GLOBAL SMART CITIES LIMITED

(Registration #: 48104 (Bermuda))

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2015

Nolands

AUDIT • FORENSICS • ADVISORY • TAX

Index

Prepared By:
NOLANDS INC
Registered Auditors
Practice Number: 900583e
Cape Town
South Africa

GENERAL INFORMATION

Directors	Johannes Petrus Roux, 796/3 Everfell Close, Dainfern, Johannesburg. Republic of South Africa
	Mak Shee Fu 40 Jalan Sutera 5 Taman Sentosa J.B 80150 Malysia
	Zeng Tao Room 605, Block 36,LIAN HUA BEI 1116 Lian Hua Road, Fu Tian District Shenzhen City Guangdong Province China
	Jacobus Cornelis Pauw,197 Blue Waters,6 Moolman Street, Bloubergstrad, 7441 Republic of South Africa
Registered office	Cohort Limited 41 Ceder Avenue 5th Floor Hamilton, Bermuda HM 12
Business address	Room 1905, Nam Wo Hong Building, 148 Wing Lok Street Sheung Wan, Hong Kong
Bankers	Bank of Butterfield Limited Reid Street Hamilton HM 11 Bermuda
Secretary	Cohort Limited 41 Ceder Avenue 5th Floor Hamilton, Bermuda HM 12
Registrar and transferring agent	Cohort Limited 41 Ceder Avenue 5th Floor Hamilton, Bermuda HM 12

NOLAND HOUSE | River Park | River Lane | Mowbray | Cape Town | 7700 | South Africa
PO Box 2881 | Cape Town | 8000 | South Africa
T (+27) 21 658 6600 F (+27) 86 550 6803 E enquiries@nolandscpt.co.za
W www.nolands.co.za Offices nationwide

Nolands
NOT YOUR ORDINARY AUDITORS

Reporting Accountant's Report

To the directors of Global Smart Cities Limited

We have compiled and reported on the consolidated and separate financial statements of Global Smart Cities Limited, as set out on pages 8 to 29, based on the information you have provided. These consolidated and separate financial statements comprise the statement of financial position of Global Smart Cities Limited as at 31 December 2015, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and a summary of significant accounting policies and other explanatory information.

We performed this compilation engagement in accordance with International Standard on Related Services 4410 (Revised), Compilation Engagements.

We have performed such procedures to ensure that:

- The annual financial statements present a true view of the company's operations;
- The annual financial statements agree to the accounting records and such supporting documentation provided;

These consolidated and separate financial statements and the accuracy and completeness of the information used to compile them are your responsibility.

Since a compilation engagement is not an assurance engagement, we are not required to verify the accuracy or completeness of the information you provided to us to compile these consolidated and separate financial statements. Accordingly, we do not express an audit opinion on whether these consolidated and separate financial statements are fairly presented.

Nolands Inc.
Registered Auditors
Practice Number: 900583e
Nolands House, River Park, River Lane,
Mowbray

Per: Ferdinand Cloete CA (SA), RA
Director
26 August 2016
Cape Town

GLOBAL SMART CITIES LIMITED
Annual Financial Statements for the year ended 31 December 2015

Directors' Responsibilities and Approval

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board of directors sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. Those standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the group. While operating risk cannot be fully eliminated, the directors endeavour to minimise it by ensuring that the appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable and not absolute assurance against material misstatement or loss.

The annual financial statements set out on pages 8 to 29, which have been prepared on the going concern basis were approved by the board of directors and were signed on their behalf by:

JC Pauw

GSC
Global Smart Cities Ltd

J P Roux

26 August 2016

Directors' Report

The directors have pleasure in presenting their report on the consolidated and separate financial statements of Global Smart Cities Limited for the year ended 31 December 2015.

1. Incorporation

The company was incorporated on 28 August 2013.

2. Review of activities

Global Smart Cities Limited is a Bermuda exempted company. The company's primary activities include the finance-structuring, project management and date intelligence solutions for urban development projects. The group conducts is business primarily in The Republic of China.

3. Going concern

The directors believe that the company has adequate financial resources to continue in operation for the foreseeable future and accordingly the audited annual financial statements have been prepared on a going concern basis. The directors have satisfied themselves that the company is in a sound financial position and that it has access to sufficient borrowing facilities to meet its foreseeable cash requirements. The directors are not aware of any new material changes that may adversely impact the company. The directors are also not aware of any material non-compliance with statutory or regulatory requirements or of any pending changes to legislation which may affect the company.

4. Review of financial results and activities

The consolidated and separate financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 1981 of Bermuda.

5. Events subsequent to the reporting date

The directors are not aware of any other matter or circumstance of a material nature arising since the end of the financial year.

6. Share capital and share premium

	2015	2014
Authorised		
Ordinary shares of EU 0.001c each	300 000 000	300 000 000
Issued		
Ordinary shares of EU 0.001c each	264 950 000	264 950 000

7. Dividends declared

The company has not declared or paid any dividends during the period.

Directors' Report

8. Directors

The directors of the company during the year and to the date of this report are as follows:

Name	Designation	Appointments
Johannes Petrus Roux	Chairman	Appointed 09 September 2013
Mak Shee Fu	Executive	Appointed 09 September 2013
Zeng Tao	Executive	Appointed 09 September 2013
Jacobus Cornelis Pauw	Executive	Appointed 09 September 2013

9. Interest in subsidiaries

Name of subsidiary	Nature of business	Profit / (loss) (Euro)
Global Smart Cities Limited	Services	-

Details of the company's investment in subsidiaries are set out in Note 5 to the annual financial statements.

10. Functional and presentation currency

The functional currency of the company is Chinese Renminbi (RMB). The reporting currency is Euro and therefore these financial statements are presented in Euro.

Statements of Financial Position

		Group		Company	
Figures in Euro	**Notes**	**2015**	**2014**	**2015**	**2014**
ASSETS					
NON-CURRENT ASSETS					
Intangible assets	4	250 000	250 000		
Investment in subsidiaries	5	-	-	250 000	250 000
		250 000	**250 000**	**250 000**	**250 000**
CURRENT ASSETS					
Other financial assets	6	161 146	152 791	161 146	152 791
Trade and other receivables	7	480 000	240 000	480 000	240 000
Cash and cash equivalents	8	53	765	53	765
		641 199	**393 557**	**641 199**	**393 556**
TOTAL ASSETS		**891 199**	**643 557**	**891 199**	**643 556**
EQUITY					
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF PARENT					
Share capital and premium	9	666 815	666 815	666 815	666 815
Foreign currency translation reserve		(12 753)	(22 675)	(14 550)	(22 675)
Retained income		231 575	(7 657)	233 416	(5 816)
		885 637	**636 483**	**885 681**	**638 324**
LIABILITIES					
CURRENT LIABILITIES					
Other financial liabilities	10	2 390	2 265	2 346	2 265
Trade and other payables	11	3 172	4 809	3 172	2 968
		5 562	**7 074**	**5 518**	**5 233**
TOTAL LIABILITIES		**5 562**	**7 074**	**5 518**	**5 233**
TOTAL EQUITY AND LIABILITIES		**891 199**	**643 557**	**891 199**	**643 556**

Statements of Comprehensive Income

		Group		Company	
Figures in Euro	**Notes**	**2015**	**2014**	**2015**	**2014**
Revenue	12	240 000	240 000	240 000	240 000
Operating expenses		(768)	(227 413)	(768)	(225 572)
Operating profit		**239 232**	**12 587**	**239 232**	**14 428**
Investment revenue		1	134	1	134
Profit before taxation		**239 233**	**12 721**	**239 233**	**14 562**
Taxation	14				-
Profit for the year		**239 233**	**12 721**	**239 233**	**14 562**
Other comprehensive income					
Exchange differences on translating foreign		9 922	(21 600)	8 125	(21 600)
Total comprehensive income for the year		**249 154**	**(8 879)**	**247 358**	**(7 038)**

Statements of Changes in Equity

Figures in Euro	Share capital	Share premium	Total share capital and premium	Foreign currency translation reserve	Retained income	Total attributable to equity holders of the parent	Total equity
Group							
Balance at 01 January 2014	**262 950**	**-**	**262 950**	**(1 075)**	**(20 378)**		**241 497**
Total comprehensive income for the year	GLOBAL SMART CITIES	-	-	(21 600)	12 721	-	(8 879)
Issue of shares	2 000	401 865	403 865			-	403 865
Total changes	**2 000**	**401 865**	**403 865**	**(21 600)**	**12 721**	**-**	**394 986**
Balance at 01 January 2015	**264 950**	**401 865**	**666 815**	**(22 675)**	**(7 657)**	**-**	**636 483**
Total comprehensive income for the year	-	-	-	9 922	239 233	-	249 154
	-	-	-	-	-	-	-
Total changes	**-**	**-**	**-**	**9 922**	**239 233**	**-**	**249 154**
Balance at 31 December 2015	**264 950**	**401 865**	**666 815**	**(12 753)**	**231 575**	**-**	**885 637**
Note(s)	**9**	**9**					**-**

Statements of Changes in Equity

Figures in Euro	Share capital	Share premium	Total share capital and premium	Foreign currency translation reserve	Retained income	Total attributable to equity holders of the parent	Total equity
Company							
	262 950	-	262 950	(1 075)	(20 378)	-	241 497
Total comprehensive income for the year	-	-	-	(21 600)	14 562	-	(7 038)
Issue of shares	2 000	401 865	403 865	-	-	-	403 865
Total changes	2 000	401 865	403 865	(21 600)	14 562	-	396 827
Balance at 01 January 2015	264 950	401 865	666 815	(22 675)	(5 816)	-	638 324
Total comprehensive income for the year				8 125	239 233	-	247 358
Issue of shares					-	-	-
Total changes	-	-	-	8 125	239 233	-	247 358
Balance at 31 December 2015	264 950	401 865	666 815	(14 550)	233 416	-	885 681
Note(s)	9	9					

GLOBAL SMART CITIES LIMITED
Annual Financial Statements for the year ended 31 December 2015
Statements of Cash Flows

		Group		Company	
	Notes	2015	2014	2015	2014
Cash flows from operating activities	15	(388)	(230 914)	(390)	(230 848)
Interest income		1	134	1	134
Net cash from operating activities	GLOB AL	**(388)**	**(230 780)**	**(389)**	**(230 714)**
Cash flows from investing activities					
Increase in other financial assets	6	-	(152 791)	-	(152 791)
Net cash from investing activities		**-**	**(152 791)**	**-**	**(152 791)**
Cash flows from financing activities					
Net movement in other financial liabilities	10	-	(27 435)	-	(27 435)
Share premium on share allotments	9	-	401 865	-	401 865
Net cash from financing activities		**-**	**374 430**	**-**	**374 430**
Net cash movement for the year		**(388)**	**(9 141)**	**(389)**	**(9 076)**
Cash and cash equivalents at the beginning of the year		765	9 841	765	9 841
Effect of translation of cash balances		(323)	65	(323)	65
Cash and cash equivalents at the end of the year	8	**54**	**765**	**53**	**765**

Accounting Policies

1. Presentation of Annual Financial Statements and adoption of International Financial Reporting Standards

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS), and the Companies Act 1981 of Bermuda. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in Euro. As these are the first set of financial statements, the adoption of the applicable IFRS did not require comparative restatement as per IFRS 1.

1.1 Basis of preparation

The preparation of financial statements requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities, 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. Although these estimates are based on management's best knowledge of current events and actions, actual results may ultimately differ from those estimates. The estimates and underlying assumptions are reviewed on an ongoing basis.

Loans and receivables

Intangible assets other than goodwill

Intangible assets other than goodwill arising as a result of business combinations are valued using specific valuation methodologies pertaining to the underlying nature of the intangible and are amortised over their useful lives. The actual lives of the intangible assets are assessed annually and may vary depending on a number of factors.

1.2 Investment in subsidiaries and basis for consolidation

Subsidiaries are entities controlled by the company. Control exists where the company, directly or indirectly, has the power to govern the financial and operating policies so as to obtain benefits from its activities generally accompanying an interest of more than one-half of the voting rights. In assessing control, potential voting rights that are exercisable or convertible presently are taken into account. Subsidiaries are never excluded from consolidation. If a subsidiary is acquired but control is expected to be temporary because the intention is that the subsidiary will be sold within 12 months of acquisition, the acquired subsidiary is still consolidated but is accounted for as a disposal group or a discontinued operation. The results of subsidiaries are included for the period during which the Group exercises control over the subsidiary. If a subsidiary uses accounting policies other than those adopted in these consolidated financial statements for like transactions and events in similar circumstances, appropriate adjustments are made to its financial statements in preparing the consolidated financial statements. Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated.

Non-controlling interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary company's equity are allocated against the interests of the company except to the extent that the minority has a binding obligation and is able to make an additional investment to cover the losses.

Separate company annual financial statements

In the separate annual financial statements of the company, the investment in a subsidiary company is carried at cost less accumulated impairment losses, where applicable.

The cost of an investment in a subsidiary is the aggregate of:

- the fair value, at the date of exchange, of assets given, liabilities incurred or assumed, and equity instruments issued by the company;
- any costs directly attributable to the purchase of the subsidiary.

Accounting Policies

1.3 Intangible assets

Intangible assets consist of customer contracts which is amortised on the straight-line basis over a period of 15 years.

1.4 Financial instruments

Initial recognition and measurement

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement. Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available-for-sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are financial assets held-for-trading. A financial asset is classified in this category if acquired principally for the purpose of selling in the short-term. Investments are recognised and derecognised on a trade-date basis where purchase or sale of an investment is under a contract whose terms require delivery of the investment within the timeframe established by the market concerned. These investments are measured initially and subsequently at fair value. Gains and losses arising from changes in fair value are included in profit or loss for the period.

Available-for-sale assets

Available-for-sale assets include financial instruments normally held for an indefinite period, but may be sold depending on changes in exchange, interest or other market conditions. Available-for-sale financial instruments are initially measured at fair value, which represents consideration given plus transaction costs and subsequently carried at fair value. Fair value is based on market prices for these assets. Resulting gains or losses are recognised as a fair value reserve in the statement of changes in equity until the asset is disposed of or impaired, when the cumulative gain or loss is recognised in the statements of comprehensive income.

Where management has identified objective evidence of impairment, a provision is raised against the investment.
When assessing impairment consideration is given to whether or not there has been a significant or prolonged decline in the market value below original cost.

Held-to-maturity and loans and receivables

These financial assets (liabilities) are initially measured at fair value plus direct transaction costs. At subsequent reporting dates these are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. An impairment loss is recognised in profit or loss when there is objective evidence that the asset is impaired and is measured as the difference between the investment's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are reversed in subsequent periods when an increase in the investment's recoverable amount can be related objectively to an event occurring after the impairment was recognised, subject to the restriction that the carrying amount of the investment at the date the impairment is reversed shall not exceed what the amortised cost would have been had the impairment not been recognised.
Financial assets that the company has the positive intention and ability to hold to maturity are classified as held-to-maturity.

Accounting Policies

Impairment of financial assets

Financial assets, other than those at fair value through profit and loss, are assessed for impairment at each reporting date and impaired where there is objective evidence that, as a result of one or more events that occurred after initial recognition of the financial asset, the estimated future cash flows of the investment have been impacted negatively.

For financial assets carried at amortised cost, the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. The carrying amount of a financial asset is reduced through the use of an allowance account and changes to this allowance account are recognised in profit and loss. Subsequent recoveries of amounts previously written off are credited against the allowance account.

Loans to / (from) group companies

These include loans to and from subsidiaries and fellow subsidiaries and are recognised initially at fair value plus direct transaction costs. Loans to group companies are classified as loans and receivables. Loans from group companies are classified as financial liabilities measured at amortised cost.

Loans payable where there are no determinable terms of repayment are included in current liabilities, unless the company has an unconditional right to defer settlement for at least 12 months from the reporting date. If the liability is included in non-current liabilities, it is assumed that repayment will only occur after 12 months from the reporting date. In these situations, the amortised cost is calculated using the effective interest rate method over a 12-month discounting period.

Loans and receivables

Loans and receivables are stated at amortised cost. Amortised cost represents the original amount less principal repayments received, the impact of discounting to net present value and a provision for impairment, where applicable. When a loan has a fixed maturity date but carries no interest, the carrying value reflects the time value of money, and the loan is discounted to its net present value. The unwinding of the discount is subsequently reflected in the statements of comprehensive income as part of interest income. Loans receivables where there are no determinable terms of repayment are included in non-current assets on the assumption that repayment will only occur after 12 months from the statements of financial position date. In these situations, the amortised cost is calculated using the effective interest rate over a 12 -month discounting period, if material.

Loans to shareholders, directors, managers and employees

These financial assets are initially at fair value plus direct transaction costs. The initial fair value of such loans is the cash consideration given or received.

Subsequently these loans are measured at amortised cost using the effective interest rate method, less any impairment loss recognised to reflect irrecoverable amounts. The amortised cost method results in the accrual of interest in each period applying the effective interest rate implicit to the loan to the outstanding balance on the loan. Any repayments received or paid reduce the loans.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition. Trade receivables are measured at cost if the effect of discounting is immaterial or deemed to be within industry norms.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss. Trade and other receivables are classified as loans and receivables.

Accounting Policies

Trade and other payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method. Other payables are initially measured at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade and other payables are not discounted when trade and other payables are within industry norms.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term highly liquid investments that are readily convertible to a known. Bank overdrafts are not offset against positive bank balances unless a legally enforceable right of offset exists and there is an intention to settle the overdraft and realise the net cash simultaneously, or to settle on a net basis.

1.5 Taxation

Current taxation assets and liabilities

Current tax for current and prior periods is, to the extent unpaid, recognised as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognised as an asset. Current taxation liabilities / (assets) for the current and prior periods are measured at the amount expected to be paid to/(recovered from) the tax authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Deferred taxation assets and liabilities

A deferred taxation asset/liability is recognised for all temporary differences, except to the extent that the deferred taxation asset/liability arises from the initial recognition of an asset or liability in a transaction which at the time of the transaction, affects neither accounting profit nor taxable profit / loss. A deferred taxation asset is recognised for all deductible temporary differences to the extent that it is probable that taxable profit will be available against which the deductible temporary difference can be utilised. Deferred taxation assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the reporting date.

Taxation expenses

Current and deferred taxes are recognised as income or an expense and included in profit or loss for the period, except to the extent that the tax arises from:

- a transaction or event which is recognised, in the same or a different period, to other comprehensive income,
- a transaction or event which is recognised, in the same or a different period, directly in equity, or
- a business combination.

Current tax and deferred taxes are charged or credited to other comprehensive income if the tax relates to items that are credited or charged, in the same or a different period, to other comprehensive income. Current tax and deferred taxes are charged or credited directly to equity if the tax relates to items that are credited or charged, in the same or a different period, directly in equity.

1.6 Share capital and equity

Share capital issued by the company is recorded at the proceeds received, net of any direct issue costs.

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents amounts receivable for goods and services provided in the normal course of business, net of discounts and sales-related taxes.

Interest and dividend income

Interest is recognised on a time proportion basis, taking account of the principal outstanding and the effective rate over the period to maturity. Dividend income is recognised when the right to receive payment is established.

Accounting Policies

1.8 Foreign currencies

Translation of foreign currencies

The financial statements of the group and company are presented in the currency of the primary economic environment in which the entity operates (its functional currency). For the purpose of the consolidated financial statements, the results and financial position of each entity are expressed in Euro (€)

In preparing the financial statements of the individual entities, transactions in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each statement of financial position date, monetary items denominated in foreign currencies are translated at the rates prevailing on the statements of financial position date. Non-monetary items carried at fair value that are denominated in foreign currencies are translated at the rates prevailing on the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not translated

Exchange differences arising on the settlement of monetary items, and on the translation of monetary items, are included in profit or loss for the period. Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. For such non-monetary items, any exchange component of that gain or loss is also recognised directly in equity.

For the purpose of presenting consolidated financial statements, the assets and liabilities of the company's foreign operations are expressed in Euro (€) using exchange rates prevailing on the statement of financial position date. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuated significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are classified as equity and transferred to the group's foreign currency translation reserve. Such translation differences are recognised in profit or loss in the period in which the foreign operation is disposed of.

Notes to the Annual Financial Statements

2. New Standards and Interpretations

Standards and Interpretations affecting amounts reported in the current period (and/or prior periods)
No standards and interpretations adopted in the current period are expected to have materially affected

No standards and interpretations adopted in the current period are expected to have materially affected the presentation and disclosures in these financial statements.

Standards and Interpretations adopted with no effect on the financial statements

The following new and revised Standards and Interpretations have also been adopted in these financial statements. Their adoption has not had any significant impact on the amounts reported in these financial statements, but may affect the accounting for future transactions or arrangements.

IFRS 1, First-time adoption of International Financial Reporting Standards - Annual improvements 2011-2013 Cycle: Amendments to the Basis of conclusion clarify the meaning of "effective IFRS". (effective 1 July 2014)

IFRS 2, Share-based Payment - Annual Improvements 2010-2012 Cycle: Amendments added the definitions of performance conditions and service conditions and amended the definitions of vesting conditions and market conditions. (effective 1 July 2014)

IFRS 3, Business Combinations - Annual improvements 2010-2012 Cycle: Amendments to the measurement requirements for all contingent consideration assets and liabilities including those accounted for under IFRS 9. (effective 1 July 2014)

Annual improvements 2011-2013 Cycle: Amendments to the scope paragraph for the joint formation of a joint arrangement. (effective 1 July 2014)

IFRS 8, Operating Segments - Annual improvements 2010-2012 Cycle - Amendments to some disclosure requirements regarding the judgments made by management in applying the aggregation criteria, as well as those to certain reconciliations. (effective 1 July 2014)

IFRS 9, Financial Instruments - Annual Improvements 2010-2012 Cycle: Amendments to the measurement requirements

IFRS 13, Fair Value Measurement - Annual Improvements 2010-2012 Cycle: Amendments to clarify the measurement requirements for those short-term receivables and payables Annual improvements 2011-2013 Cycle: Amendments to clarify that the portfolio exception applies to all contracts within the scope of, and accounted for in accordance with,

IAS 39 and **IFRS 9**. (effective 1 July 2014)

IAS 16, Property, Plant and Equipment - Annual Improvements 2010-2012 Cycle: Amendments to the Revaluation method proportionate restatement of accumulated depreciation (effective 1 July 2014).

Notes to the Annual Financial Statements

IAS 19, Employee Benefit - Amendments to Defined Benefit Plans: Employee Contributions whereby the requirements of

IAS 19 for contributions from employees or third parties that are linked to service have been amended (effective 1 July 2014)

IAS 24, Related Party Disclosures - Annual Improvements 2010-2012 Cycle: Amendments to the definitions and disclosure requirements for key management personnel (effective 1 July 2014)

IAS 38, Intangible Assets - Annual improvements 2010-2012 Cycle: Amendments to the Revaluation method - proportionate restatement of accumulated depreciation. (effective 1 July 2014)

IAS 40, Investment Property - Amendments to clarify the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property. (effective 1 July 2014)

Standards and Interpretations in issue but not yet effective

The following Standards and Interpretations have been issued but are not yet effective as at 31 December 2015. Management is currently assessing the impacts of these amendments and interpretations.

IFRS 5, Non-current assets Held for Sale and Discontinued Operations - Annual Improvements 2012-2014 Cycle: Amendments clarifying that a change in the manner of disposal of a non-current asset or disposal group held for sale is considered to be a continuation of the original plan of disposal, and accordingly, the date of classification as held for sale does not change. (effective 1 January 2016)

IFRS 7, Financial Instruments Disclosure - Annual Improvements 2012-2014 Cycle: Amendment clarifying under what circumstances an entity will have continuing involvement in a transferred financial asset as a result of servicing contracts. Amendment clarifying the applicability of previous amendments to IFRS 7 issued in December 2011 with regard to offsetting financial assets and financial liabilities in relation to interim financial statements prepared under IAS 34. (effective 1 January 2016)

IFRS 9, Financial Instruments - A finalized version of IFRS 9 has been issued which replaces IAS 39 Financial Instruments: Recognition and Measurement. The completed standard comprises guidance on Classification and Measurement, Impairment Hedge Accounting and Derecognition. IFRS 9 introduces a new approach to the classification of financial assets, which is driven by the business model in which the asset is held and their cash flow characteristics. A new business model was introduced which does allow certain financial assets to be categorized as "fair value through other comprehensive income" in certain circumstances. The requirements for financial liabilities are mostly carried forward unchanged from IAS 39. However, some changes were made to the fair value option for financial liabilities to address the issue of own credit risk.

The new model introduces a single impairment model being applied to all financial instruments, as well as an "expected credit loss" model for the measurement of financial assets.

IFRS 9 contains a new model for hedge accounting that aligns the accounting treatment with the risk management activities of an entity, in addition enhanced disclosures will provide better information about risk management and the effect of hedge accounting on the financial instrument.

Notes to the Annual Financial Statements

IFRS 9 carries forward the derecognition requirements of financial assets and liabilities from IAS 39. (effective 1 January 2018)

IFRS 10, Consolidated Financial Statements - Investment Entities: Applying the Consolidation Exception: Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.

Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. (effective 1 January 2016)

IFRS 11, Joint Arrangements - Amendments adding new guidance on how to account for the acquisition of an interest in a joint operation that constitutes a business which specify the appropriate accounting treatment for such acquisitions. (effective 1 January 2016)

IFRS 12, Disclosure of Interests in Other Entities - Investment Entities: Applying the Consolidation Exception: Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. (effective 1 January 2016)

IFRS 14, Regulatory Deferral Accounts - IFRS 14 permits first-time adopters to continue to recognize amounts related to its rate regulation activities in accordance with their previous GAAP requirements when they adopt IFRS. However, to enhance comparability with entities that apply IFRS and do not recognize such amounts, the Standard requires that the effect of rate regulation must be presented separately from other items. An entity that already presents IFRS financial statements is not eligible to apply the Standard.(effective 1 January 2016)

IFRS 15, Revenue from Contracts from Customers - New Standard that requires entities to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This core principle is achieved through a five step methodology that is required to be applied to all contracts with customers. The new Standard will also result in enhanced disclosures about revenue, provide guidance for transactions that were not previously addressed comprehensively and improve guidance for multiple-element arrangements. (effective 1 January 2018)

IFRS 16, Leases - New standard that introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. A lessee is required to recognize a right-of-use asset representing its right to use the underlying leased asset and a lease liability representing its obligation to make lease payments. A lessee measures right-of-use assets similar to other non-financial assets (such as property, plant and equipment) and lease liabilities. As a consequence, a lessee recognizes depreciation of the right-of-use asset and interest on the lease liability, and also classifies cash repayments of the lease liability into a principal portion and an interest portion and presents them in the statement of cash flows applying IAS 7 Statement of Cash Flows.

Notes to the Annual Financial Statements

IFRS 16 contains expanded disclosure requirements for lessees. Lessees will need to apply judgement in deciding upon the information to disclose to meet the objective of providing a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cash flows of the lessee.
IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

IFRS 16 also requires enhanced disclosures to be provided by lessors that will improve information disclosed about a lessor's risk exposure, particularly to residual value risk. (effective 1 January 2019)

IAS 1, Presentation of Financial Statements - Disclosure Initiative: Amendments designed to encourage entities to apply professional judgement in determining what information to disclose in their financial statements. For example, the amendments make clear that materiality applies to the whole of financial statements and that the inclusion of immaterial information can inhibit the usefulness of financial disclosures. Furthermore, the amendments clarify that entities should use professional judgement in determining where and in what order information is presented in the financial disclosures. (effective 1 January 2016)

IAS 16, Property, Plant and Equipment - Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortization, as being the expected pattern of consumption of the future economic benefits of an asset. Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis of measuring the consumption of economic benefits in such assets. Amendments to IAS 16 and IAS 41 which defines bearer plants and includes bearer plants in the scope of IAS 16 Property, Plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16. (effective 1 January 2016)

IAS 19, Employee Benefit -Annual Improvements 2012-2014 Cycle: Clarification of the requirements of to determine the discount rate in a regional market sharing the same currency (for example, the Eurozone). (effective 1 January 2016)

IAS 27 Consolidated and Separate Financial Statements - Amendments to IAS 27 will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. (effective 1 January 2016)

IAS 28, Investments in Associates and Joint Ventures - Investment Entities:
Applying the Consolidation Exception: Narrow-scope amendments to IFRS 10, IFRS 12 and IAS 28 introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards.
Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (Amendments to IFRS 10 and IAS 28): Narrow scope amendment to address an acknowledged inconsistency between the requirements in IFRS 10 and those in IAS 28 (2011), in dealing with the sale or contribution of assets between an investor and its associate or joint venture. (effective 1 January 2016)

IAS 34, Interim Financial Reporting - Annual Improvements 2012-2014 Cycle: Clarification of the meaning of disclosure of information 'elsewhere in the interim financial report'. (effective 1 January 2016)

Notes to the Annual Financial Statements

IAS 38, Intangible Assets - Amendments to IAS 16 and IAS 38 to clarify the basis for the calculation of depreciation and amortization, as being the expected pattern of consumption of the future economic benefits of an asset.
Amendment to both IAS 16 and IAS 38 establishing the principle for the basis of depreciation and amortization as being the expected pattern of consumption of the future economic benefits of an asset. Clarifying that revenue is generally presumed to be an inappropriate basis of measuring the consumption of economic benefits in such assets.
(effective 1 January 2016)

IAS 41 Agriculture - Bearer Plants: Amendments to IAS 16 and IAS 41 which defines bearer
plants and includes bearer plants in the scope of IAS 16 Property, Plant and Equipment, rather than IAS 41 allowing such assets to be accounted for after initial recognition in accordance with IAS 16. (effective 1 January 2016)
assets to be accounted for after initial recognition in accordance with IAS 16. (effective 1 January 2016)

Notes to the Annual Financial Statements

Figures in Euro

	Group 2015	Group 2014	Company 2015	Company 2014

3. Segment report

The following is an analysis of the Group's revenue and results from operations by reportable segment:

Segment revenues and operating profit	Group 2015	Group 2014	Company 2015	Company 2014
Consultancy and management revenue	240 000	240 000	240 000	240 000
Consultancy and management services - operating profit	239 233	12 721	239 233	14 562

The accounting policies of the reportable segments are the same as the Group's accounting policies. Revenue and operating profits / (losses) are the measures reported to the chief operating decision make for the purposes of assessment of segment performance.

Segment assets and liabilities	Group 2015	Group 2014	Company 2015	Company 2014
Consultancy and management services operations - assets	891 199	643 557	891 199	643 556
Consultancy and management services operations - liabilities	(5 562)	(7 074)	(5 518)	(5 233)

4. Intangible assets

Group : 2015	Cost	Accumulated Amortisation	Carry Value
Customer contracts	250 000	-	250 000
	250 000	**-**	**250 000**

Reconciliation of intangible assets - Group 2015

	Opening CV	Additions	Carry Value 31/12/2015
Customer contracts	250 000	-	250 000
	250 000	**-**	**250 000**

5. Investments in subsidiaries

The following table lists the entities which are controlled by the company, either directly or indirectly through subsidiaries.

Summary of investments	Company % holding 2015	Company % holding 2014	Company % holding 2015	Company % holding 2014
Company % holding				
Global Smart Cities Limited	100.00%	100.00%	100.00%	100.00%

Reconciliation of carry value of investments in subsidiaries				
Global Smart Cities Limited				
Cost			250 000	250 000
Carrying value	-	-	**250 000**	**250 000**

The company acquired 100% of the share capital of Global Smart Cities Limited (formerly C2E Smart Cities Holdings Limited), a company incorporated in Hong Kong. The purchase agreement was concluded on 23 September 2013 and control was transferred to the company on that date.

Notes to the Annual Financial Statements

Figures in Euro

	Group 2015	Group 2014	Company 2015	Company 2014
6. Other financial assets				
Loans receivable				
C2E Energy Incorporated	161 146	152 791	161 146	152 791
	161 146	**152 791**	**161 146**	**152 791**
Total other financial assets	**161 146**	**152 791**	**161 146**	**152 791**
Non-current assets				
Loans and receivables	-	-	-	-
	-	-	-	-
Current assets				
Loans and receivables	161 146	152 791	161 146	152 791
Total other financial assets	**161 146**	**152 791**	**161 146**	**152 791**

Loans receivable are unsecured, interest-free with no fixed terms of repayment.

7. Trade and other receivables

Trade and sundry debtors	480 000	240 000	480 000	240 000
	480 000	**240 000**	**480 000**	**240 000**

The directors are of the opinion that the carry value of trade and other receivables approximates its fair value and these receivables are not exposed to significant credit risk. Refer to note 20 for risk management policies.

8. Cash and cash equivalents

Cash and cash equivalents consist of:				
Bank balances	53	765	53	765
	53	**765**	**53**	**765**

9. Share capital and premium

Authorised				
300,000,000 Ordinary shares of EU 0.001 each	300 000 000	300 000 000	300 000 000	300 000 000
	300 000 000	**300 000 000**	**300 000 000**	**300 000 000**
Reconciliation of number of shares issued:				
At beginning of year	264 950 000	262 950 000	264 950 000	262 950 000
Shares issued: 2,000,000 shares	-	2 000 000	-	2 000 000
	264 950 000	**264 950 000**	**264 950 000**	**264 950 000**
Share capital and share premium				
262,950,000 Ordinary shares at par value	262 950	262 950	262 950	262 950
2,000,000 Ordinary shares at par value	2 000	2 000	2 000	2 000
2,000,000 Ordinary shares at premium	401 865	401 865	401 865	401 865
Total share capital and premium	**666 815**	**666 815**	**666 815**	**666 815**

All the unissued shares are under the control of the directors. The alteration of this authority is subject to the requirements of the Companies Act of Bermuda.

Notes to the Annual Financial Statements

Figures in Euro

	Group 2015	Group 2014	Company 2015	Company 2014
10. Other financial liabilities				
Loans at amortised cost				
JC Pauw	2 390	2 265	2 346	2 265
	2 390	**2 265**	**2 346**	**2 265**
Total other financial liabilities	**2 390**	**2 265**	**2 346**	**2 265**
Non-current liabilities				
Loans payable	-	-	-	-
	-	-	-	-
Current liabilities				
Loans payable	2 390	2 265	2 346	2 265
	2 390	**2 265**	**2 346**	**2 265**
Total other financial liabilities	**2 390**	**2 265**	**2 346**	**2 265**

These loans are unsecured, interest-free with no date set for repayment.

11. Trade and other payables

Trade payables	3 172	4 809	3 172	2 968
	3 172	**4 809**	**3 172**	**2 968**

12. Revenue

Consultancy and management fees	240 000	240 000	240 000	240 000
	240 000	**240 000**	**240 000**	**240 000**

13. Investment revenue

Interest revenue				
Bank	1	134	1	134
	1	**134**	**1**	**134**

14. Taxation

No provision has been made for 2015 tax as the company has no taxable income pursuant to the Exempted Undertakings Tax Protection Act 1966. The company is exempt from Bermuda income tax until March 2035.

15. Cash generated from operations

Profit before taxation	239 233	12 721	239 233	14 562
Adjustments for:				
Interest received	(1)	(134)	(1)	(134)
Non-cash flow items	2 017	(19 666)	174	(19 600)
Changes in working capital:				
Trade and other receivables	(240 000)	(225 971)	(240 000)	(225 971)
Trade and other payables	(1 637)	2 136	204	295
	(388)	**(230 914)**	**(390)**	**(230 848)**

Notes to the Annual Financial Statements

Figures in Euro

	Group 2015	Group 2014	Company 2015	Company 2014

17. Earnings per share

Basic earnings per share	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Basic earnings per share (Euro)	0.001	0.001	0.001	0.001
The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:				
Profit for the year attributable to owners of the Company:	239 233	12 721	239 233	14 562
Weighted average number of ordinary shares for the purpose of basic earnings per share:	264 950 000	264 950 000	264 950 000	264 950 000
Diluted earnings per share	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Diluted earnings per share (Euro)	0.001	0.001	0.001	0.001
The earnings and weighted average number of ordinary shares used in the calculation of diluted earnings per share are as follows:				
Profit for the year attributable to owners of the Company:	239 233	12 721	239 233	14 562
Weighted average number of ordinary shares for the purpose of diluted earnings per share:	264 950 000	264 950 000	264 950 000	264 950 000
Normalised earnings per share	**EUR'000**	**EUR'000**	**EUR'000**	**EUR'000**
Normalised earnings per share (Euro)	0.001	0.001	0.001	0.001
The earnings and weighted average number of ordinary shares used in the calculation of normalised earnings per share are as follows:				
Profit for the year attributable to owners of the Company:	239 233	12 721	239 233	14 562
Weighted average number of ordinary shares for the purpose of normalised earnings per share:	264 950 000	264 950 000	264 950 000	264 950 000

Notes to the Annual Financial Statements

Figures in Euro

18. Related parties

During the year, the company, in the ordinary course of business, entered into various transactions with related parties. These transactions occurred under those terms that are no less favourable than those entered into with third parties in arm's length transactions.

Relationships

Subsidiaries	Refer to note 5
Members of key management	JP Roux
	Mak Shee Fu
	Zeng Tao
	JC Pauw

Related party balances

Loan accounts owing to(from) related parties

Loans owing to related parties	2 390	2 265	2 346	2 265

All intercompany transactions and balances between the company and its subsidiaries are eliminated on consolidation.

19. Directors' emoluments

No emoluments were paid to the directors or any individuals holding a prescribed office during the period

20. Financial risk management

Capital risk management

The company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to stakeholders through the optimisation of the debt and equity ratio.

The capital structure of the company consists of debt, cash and cash equivalents and equity attributable to equity holders, comprising of issued capital, reserves and retained earnings.

The directors review the capital structure and as part of this review, consider the cost of capital and the risk associated with each class of capital. Cash-flow forecasts are prepared and required borrowing facilities utilised are monitored periodically.

Financial instruments

The company does not trade in financial instruments but, in the normal course of operations, is exposed to liquidity, interest and credit risk. In order to manage these risks, the company may enter into transactions that make use of similar financial instruments. The company's financial instruments consist mainly of deposits with banks, local money market instruments, short-term investments, accounts receivable, payable and interest-bearing borrowings.

Categories of financial instruments

Financial assets (Note 21)

Financial liabilities (Note 21)

Liquidity risk

The group's risk to liquidity is a result of the funds available to cover future commitments. The group manages liquidity risk through an ongoing review of future commitments and credit facilities. The company has no exposure to liquidity risk.

Credit risk

Potential areas of credit risk consist of trade accounts receivable and short-term cash investments. Trade accounts receivable consist mainly of a single customer base. The Company monitors the financial position of its customers on an ongoing basis. At the year-end management did not consider there to be any material credit risk exposure. It is group policy to deposit short-term cash investments with only the major banks with good credit ratings

Notes to the Annual Financial Statements

Figures in Euro

Financial assets subject to credit risk

	Group 2015	Group 2014	Company 2015	Company 2014
Trade and other receivables, past due not impaired				
Not past due	20 000	20 000	20 000	20 000
Past due less than 30 days	20 000	20 000	20 000	20 000
Past due longer than 30 days	440 000	200 000	440 000	200 000
Total	**480 000**	**240 000**	**480 000**	**240 000**

The company has assessed the provision for doubtful debts and considered all debtors which are past due not to be impaired.

The company provides flexible credit terms, therefore the effect of discounting is not material.

21. Financial assets by category

The accounting policies for financial assets have been applied to the following account balances:

Group - 2015

	Loans and receivables	Available-for-sale	Total
Other financial assets	161 146	-	161 146
Trade and other receivables	480 000	-	480 000
Cash and cash equivalents	53	-	53

Group - 2014

	Loans and receivables	Available-for-sale	Total
Other financial assets	152 791		152 791
Trade and other receivables	240 000		240 000
Cash and cash equivalents	765		765

Company - 2015

	Loans and receivables	Available-for-sale	Total
Trade and other receivables	480 000	-	480 000
Other financial assets	161 146		161 146
Cash and cash equivalents	53	-	53
Investment in subsidiaries	-	250 000	250 000

Company - 2014

	Loans and receivables	Available-for-sale	Total
Other financial assets	152 791		152 791
Trade and other receivables	240 000		240 000
Cash and cash equivalents	765		765
Investment in subsidiaries	-	250 000	250 000

Notes to the Annual Financial Statements

Figures in Euro

21. Financial liabilities by category

The accounting policies for financial liabilities have been applied to the following account balances:

Group - 2015	At amortised cost	Total
Trade and other payables	3 172	3 172
Other financial liabilities	2 390	2 390

Group - 2014	At amortised cost	Total
Trade and other payables	4 809	4 809
Other financial liabilities	2 265	2 265

Company - 2015	At amortised cost	Total
Trade and other payables	3 172	3 172
Other financial liabilities	2 346	2 346

Company - 2014	At amortised cost	Total
Trade and other payables	2 968	2 968
Other financial liabilities	2 265	2 265

Foreign exchange risk

The company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the EURO and the Chinese Renminbi (RMB). Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities.

The company does not hedge foreign exchange fluctuations and at year-end, there were no uncovered foreign exchange denominated transactions in existence.

	Group 2015	Group 2014	Company 2015	Company 2014
Foreign currency exposure at the end of the reporting period				
Current assets	641 199	393 557	641 199	240 765
Current liabilities	(5 562)	(7 074)	(5 518)	(5 233)
Exchange rates used for conversion of foreign items were:				
RMB/EURO - Closing Rate	7.08	7.48	7.08	7.48
RMB/EURO - Average Rate	6.97	8.17	6.97	8.17

The company recognises the residual value on the translation of foreign currency operations in the Foreign Currency Translation Reserve. Instruments traded at the presentation currency is not translated and equity is translated at the historical average rates.

22. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and the realisation of assets and settlement of liabilities, contingent obligations and commitments will occur in the ordinary course of business.

23. Events after the reporting period

The directors are not aware of any matter or circumstance of a material nature arising since the end of the financial year.

24. Contingencies

The company had no significant contingent liabilities in the current period and up to the date of this report.