

R FINTECH PLC

Annual report and financial statements

Registered number 09551662

For the period ended 31 December 2016



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Strategic Report

The Directors present their Strategic report for the period ended 31 December 2016.

Review of the business

The principal activities of the Company during the period in the period under review were related to developing new financial instruments in the field of Energy Commodities Securitization as well as in the field of Distributed Ledger Technologies (Blockchain based applications).

As at 31 December 2016, the loss for the period amounted to €629,668.

Key performance indicators

Turnover (continuing operations): €0 (2016: €0)

Loss for the financial period: €629,668 (2016: €137,826)

Principal risks and uncertainties

Market risks

The Company has its business directly related to the value of the physical energy assets held by the relevant Subsidiaries and fluctuations in the price of such physical energy assets could materially adversely affect an investment in such Series of Notes purchased by the investors in the Company's products.

The Series of Notes are designed to mirror as closely as possible the spot price of the physical energy assets held by the Subsidiaries. The price of the physical energy assets that are envisaged to be held by them has fluctuated widely over recent years.

Factors that may affect the price of physical energy assets held by an Acquiring Entity include the following:

- global supply and demand, which is influenced by factors such as forward selling by producers, purchases made by producers to unwind hedge positions and production and cost levels in major producing countries, such as Saudi Arabia, Russia and the United States of America;
- regulation of the production and/or use of the physical energy assets;
- the price of alternative energy sources such as renewable energy;
- global or regional political, economic or financial events and situations;
- investors' expectations with respect to the rate of inflation;
- currency exchange rates;
- interest rates; and
- investment and trading activities of hedge funds and commodity funds

Risks relating to regulation and taxation with respect to the subsidiaries entities

The laws and regulations affecting the Subsidiaries are subject to change and any changes in such laws and regulations may have an adverse effect on their ability to carry on its businesses. Any such changes may also have an adverse effect on the ability of the Subsidiaries to pursue the investment policies, their financial condition, returns to the Noteholders, results of operations and/or the market price of the Notes.

Future developments

R FINTECH seeks to bring its proprietary system and concept to its members or participants.

Sweeping liberalization in key sectors will attract direct investments all across its participant's base.

Strategic Report (continued)

Future developments (continued)

To further facilitate foreign investment and to also enhance local investment so as to further wealth creation amongst its members, R FINTECH aims to serve as a facilitating link between investors, technical partners and the its members and participants.

Facilitation will take place through two methodologies:

- Acting as a funding source. Inquiries from its member's management teams and principals are welcome. R FINTECH also recognizes the valuable role of intermediaries in origination and developing attractive investment opportunities. Confidentiality will be respected and R FINTECH may consider funding customary fees for valuable investment banking and intermediary services leading to complete transactions. R FINTECH is also interested in partnering with other investments groups.
- Acting as an investment catalyst. R FINTECH management and advisors will identify investment opportunities and put into gear their technical resources and financial resources to conceptualize projects. R FINTECH wishes to nurture promising next-generation industries and companies. As a partnership of financial, technical and management experts, the people behind R FINTECH understand how to turn a great vision into business, and a business into a success. R FINTECH believes in supporting entrepreneurs who have a unique insight into the dynamics of their market.

R FINTECH specifically plans to be early investors in some of the most promising Asset Backed Securities (ABS) developments, based on stored energy worldwide.

R FINTECH understands that there is a lot more to successful venture capital than gut instincts and money. It believes it has better-rounded definition of the word "investment". Entrepreneurs will choose to become members or partners of R FINTECH because R FINTECH's financial commitments are all working together for maximum results.

Focus Areas

R FINTECH will accept membership from companies that are in its main focus areas.

The Company will primarily participate in companies within the following main areas:

FINANCIAL - ENERGY - First ABS based on stored energy, barrels of Crude Oil, derivatives Natural Gas or even stored electricity. Direct exposure to the energy markets – the value of the investment in the Company's products will rise and fall in direct proportion to the price of the Energy.

FINANCIAL – TECHNOLOGY – R FINTECH aims the design, development, implementation, maintenance and promotion of financial tools and services based on new technologies as the Bilur's cryptocurrency Ecosystem.

Business Stages

R FINTECH aims to allocate its proprietary developments to companies in various business stages that it believes will grow strongly over the long term. Business stages include the following:

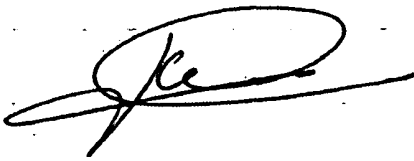
- Start-up ventures and young firms in the early stage of development that may not be able to obtain commercial bank financing due to the associated risks of venture capital.
- Companies that are introducing new products to the markets that can compete effectively with imports and provide new sources of export revenues.
- Companies that are looking to expand production facilities to take advantage of global liberalization and the removal of tariffs (expansion stage financing). This would also include the financing of mergers and acquisitions.

Strategic Report *(continued)*

Business Stages *(continued)*

- Companies that are looking to expand production facilities to reach a critical mass so as to become more profitable (expansion stage financing).

By order of the board

A handwritten signature in black ink, appearing to read 'Ignacio Ozcariz', written over a horizontal line.

Ignacio Ozcariz

Director

Company registered number: 09551662

20th July 2017

Directors' report

The Directors present their annual report and audited financial statements of the Company for the period ended 31 December 2016.

Research and development

Intellectual Property

The Company owns or possesses sufficient legal rights to all Intellectual Property (as defined below) that is necessary to the conduct of the Company's business as now conducted and as presently proposed to be conducted (the "Company Intellectual Property") without any violation or infringement (or in the case of third-party patents, patent applications, trademarks, trademark applications, service marks, or service mark applications, without any violation or infringement known to the Company) of the rights of others. No product or service marketed or sold (or proposed to be marketed or sold) by the Company violates or will violate any license or infringes or will infringe any rights to any patents, patent applications, trademarks, trademark applications, service marks, trade names, copyrights, trade secrets, licenses, domain names, mask works, information and proprietary rights and processes (collectively, "Intellectual Property") of any other party, except that with respect to third-party patents, patent applications, trademarks, trademark applications, service marks, or service mark applications the foregoing representation is made to the Company's knowledge only. Other than with respect to commercially available software products under standard end-user object code license agreements, there is no outstanding option, license, agreement, claim, encumbrance or shared ownership interest of any kind relating to the Company Intellectual Property, nor is the Company bound by or a party to any options, licenses or agreements of any kind with respect to the Intellectual Property of any other person. The Company has not received any written communications alleging that the Company has violated or, by conducting its business, would violate any of the Intellectual Property of any other person.

Business review

The Company develops new financial instruments in the field of Energy Commodities Securitization.

Focus Areas

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Business Stages

R FINTECH aims to allocate its proprietary developments to companies in various business stages that it believes will grow strongly over the long term. Business stages include the following:

- Start-up ventures and young firms in the early stage of development that may not be able to obtain commercial bank financing due to the associated risks of venture capital.
- Companies that are introducing new products to the markets that can compete effectively with imports and provide new sources of export revenues.
- Companies that are looking to expand production facilities to take advantage of global liberalization and the removal of tariffs (expansion stage financing). This would also include the financing of mergers and acquisitions.
- Companies that are looking to expand production facilities to reach a critical mass so as to become more profitable (expansion stage financing).

Directors' report (continued)

Proposed dividend

The directors do not recommend the payment of a dividend.

Directors

The directors who held office during the year were as follows:

Ignacio Ozcariz	Appointed 20 April 2015
Luis Sole	Appointed 20 April 2015

Employees

The Company had no employees during the period

Political contributions

The Company made no political donations or incurred any political expenditure during the period.

Disclosure of information to auditor

The directors who held office at the date of approval of this directors' report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditor is unaware; and each director has taken all the steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the company's auditor is aware of that information.

Ethical policy

The Company and Group are committed to working with our customers, suppliers and contractors to promote responsible working and trading practices.

Code of Ethics Statement

To perform business duties in accordance with the appropriate recognized ethical and legal standards;

To practice honesty and integrity in all aspects of R Fintech work;

To exhibit professionalism in the workplace, and conduct in a way that will continue to promote the Customer's and Partners' confidence in the integrity of the Company;

To be fair-minded, non-discriminatory, and treat all individuals, both internal and external to the Company community equitably, with civility, respect and dignity;

To fulfil their assigned responsibilities, and be proactive in developing the skills necessary to provide high job performance;

To exercise fiduciary responsibility with respect to safeguarding the Company's assets;

To exercise custodial responsibility with respect to the use of Company property and resources;

To exercise, within the requirements of the Data Treatment laws, confidentiality with respect to information, records, and data management, respecting the rights and privacy of Customers and Partners;

To take action to mitigate any real or perceived conflicts of interest.

Other information

An indication of likely future developments in the business and particulars of significant events which have occurred since the end of the financial year have been included in the Strategic Report on page 2.

Directors' report (continued)

Litigation

There is no pending action, suit, proceeding, arbitration, mediation, complaint, claim, charge or investigation before any court, arbitrator, mediator or governmental body or, to the Company's knowledge, currently threatened in writing

(a) against the Company or (b) against any consultant, officer, director or key employee of the Company arising out of his or her consulting, employment or board relationship with the Company or that could otherwise materially impact the Company.

Auditor

In accordance with Section 489 of the Companies Act 2006, a resolution for the re-appointment of KPMG LLP as auditor of the company is to be proposed at the forthcoming Annual General Meeting.

Going concern

The Company is still a very young business and as is typical for businesses at this stage of their lifecycle it is generating start-up losses as it uses working capital to develop the business. As at 31 December 2016 the Company's current assets exceeded current liabilities by €0.2m and the Group's net cash position was €1.1m.

It is expected that the Company will require additional funding in the foreseeable future, which is deemed to be 12 months from signing the financial statements.

The directors have ongoing positive relationships with shareholders and so the directors believe that further funding will be made available to meet any liabilities as they fall due in the foreseeable future.

The directors have prepared a strategic plan in order to grow the business and respond to changes in the market in which they operate.

The directors have identified mitigating factors and the need for additional funding and believe that the uncertainties will be satisfactorily resolved by dialogue with existing shareholders and external funding bodies.

Notwithstanding the above actions undertaken by the directors, these matters indicate the existence of potential material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. As a consequence of the material uncertainty, the Company may be unable to realise its assets or discharge its liabilities in the normal course of business.

Nevertheless the financial statements are prepared on a going concern basis.

By order of the board



Ignacio Ozcariz
Director

Company registered number: 09551662
20th July 2017

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE STRATEGIC REPORT, THE DIRECTORS' REPORT AND THE FINANCIAL STATEMENTS

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

Company law requires the directors to prepare financial statements for each financial year. Under that law they have elected to prepare the financial statements in accordance with UK Accounting Standards and applicable law (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

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

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF R FINTECH PLC

We have audited the financial statements of R Fintech PLC for the period ended 31 December 2016 set out on pages 10 to 24. The financial reporting framework that has been applied in their preparation is applicable law and UK Accounting Standards (UK Generally Accepted Accounting Practice), including FRS 102 *The Financial Reporting Standard applicable in the UK and Republic of Ireland*.

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

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 7, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit, and express an opinion on, the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's website at www.frc.org.uk/auditscopeukprivate.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2016 and of its loss for the period year then ended;
- have been properly prepared in accordance with UK Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 to the financial statements concerning the company's ability to continue as a going concern. The company incurred a net loss of €0.6m during the period ended 31 December 2016. This condition, along with other matters explained in note 1 to the financial statements, indicate the existence of material uncertainty which may cast a significant doubt on the company's ability to continue as a going concern. The financial statements do not include the adjustments that would result if the company were unable to continue as a going concern.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year is consistent with the financial statements.

Based solely on the work required to be undertaken in the course of the audit of the financial statements and from reading the Strategic report and the Directors' report:

- we have not identified material misstatements in those reports; and
- in our opinion, those reports have been prepared in accordance with the Companies Act 2006.

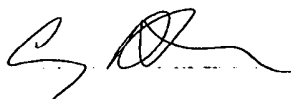
Matters on which we are required to report by exception

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

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit; or
- the directors were not entitled to take advantage of the small companies exemption from the requirement to prepare a strategic report.

Other matter - prior period financial statements

We note that the prior period financial statements were not audited. Consequently ISAs (UK) require the auditor to state that the corresponding figures contained within these financial statements are unaudited. Our opinion is not modified in respect of this matter.



Craig Douglas (Senior Statutory Auditor)
for and on behalf of KPMG LLP, Statutory Auditor
Chartered Accountants
15 Canada Square
E14 5GL
24 July 2017

Profit and Loss Account and Other Comprehensive Income
for the period ended 31 December 2016

		31/12/2016	30/04/2016
			As restated (unaudited)
	<i>Notes</i>	Total €	Total €
Administrative expenses	4,5	375,208	137,035
Impairment of investment	5,9	95,000	-
Write off of investment	5,9	150,038	-
Operating loss	4	(620,246)	(137,035)
Interest payable and similar expenses	6	9,422	791
Loss before taxation		(629,668)	(137,826)
Tax on loss	7	-	-
Loss for the financial year		(629,668)	(137,826)

Balance Sheet
at 31 December 2016

	<i>Notes</i>	2016		30.04.2016	
				As restated	
				(unaudited)	
		€	€	€	€
Fixed assets					
Investments	9		<u>4,968,553</u>		<u>-</u>
			4,968,553		-
Current assets					
Debtors (including €0 (30.04.2016: €111,129) due after more than one year)	10	77,248		155,129	
Cash at bank and in hand	11	<u>1,133,379</u>		<u>-</u>	
		1,210,627		155,129	
Creditors: amounts falling due within one year	12	<u>(946,674)</u>		<u>(92,955)</u>	
Net current assets			<u>263,953</u>		<u>62,174</u>
Total assets less current liabilities			5,232,506		62,174
Creditors: amounts falling due after more than one year			<u>-</u>		<u>-</u>
Net assets			<u><u>5,232,506</u></u>		<u><u>62,174</u></u>
Capital and reserves					
Called up share capital	14		5,032,000		200,000
Share premium account	15		968,000		-
Profit and loss account	15		<u>(767,494)</u>		<u>(137,826)</u>
Shareholders' funds			<u><u>5,232,506</u></u>		<u><u>62,174</u></u>

These financial statements were approved by the board of directors on 20th July 2017 and were signed on its behalf by:



Ignacio Ozcariz
Director

Company registered number: 09551662

y

Called up Share capital	Retained earnings	Share Premium account	Total equity
€	€	€	€
-	-	-	-
200,000	-	-	200,000
-	-	-	-
<u>200,000</u>	<u>-</u>	<u>-</u>	<u>200,000</u>
-	(137,826)	-	(137,826)
<u>200,000</u>	<u>(137,826)</u>	<u>-</u>	<u>62,174</u>
-	-	-	-
4,832,000	-	968,000	5,800,000
-	(629,668)	-	(629,668)
<u>5,032,000</u>	<u>(767,494)</u>	<u>968,000</u>	<u>5,232,506</u>

Notes

(forming part of the financial statements)

1 Accounting policies

R Fintech PLC (the "Company") is a public company incorporated, domiciled and registered in the UK. The registered number is 09551662 and the registered address is 35 Great St Helen's, London, United Kingdom, EC3A 6A.

The Company is exempt by virtue of s309/s400/s401/s402 subject to the small companies' regime of the Companies Act 2006 from the requirement to prepare group financial statements. These financial statements present information about the Company as an individual undertaking and not about its groups.

These financial statements were prepared for a short period and not for a full financial year because the Company had been dormant prior to 30.04.2016.

These financial statements were prepared in accordance with Financial Reporting Standard 102 *The Financial Reporting Standard* applicable in the UK and Republic of Ireland ("*FRS 102*") as issued in August 2014. The amendments to FRS 102 issued in July 2015 have been applied. The presentation currency of these financial statements is sterling. All amounts in the financial statements have been rounded to the nearest €1.

Financial reporting standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

1.1 Measurement convention

The financial statements are prepared on the historical cost basis, except for derivative financial instruments which are recognised at fair value.

1.2 Going concern

The Company is still a very young business and as is typical for businesses at this stage of their lifecycle it is generating start-up losses as it uses working capital to develop the business. As at 31 December 2016 the Company's current assets exceeded current liabilities by €0.2m and the Group's net cash position was €1.1m.

It is expected that the Company will require additional funding in the foreseeable future, which is deemed to be 12 months from signing the financial statements.

The directors have ongoing positive relationships with shareholders and so the directors believe that further funding will be made available to meet any liabilities as they fall due in the foreseeable future.

The directors have prepared a strategic plan in order to grow the business and respond to changes in the market in which they operate.

The directors have identified mitigating factors and the need for additional funding and believe that the uncertainties will be satisfactorily resolved by dialogue with existing shareholders and external funding bodies.

Notwithstanding the above actions undertaken by the directors, these matters indicate the existence of potential material uncertainty, which may cast significant doubt on the Company's ability to continue as a going concern. As a consequence of the material uncertainty, the Company may be unable to realise its assets or discharge its liabilities in the normal course of business.

Nevertheless the financial statements are prepared on a going concern basis.

1.3 Foreign currency

(a) Foreign currency translation

Functional and presentation currency

Transactions in foreign currencies are initially recorded in the functional currency by applying the spot exchange rate ruling at the date of the transaction.

Notes (continued)

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The financial statements are presented in Euros, which is the Company’s functional and presentation currency.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the income statement.

Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented in the income statement within ‘finance income or finance cost’. All other foreign exchange gains and losses are presented in the income statement within ‘administrative expenses’.

Translation differences on non-monetary financial assets and liabilities such as equities held at fair value through profit or loss are recognised in profit or loss as part of the fair value gain or loss. Translation differences on non-monetary financial assets such as equities classified as available-for-sale are included in the available-for-sale reserve in equity.

1.4 Classification of financial instruments issued by the Company

In accordance with FRS 102.22, financial instruments issued by the Company are treated as equity only to the extent that they meet the following two conditions:

- (a) they include no contractual obligations upon the company to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the company; and
- (b) where the instrument will or may be settled in the company’s own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the company’s own equity instruments or is a derivative that will be settled by the company’s exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the company’s own shares, the amounts presented in these financial statements for called up share capital and share premium account exclude amounts in relation to those shares.

1.5 Basic financial instruments

Trade and other debtors / creditors

Trade and other debtors are recognised initially at transaction price less attributable transaction costs. Trade and other creditors are recognised initially at transaction price plus attributable transaction costs. Subsequent to initial recognition they are measured at amortised cost using the effective interest method, less any impairment losses in the case of trade debtors. If the arrangement constitutes a financing transaction, for example if payment is deferred beyond normal business terms, then it is measured at the present value of future payments discounted at a market rate of instrument for a similar debt instrument.

Interest-bearing borrowings classified as basic financial instruments

Interest-bearing borrowings are recognised initially at the present value of future payments discounted at a market rate of interest. Subsequent to initial recognition, interest-bearing borrowings are stated at amortised cost using the effective interest method, less any impairment losses.

Investments in preference and ordinary shares

Investments in equity instruments are measured initially at fair value, which is normally the transaction price. Transaction costs are excluded if the investments are subsequently measured at fair value through profit and loss. Subsequent to initial recognition investments that can be measured reliably are measured at fair value with changes recognition in profit or loss. Other investments are measured at cost less impairment in profit or loss.

Notes (continued)

Investments in subsidiaries, jointly controlled entities and associates

These are separate financial statements of the company. Investments in subsidiaries, jointly controlled entities and associates are carried at cost less impairment.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the cash flow statement.

1.6 Impairment excluding stocks and deferred tax assets

Financial assets (including trade and other debtors)

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. For financial instruments measured at cost less impairment, impairment is calculated as the difference between its carrying amount and the best estimate of the amount that the Company would receive for the asset if it were to be sold at the reporting date. Interest on the impaired asset continues to be recognised through the unwinding of the discount. Impairment losses are recognised in profit or loss. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

Non-financial assets

The carrying amounts of the Company's non-financial assets, other than investment property, stocks and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. 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 the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Company of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

1.7 Revenue

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are net of rebates and amounts collected on behalf of third parties.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

R Fintech as a holding company has revenue-generating operations linked to services provided to their subsidiaries. Moreover the Company is dependent on upstream cash flows from its subsidiaries, primarily the Special Purpose Vehicles that carry on the issue of the financial products. As a result, our ability to meet our ongoing and future debt service and other financial obligations and to pay dividends on our common stock is primarily dependent on the earnings and cash flows of our operating subsidiaries and their ability to pay upstream dividends or to repay funds due to us.

1.8 Expenses

Interest receivable and Interest payable

Interest payable and similar expenses include interest payable, finance expenses on shares classified as liabilities and finance leases recognised in profit or loss using the effective interest method, unwinding of the discount on provisions,

Notes (continued)

and net foreign exchange losses that are recognised in the profit and loss account (see foreign currency accounting policy).

Other interest receivable and similar income include interest receivable on funds invested and net foreign exchange gains.

Interest income and interest payable are recognised in profit or loss as they accrue, using the effective interest method. Dividend income is recognised in the profit and loss account on the date the company's right to receive payments is established. Foreign currency gains and losses are reported on a net basis.

1.9 Taxation

Tax on the profit or loss for the year comprises current and deferred tax. Tax is recognised in the profit and loss account except to the extent that it relates to items recognised directly in equity or other comprehensive income, in which case it is recognised directly in equity or other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the balance sheet date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided on timing differences which arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in the financial statements. The following timing differences are not provided for: differences between accumulated depreciation and tax allowances for the cost of a fixed asset if and when all conditions for retaining the tax allowances have been met; and differences relating to investments in subsidiaries to the extent that it is not probable that they will reverse in the foreseeable future and the reporting entity is able to control the reversal of the timing difference.

Deferred tax is not recognised on permanent differences arising because certain types of income or expense are non-taxable or are disallowable for tax or because certain tax charges or allowances are greater or smaller than the corresponding income or expense.

Deferred tax is provided in respect of the additional tax that will be paid or avoided on differences between the amount at which an asset (other than goodwill) or liability is recognised in a business combination and the corresponding amount that can be deducted or assessed for tax. Goodwill is adjusted by the amount of such deferred tax.

Deferred tax is measured at the tax rate that is expected to apply to the reversal of the related difference, using tax rates enacted or substantively enacted at the balance sheet date.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

2 Significant accounting judgements, estimates and assumptions

The preparation of the Company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

3 Directors' remuneration

During the period no amounts were paid by the company for the directors' remuneration.

Notes (continued)

4 Operating loss

The operating loss is stated after charging:

	Period ended 31/12/2016	Period ended 30/04/2016 As restated (unaudited)
	€	€
Subscriptions	16,929	-
Professional fees	306,825	137,035
Auditor's remuneration	30,000	-
Foreign exchange losses	2,627	-
Impairment of investment	95,000	-
Write off of investment	150,038	-
	<u>601,419</u>	<u>137,035</u>

5 Expenses and auditor's remuneration

	Period ended 31/12/2016	Period ended 30/04/2016 As restated (unaudited)
	€	€
Administrative expenses	375,208	137,035
Impairment of investment	95,000	-
Write off of investment	150,038	-
	<u>620,246</u>	<u>137,035</u>

The Company has expensed an amount of €30,000 (30.04.2016: nil) to be paid to its auditors in respect of the audit of the financial statements of the Company.

6 Interest payable and similar expenses

	Period ended 31/12/2016	Period ended 30/04/2016 As restated (unaudited)
	€	€
Bank charges	(113)	-
Interest on loan from shareholders	(9,309)	(791)
	<u>(9,422)</u>	<u>(791)</u>

Notes (continued)

7 Taxation

	Period ended 31/12/2016	Period ended 30/04/2016 (unaudited)
	€	€
Current tax expense	-	-
Deferred tax expense	-	-

Reconciliation of effective tax rate

	Period ended 31/12/2016	Period ended 30/04/2016 As restated (unaudited)
	€	€
Loss for the period	(629,668)	(137,826)
Total tax expense	-	-
Loss excluding taxation	(629,668)	(137,826)
Tax using the UK corporation tax rate of 20 %	(125,934)	-
Expenses not deductible for tax purposes	79,245	-
Adjust closing deferred tax to average rate of 20%	7,004	-
Total tax expense	(39,685)	-

Deferred tax asset

The Company has a potential deferred tax asset of €39,685 in respect of tax losses. Given that the utilisation of these losses is unlikely within the next twelve months, no deferred tax asset has been recognised.

Notes *(continued)*

8 Change in accounting policy/prior period adjustment

The accounts have been restated to incorporate the impact of the omission of administrative expenses and interest costs incurred in the period 30 April 2015 to 30 April 2016, as well as the omission of loans received from shareholders, intercompany receivables, liabilities to trade creditors and accruals.

The net effect is detailed in the tables below and the brought forward profit & loss reserve has therefore been restated by of € (137,826).

Profit and loss account for the period ended 30 April 2016

	20 April 2015 to 30 April 2016		20 April 2015 to 30 April 2016 As restated (unaudited)
	€		€
Administrative expenses	-	(i)	(137,035)
Operating loss	<u>-</u>		<u>(137,035)</u>
Interest payable and similar expenses	<u>-</u>	(ii)	<u>(791)</u>
Loss before taxation	-		(137,826)
Tax on loss	-		-
Loss for the financial year	<u>-</u>		<u>(137,826)</u>

(i) Administrative expenses – prior period adjustment

(ii) Interest costs – prior period adjustment

The accounts have been restated to incorporate the impact of the omission of administrative expenses. The change has resulted in a total loss for the period of € (137,826).

Notes *(continued)*

8 Change in accounting policy/prior period adjustment *(continued)*

Balance sheet as at 20 April 2015 and 30 April 2016	30/04/2016	Prior period adjustments	30/04/2016
	€	€	As restated (unaudited)
	€	€	€
Current assets			
Debtors: Amounts due within one year	-	-	-
Other debtors (loan agreements)	-	(i) 44,000	44,000
Intercompany receivables	200,000	(ii) (88,871)	111,129
Net current assets	<u>200,000</u>	<u>(44,871)</u>	<u>155,129</u>
Creditors: amounts falling due within one year			
Trade creditors	-	(iii) (92,164)	(92,164)
Accruals	-	(iv) (791)	(791)
Total current liabilities	<u>-</u>	<u>(92,955)</u>	<u>(92,955)</u>
Total assets less current liabilities	<u>200,000</u>	<u>(137,826)</u>	<u>62,174</u>
Capital and reserves			
Called-up share capital	200,000	-	200,000
Profit and loss account	-	(137,826)	(137,826)
Shareholders' funds	<u>200,000</u>	<u>(137,826)</u>	<u>62,174</u>

(i) Increase in debtors related to the loan agreements between several shareholders and the Company.

(ii) Decrease in intercompany receivables owed by Ravi Corporate S.L.

(iii) Increase in trade creditors related to several suppliers' invoices and loan agreements.

(iv) Loan interest payable accrual.

Notes (continued)

9 Investments

	Participating interests
	€
Cost or valuation	
At beginning of year	-
Additions	5,213,591
Impairment	(95,000)
Write off	(150,038)
Disposals	-
At end of year	4,968,553

The Company has the following participating interests:

Company	Principal place of business	Country of Incorporation	Type of shares	Ovadj 302	Net Assets Value 302
R Fintech US LLC	USA	USA	Ordinary	100%	-
Recol Pro SA	Spain	Spain	Ordinary	96%	EUR 12,742,732
Energy Securitization SA	Luxembourg	Luxembourg	Ordinary	100%	-
R Energy Broker GMBH	Switzerland	Switzerland	Ordinary	100%	CHF 8,366
Recol Atlas ATS SL	Spain	Spain	Ordinary	5%	EUR 44,304
Recol Bitcoin Exchange SL	Spain	Spain	Ordinary	5%	EUR 53,699

During the period, R Fintech US LLC was liquidated so the initial value of the investment € 150,038 has been written off. Moreover, the balance sheet of Recol Atlas ATS SL and Recol Bitcoin Exchange SL do not support the value of the initial investment and therefore, the Directors have decided to book an impairment of € 50,000 and € 45,000 respectively to reflect the actual value of the investments.

10 Debtors

	31/12/2016	30/04/2016 As restated (unaudited)
	€	€
Amounts owed by Company undertakings in which the company has a participating interest	49,946	111,129
Other debtors	18,838	44,000
Prepayments and accrued income	8,464	-
	77,248	155,129
Due within one year	77,248	44,000
Due after more than one year	-	111,129

Notes (continued)

11 Cash and cash equivalents

	31/12/2016	30/04/2016 (unaudited)
	€	€
Cash at bank and in hand	1,133,379	-
	<u>1,133,379</u>	<u>-</u>

12 Creditors: amounts falling due within one year

	31/12/2016	30/04/2016 As restated (unaudited)
	€	€
Trade creditors	6,448	13,164
Other creditors	1,000	-
Accruals	145,530	791
Debenture loans	793,696	79,000
	<u>946,674</u>	<u>92,955</u>

13 Interest-bearing loans and borrowings

This note provides information about the contractual terms of the Company's interest-bearing loans and borrowings, which are measured at amortised cost.

	31/12/2016	30/04/2016 As restated (unaudited)
	€	€
Creditors falling due within less than one year		
Debenture loans	793,696	79,000
	<u>793,696</u>	<u>79,000</u>

During the period the Company borrowed €714,696 from several investors. The capital is repayable within one year. There is no interest charge and the investors have been granted a "Warrant" for 1% of the shares in ETC EU for each €100,000 contributed.

14 Called up share capital

	Ordinary shares	
Share capital	31/12/2016	30/04/2016 (unaudited)
	€	€
On issue at the beginning of the period	200,000	200,000
Issued on acquisition of subsidiary	4,800,000	-
Issued for cash	32,000	-
On issue at 31 December – not fully paid	<u>5,032,000</u>	<u>200,000</u>

Notes (continued)

14 Called up share capital (continued)

	31/12/2016	30/04/2016 (unaudited)
<i>Allotted, called up and not fully paid</i>	€	€
125,800,000 ordinary shares of €0.04 each	<u>5,032,000</u>	<u>200,000</u>
	<u>5,032,000</u>	<u>200,000</u>

The following shares were issued during the period:

800,000 ordinary shares of €0.04 each for cash of €32,000 on 7th December 2016

120,000,000 ordinary shares of €0.04 each for shares in Recol Pro SA on 23rd December 2016

The holders of ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company.

15 Reserves

	Retained earnings	Share Premium account	Totals
	€	€	€
Balance at 30 April 2016	-	-	-
Prior period adjustments	<u>(137,826)</u>	-	<u>(137,826)</u>
			-
Deficit for the year	(629,668)	-	(629,668)
Shares issued	<u>-</u>	<u>968,000</u>	<u>968,000</u>
Balance at 31 December 2016	<u>(767,494)</u>	<u>968,000</u>	<u>200,506</u>

The Share premium reserve records the amount above the nominal value received for share sold, less transaction costs.

16 Commitments

Capital commitments

The Company's contractual commitments to purchase tangible fixed assets at the year-end were:

- Purchase agreements to buy 100% of the shares of Recol Bitcoin Exchange and Recol Atlas ATS from his current owners Mr Ignacio Ozcariz and Mr. Luis Sole

In respect of its interest in Subsidiaries, the Company is committed to incur capital expenditure of a minimum of €5,000,000 Euros and a maximum of €120,000,000.

At the year-end, there were no contractual commitments for the acquisition of intangible assets. Also there were no contractual commitments regarding acquisition, development and maintenance of investment properties.

Notes *(continued)*

17 Ultimate parent company

The Company is a subsidiary undertaking of Ravi Corporate S.L, incorporated in Spain. The ultimate controlling party is Ignacio Ozcariz.

18 Related party disclosures

The Company has taken advantage of exemption, under the terms of Financial Reporting Standard 102 “The Financial Reporting Standards applicable in the UK and the Republic of Ireland”, not to disclose related party transactions with wholly owned subsidiaries within the group.

19 Post balance sheet events

Since the end of the year, the Directors are not aware of any matter or circumstance not otherwise dealt with in the Directors’ report that has significantly or may significantly affect the operations of the Company, the results of its operations, or state of the Company’s affairs in future financial years.