nor possible to be successful.

NOTE 19. LIST OF PRINCIPAL OPERATING, FINANCIAL AND INDUSTRIAL SUBSIDIARIES AND INVESTMENTS

Name	Country of incorporation	Ownership interest	
		2017	2016
Consolidated (direct)			
ICS Procurement Solutions S.A.M.	Monaco	60,0%	60,0%
Nectar Holdings Ltd.	United Kingdom	30,0%	0,0%
R-Logistic S.A.S.	France	100,0%	0,0%
R-Logitech UK Ltd.	United Kingdom	100,0%	100,0%
Southern Meditteranean Logistics S.A.M.	Monaco	100,0%	100,0%
Consolidated (indirect)			
ATS Handling	Congo	50,0%	0,0%
Citraco	Algeria	64,4%	0,0%
Handling Partner Gabon	Gabon	39,0%	0,0%
ICS Transmine	Nigeria	70,0%	0,0%
NAT Shipping Bagging Services Limited	Bermuda	30,0%	0,0%
Nectar (East Africa) Limited	United Kingdom	30,0%	0,0%
Nectar (West Africa) Limited	United Kingdom	30,0%	0,0%
Nectar (West Africa) Nigeria Limited	Nigeria	30,0%	0,0%
Nectar Coal Handling (Mozambique) Ltda	Mozambique	22,5%	0,0%
Nectar Ghana Limited	Ghana	30,0%	0,0%
Nectar Group Limited	United Kingdom	30,0%	0,0%
Nectar Mozambique Ltda	Mozambique	22,5%	0,0%
Nectar Sierra Leone Bulk Terminal Limited	Sierra Leone	24,0%	0,0%
Oakguild Limited	United Kingdom	30,0%	0,0%
R-Logistic Africa	Mauritius	100,0%	0,0%
R-Logistic Algerie	Algeria	100,0%	0,0%
R-Logistic Benin	Benin	99,8%	0,0%
R-Logistic Burkina Faso	Burkina Faso	70,0%	0,0%
R-Logistic Cote d'Ivoire	Cote d'Ivoire	100,0%	0,0%
R-Logistic Gabon	Gabon	100,0%	0,0%
R-Logistic Niger	Niger	100,0%	0,0%
R-Logistic Terminals	Mauritius	100,0%	0,0%
R-Logistic Togo	Togo	99,0%	0,0%
Technipipe Development SAS	France	92,0%	88,0%
Technipipe Solutions SAS	France	50,0%	50,0%
Non-consolidated (Associates)			
Corex	Gabon	60,0%	0,0%
M&N Freight (Ghana) Limited	Ghana	15,0%	0,0%
Necotrans Asia Ltd.	Hong Kong	50,0%	0,0%
Necotrans Korea	Korea	33,3%	0,0%
Necotrans Myanmar	Myanmar	33,3%	0,0%
Seasia Nectar Port Services Inc.	Philippines	12,0%	0,0%
TPK	Cameroon	50,0%	0,0%

SIGNING OF THE FINANCIAL STATEMENTS

Monaco, 5 March 2018

Pascale Younès
Director

03 R-LOGITECH OTHER INFORMATION

OTHER INFORMATION

INDEPENDENT AUDITOR'S REPORT

Reference is made to the independent auditor's report on page 64.

SUBSEQUENT EVENTS

No significant matters to be reported.

APPROPRIATION OF RESULTS

The profit earned in a financial year is at the disposal of the general meeting. The Company may pay dividends only insofar as its equity exceeds the paid-in and called-up capital plus the reserves the company is required by law to maintain. Dividends are paid after adoption of the annual accounts, if the annual accounts demonstrate that dividend payments are permissible. Dividends are due and payable immediately after they are declared, unless the general meeting fixes another date in the relevant resolution. A shareholder's claim to a dividend will lapse five years after the dividend becomes due and payable. The general meeting may resolve to pay interim dividends and to pay dividends from a reserve that the Company is not required by law to maintain. The general meeting may resolve to pay dividends in kind. The shares held by the Company in its own capital are to be disregarded in the calculation of the amount of dividend to be paid on shares.

APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2016

The Company-only annual report of 2016 was approved in the General Meeting of Shareholders. The General Meeting of Shareholders has determined that the appropriation of result in accordance with the proposal being made to add the result of 2016 to the Other Reserves.

PROPOSED APPROPRIATION OF RESULT FOR THE FINANCIAL YEAR 2017

The Board of Directors proposes to transfer the result over the financial year 2017 to the other reserves. The financial statements do not yet reflect this proposal.

04 R-LOGITECH INDEPENDENT AUDITOR'S REPORT

INDEPENDENT AUDITOR'S REPORT

To: the General Meeting of Shareholders of R-Logitech SARL

OUR OPINION

In our opinion the accompanying consolidated financial statements give a true and fair view of the financial position of R-Logitech SARL as at 31 December 2016 and 31 December 2017 and of its results and cash flows for the years then ended in accordance with International Financial Reporting Standards as adopted by the European Union (EU-IFRS).

WHAT WE HAVE AUDITED

We have audited the accompanying consolidated financial statements for the years ending 2016 and 2017 of R-Logitech SARL Monaco ('the Company'), which comprise the

Consolidated statement of profit or loss
Consolidated statement of other comprehensive income
Consolidated statement of financial position
Consolidated statement of cash flows
Consolidated statement of changes in equity
Notes to the financial statements.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements are International Financial Reporting Standards as adopted by the European Union.

THE BASIS FOR OUR OPINION

We conducted our audit in accordance with International Standards on Auditing. Our responsibility under those standards is further described in the section 'Our responsibilities for the audit of the financial statements' of our report.

We are independent of R-Logitech SARL in accordance with the IFAC Code on independence requirements. Furthermore, we have complied with sections §§ 43, 49, 55 WPO (German Auditor's Regulations), §§ 2f, 20ff BS WP/vBP (Statute for German Auditors) and § 319 HGB (German Commercial Code).

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

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the financial statements. We have communicated the key audit matters to the General Meeting of R-Logistic SARL, but these are not a comprehensive reflection of all matters that were identified by our audit and that we discussed. We described the key audit matters and included a summary of the audit procedures we performed on those matters.

The key audit matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon. We do not provide a separate opinion on these matters or on specific elements of the financial statements. Any comments we make on the results of our procedures should be read in this context.

Key audit matter and description	Our audit response on Key audit matter
Optimization of the group structure The Company regularly reviews the optimization of the group structure, which has led to internal transfers of group companies.	For individually significant transactions relating to these measures that were completed until 31 December 2017 we reviewed and tested these with reference to supporting documentation (e.g. contractual agreements) and we assessed the associated accounting treatment focusing on fair presentation and disclosure.
Acquisitions and valuations The Company has expanded through the years by acquiring new operations. In 2016 and 2017 a number of new acquisitions were completed. There was an investigation on the valuation of these acquisitions following the requirements of IFRS 3.94 and the measurement period of business combinations.	We performed a detailed analysis on the valuations and audited the validity and completeness of the stated positions. Furthermore, we assessed whether the disclosures were made in accordance with IFRS 3 Business Combinations.
Impairment of goodwill, other intangible assets As a result of the acquisition of several new companies during the years 2016 and 2017 and the appropriate purchase price allocations the company has disclosed an additional amount of EUR 9,2 million as goodwill and EUR 1,3 million as other intangible assets (mainly licenses) under intangible fixed assets. The goodwills and licenses are subject to the future performances of these companies. This requires management to closely monitor the carrying values. In 2016 and 2017 no impairments were noted	We audited management's assessment of the indicators of any impairment and challenged significant underlying assumptions. Furthermore, we assessed the appropriateness of management's recoverable value models, which included the inherent model inputs and significant assumptions. We challenged the significant inputs and assumptions used in impairment testing for intangible assets. We also assessed the adequacy and completeness of impairment related disclosures in the financial statements, including the key assumptions used as well as the sensitivity.

RESPONSIBILITIES OF THE MANAGEMENT BOARD

The management is responsible for:

- the preparation and fair presentation of the financial statements in accordance with EU-IFRS and for the preparation of the directors' report, and for
- such internal control as the management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

As part of the preparation of the financial statements, the management is responsible for assessing the company's ability to continue as a going concern. Based on the financial reporting frameworks mentioned, the management should prepare the financial statements using the going concern basis of accounting unless the management either intends to liquidate the company or to cease operations, or has no realistic alternative but to do so. The management should disclose events and circumstances that may cast significant doubt on the company's ability to continue as a going concern in the financial statements.

OTHER MATTERS

These consolidated financial statements have not been prepared in accordance with the legal requirements of Monaco Company Ordinance and are not intended for statutory filing.

OUR REPORT ON THE DIRECTORS' REPORT & THE OTHER INFORMATION

We report that the directors' report, to the extent we can assess, is consistent with the financial statements.

OUR APPOINTMENT

We were appointed as auditors of R-Logistic SARL on 10 November 2016 and 6 December 2017 by engagement letters dated on 10 November 2016 and 6 December 2017.

Berlin, 5 March 2018

Baker Tilly GmbH & Co. KG
Wirtschaftsprüfungsgesellschaft (Düsseldorf)
Charlottenstraße 68
10117 Berlin

Stephan Martens
Partner

Detlef Schröder
Partner

APPENDIX TO OUR AUDITOR'S REPORT ON THE FINANCIAL STATEMENTS 2017 OF R-LOGITECH SARL

In addition to what is included in our auditor's report we have further set out in this appendix our responsibilities for the audit of the financial statements and explained what an audit involves.

We have exercised professional judgement and have maintained professional scepticism throughout the audit in accordance with International Standards on Auditing, ethical requirements and independence requirements. Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error. Our audit consisted, among others of:

Identifying and assessing the risks of material misstatement of the financial statements, whether due to fraud or error, designing and performing audit procedures responsive to those risks, and obtaining audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the intentional override of internal control.

- Obtaining an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Concluding on the appropriateness of the management's use of the going concern basis of accounting, and based on the audit evidence obtained, concluding whether a material uncertainty exists related to events and/or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report and are made in the context of our opinion on the financial statements as a whole. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluating the overall presentation, structure and content of the financial statements, including the disclosures, and evaluating whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Considering our ultimate responsibility for the opinion on the company's consolidated financial statements we are responsible for the direction, supervision and performance of the group audit. In this context, we have determined the nature and extent of the audit procedures for components of the group to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole. Determining factors are the geographic structure of the group, the significance and/or risk profile of group entities or activities, the accounting processes and controls, and the industry in which the group operates. On this basis, we selected group entities for which an audit or review of financial information or specific balances was considered necessary.
We communicate with the management board regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.
From the matters communicated with the management board, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, not communicating the matter is in the public interest.

[Translator's notes are in square brackets]

General Engagement Terms
for
Wirtschaftsprüfer and Wirtschaftsprüfungsgesellschaften
[German Public Auditors an Public Audit Firms]
as of January 1, 2002

This is an English translation of the German text, which is the sole authoritative version

1. Scope

(1) These engagement terms are applicable to contracts between Wirtschaftsprüfer (German Public Auditors] or Wirtschaftsprüfungsgesellschaften [German Public Audit Firms] (hereinafter collectively referred to as the "Wirtschaftsprüfer) and their clients for audits, consulting and other engagements to the extent that something else has not been expressly agreed to in writing or is not compulsory due to legal requirements.

(2) If, in an individual case, as an exception contractual relations have also been established between the Wirtschaftsprüfer and persons other than the client, the provisions of No. 9 below also apply to such third parties.

2. Scope and performance of the engagement

(1) Subject of the Wirtschaftsprüfer's engagement is the performance of agreed services - not a particular economic result. The engagement is performed in accordance with the Grundsätze ordungsmässiger Berufsausübung [Standards of Proper Professional Conduct]. The Wirtschaftsprüfer is entitled to use qualified persons to conduct the engagement.

(2) The application of foreign law requires – except for financial attestation engagements – an express written agreement.

(3) The engagement does not extend – to the extent it is not directed thereto – to an examination of the issue of whether the requirements of tax law or special regulations, such as, for example, laws on price controls, laws limiting competition and Bewirtschaftungsrecht [laws controlling certain aspects of specific business operations] were observed; the same applies to the determination as to whether subsidies, allowances or other benefits may be claimed. The performance of an engagement encompasses auditing procedures aimed at the detection of the defalcation of books and record and other irregularities only if during the conduct of audits grounds therefor arise or if this has been expressly agreed to in writing.

(4) If the legal position changes subsequent to the issuance of the final professional statement, the Wirtschaftsprüfer is not obliged to inform the client of changes or any consequenses resulting therefrom.

3. The client's duty to inform

(1) The client must ensure that the Wirtschaftsprüfer – even without his special request – is provided, on a timely basis, with all supporting documents and records required for and is informed of all events and circumstances which may be significant to the performance of the engagement. This also applies to those supporting documents and records, events and circumstances which first become known during the Wirtschaftsprüfer's work.

(2) Upon the Wirtschaftsprüfer's request, the client must confirm in a written statement drafted by the Wirtschaftsprüfer that the supporting documents and records and the information and explanations provided are complete.

4. Ensuring Independence

The client guarantees to refrain from everything which may endanger the independence of the Wirtschaftsprüfer's staff. This particularly applies to offers of employment and offers to undertake engagements on one's own account.

5. Reporting and verbal information

If the Wirtschaftsprüfer is required to present the results of his work in writing, only that written presentation is authoritative. For audit engagements the long-form report should be submitted in writing to the extent that nothing else has been agreed to. Verbal statements and information provided by the Wirtschaftsprüfer's staff beyond the engagement agreed to are never binding.

6. Protection of the Wirtschaftsprüfer's intellectual property

The client guarantees that expert opinions, organizational charts, drafts sketches, schedules and calculations – especially quantity and cost computations – prepared by the Wirtschaftsprüfer within the scope of the engagement will be used only for his own purposes.

7. Transmission of the Wirtschaftsprüfer's professional statement

The transmission of a Wirtschaftsprüfer's professional statements (long-form reports, export opinions and the like) to a third party requires the Wirtschaftsprüfer's written consent to the extent that the permission to transmit to a certain third party does not result from the engagement terms.

The Wirtschaftsprüfer is liable (within the limits of No. 9) towards third parties only if the prerequisites of the first sentence are given.

The use of the Wirtschaftsprüfer's professional statements for promotional purposes is not permitted; an infringement entitles the Wirtschaftsprüfer to immediately cancel all engagements not yet conducted for the client.

8. Correction of deficiencies

Where there are deficiencies, the client is entitled to subsequent fulfilment [of the contract]. The client may demand a reduction in fees or the cancellation of the contract only for the failure to subsequently fulfil [the contract] ; if the engagement was awarded by a person carrying on a commercial business as part of that commercial business, a government-owned legal person under public law or a special government-owned fund under public law, the client may demand the cancellation of the contract only if the services rendered are of no interest to him due to the failure to subsequently fulfil [the contract]. No. 9 applies to the extent that claims for damages exist beyond this.

The client must assert his claim for the correction of deficiencies in writing without delay. Claims pursuant to the first paragraph not arising from an intentional tort cease to be enforceable one year after the commencement of the statutory time limit for enforcement.

Obvious deficiencies, such as typing and arithmetical errors and formelle Mängel [deficiencies, associated with technicalities] contained in Wirtschaftsprüfer's professional statements (long-form reports, expert opinions and the like) may be corrected – and also be applicable versus third parties- by the Wirtschaftsprüfer at any time. Errors which may call into question the conclusions contained in the Wirtschaftsprüfer's professional statements entitle the Wirtschaftsprüfer to withdraw – also versus third parties – such statements. In the cases noted the Wirtschaftsprüfer should first hear the client, if possible.

9. Liability

(1) The liability limitation of § ["Article"] 323 (2) ["paragraph"2"] HGB ["Handelsgesetzbuch": German Commercial Code] applies to statutory audits required by law.

(2) Liability for negligence; An individual case of damages
If neither No. 1 is applicable nor a regulations exists in an individual case, pursuant to § 54a (1) no. 2 WPO ["Wirtschaftsprüferordnung"; Law regulating the Profession of Wirtschaftsprüfer] the liability of the Wirtschaftsprüfer for claims of compensatory damages of any kind – except for damages resulting from injury to life, body or health – for an individual case of damages resulting from negligence is limited to € 4 million this also applies if liability to a person other than the client should be established. An individual case of damages also exists in relation to a uniform damage arising from a number of breaches of duty. The individual case of damages encompasses all consequences from a breach of duty without taking into account whether the damages occurred in one year or in a number of successive years. In this case multiple acts or omissions of acts based on a similar source of error or on a source of error of an equivalent nature are deemed to be a uniform breach of duty if the matters in question are legally or economically connected to one another. In this event the claim against the Wirtschaftsprüfer is limited to € 5 million. The limitation to the fivefold of the minimum amount insured does not apply to compulsory audits required by law.

(3) Preclusive deadlines
A compensatory damages claim may only be lodged within a preclusive deadline of one year of the rightful claimant having become aware of the damage and of the event giving rise to the claim – at the very latest, however, within 5 years subsequent to the event giving rise to the claim. The claim expires if legal action is not taken within a six month deadline subsequent to the written refusal of acceptance of the indemnity and the client was informed of this consequence.

The right to assert the bar of the preclusive deadline remains unaffected. Sentences 1 to 3 also apply to legally required audits with statutory liability limits.

10. Supplementary provisions for audit engagements

(1) A subsequent amendment of abridgement of the financial statements or management report audited by a Wirtschaftsprüfer and accompanied by an auditor's report requires the written consent of the Wirtschaftsprüfer even if these documents are not published. If the Wirtschaftsprüfer has not issued an auditor's report, a reference to the audit conducted by the Wirtschaftsprüfer in the management report or elsewhere specified for the general public is permitted only with the Wirtschaftsprüfer's written consent and using the wording authorized by him.

(2) If the Wirtschaftsprüfer revokes the auditor's report, it may no longer be used. If the client has already made use of the auditor's report, he must announce its revocation upon the Wirtschaftsprüfer's request.

(3) The client has a right to 5 copies of the long-form report. Additional copies will be charged separately.

11. Supplementary provisions for assistance with tax matters

(1) When advising on an individual tax issue as well as when furnishing continuous tax advice, the Wirtschaftsprüfer is entitled to assume that the facts provided by the client – especially numerical disclosures – are correct and complete; this also applies to bookkeeping engagements. Nevertheless, he is obliged to inform the client of any errors he has discovered.

(2) The tax consulting engagement does not encompass procedures required to meet deadlines, unless the Wirtschaftsprüfer has explicitly accepted the engagement for this. In this event the client must provide the Wirtschaftsprüfer, on a timely basis, all supporting documents and records –especially tax assessments – material to meeting the deadlines, so the Wirtschaftsprüfer has an appropriate time period available to work therewith.

(3) In the absence of other written agreements, continuous tax advice encompasses the following work during the contract period:

a) preparation of annual tax returns for income tax, corporation tax and business tax, as well as net worth tax returns on the basis of the annual financial statements and other schedules and evidence required for tax purposes to be submitted by the client.
b) examinations of tax assessments in relation to the taxes mentioned in (a)
c) negotiations with tax authorities in connection with the returns and assessments mentioned in (a) and (b)
d) participation in tax audits and evaluation of the results of tax audits with respect to the taxes mentioned in (a)
e) participation in Einspruchs- und Beschwerdeverfahren [appeals and complaint procedures] with respect to the taxes mentioned in (a).

In the afore-mentioned work the Wirtschaftsprüfer takes material published legal decisions and administrative interpretations into account.

(4) If the Wirtschaftsprüfer receives a fixed fee for continuous tax advice, in the absence of other written agreements the work mentioned under paragraph 3 (d) and (e) will be charge separately.

(5) Services with respect to special individual issues for income tax, corporate tax, business tax, valuation procedures for property and net worth taxation and net worth tax as well as all issues in relation to sales tax, wages tax, other taxes and dues require a special engagement. This also applies to:

a) the treatment of nonrecurring tax matters, e.g. in the field of estate tax, capital transactions tax, real estate acquisition tax
b) participation and representation in proceedings before tax and administrative courts and in criminal proceedings with respect to taxes, and
c) the granting of advice and work with respect to expert opinions in connection with conversions of legal form, mergers, capital increases and reductions, financial reorganizations, admission and retirement of partners of shareholders, sale of a business, liquidations and the like.

(6) To the extent that the annual sales tax return is accepted as additional work, this does not include the review of any special accounting prerequisites nor of the issue as to whether all potential legal sales tax reductions have been claimed. No guarantee is assumed for the completeness of the supporting documents and records to validate the deduction of the input tax credit.

12. Confidentiality towards third parties and data security

(1) Pursuant to the law the Wirtschaftsprüfer is obliged to treat all facts that he comes to know in connection with his work as confidential, irrespective of whether these concern the client himself or his business associations, unless the client releases him from this obligation.

(2) The Wirtschaftsprüfer may only release long-form reports, expert opinions and other written statements on the results of his work to third parties with the consent of his client.

(3) The Wirtschaftsprüfer is entitled – within the purposes stipulated by the client – to process personal data entrusted to him or allow them to be processed by third parties.

13. Default of acceptance and lack of cooperation on the part of the client

If the client defaults in accepting the service offered by the Wirtschaftsprüfer or if the client does not provide the assistance incumbent on him pursuant to No. 3 or otherwise, the Wirtschaftsprüfer is entitled to cancel the contract immediately. The Wirtschaftsprüfer's right to compensation for additional expenses as well as for damages caused by the default or the lack of assistance is not affected, even if the Wirtschaftsprüfer does not exercise his right to cancel.

14. Remuneration

(1) In addition to his claims for fees or remuneration, the Wirtschaftsprüfer is entitled to reimbursement of his outlays; slaes tax will be billed separately. He may claim appropriate advances for remuneration and reimbursement of outlays and make the rendering of his services dependent upon the complete satisfaction of his claims. Multiple clients awarding engagements are jointly and severally liable.

(2) Any set off against the Wirtschaftsprüfer's claims for remuneration and reimbursement of outlays is permitted only for undisputed claims or claims determined to be legally valid.

15. Retention and return of supporting documentation and records

(1) The Wirtschaftsprüfer retains, for ten years, the supporting documents and records in connection with the completion of the engagement – that had been provided to him and that he has prepared himself – as well as the correspondence with respect to the engagement.

(2) After the settlement of his claims arising from the engagement, the Wirtschaftsprüfer, upon the request of the client, must return all supporting documents and records obtained from him or for him by reason of his work on the engagement. This does not, however, apply to correspondence exchanged between the Wirtschaftsprüfer and his client and to any documents of which the client already has the original or a copy. The Wirtschaftsprüfer may prepare and retain copies or photocopies of supporting documents and records which he returns to the client.

16. Applicable law

Only German law applies to the engagement, its conduct and any claims arising therefrom.

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R-LOGITECH
CONTACT

R-LOGITECH

HEADQUARTERS
R-LOGITECH S.A.R.L
7, rue du Gabian
98 000 Monaco
www.r-logitech.com

+377 97 98 67 71
investorrelations@r-logitech.com