TEOTRADE LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013

TEOTRADE LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2013

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Antonia Kyriakou Christiana Magniti Kimon Theophanopoulos Jean-Marie Rene Walter Kyriaki Hadjiphilippou
Company Secretary:	A.T.S. Services Limited
Independent Auditors:	Alliott Partellas Kiliaris Ltd Certified Public Accountants 77 Strovolos Avenue Strovolos Center, Office 201 2018 Strovolos, Nicosia Cyprus
Registered office:	77, Strovolos Avenue Strovolos Center, Office 204 2018 Strovolos, Nicosia Cyprus
Bankers:	BNP Paribas (Suisse) SA Societe Generale (Zurich) SA Bank of Cyprus Public (Nicosia) Limited Piraeus Bank (Athens)
Registration number:	HE276176

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited consolidated financial statements of Teotrade Limited and its subsidiaries (the Group) for the year ended 31 December 2013.

Incorporation
The Company Teotrade Limited was incorporated in Cyprus on 2 November 2010 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

Principal activity
The principal activities of the Group, which are unchanged from last year, is the trading of fertlizers.

Review of current position, future developments and significant risks
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Additional details that relate to the operating environment of the Group as well as other risks and uncertainties are described in notes 3 and 22 of the consolidated financial statements.

Results and Dividends
The Group's results for the year are set out on page 6. The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital
Authorised capital
Under its Memorandum the Company fixed its share capital at 1.000 ordinary shares of nominal value of €1 each. On 12 January 2011, the Company increased its share capital from 1.000 ordinary shares of €1 each to 200.000 ordinary shares of €1 each. On 16 May 2013, the Company increased its authorised share capital from 200,000 ordinary shares of nominal value of €1 each to 390,000 ordinary shares of nominal value of €1 each. On 20 September 2013, the Company increased further its authorised share capital from 390,000 ordinary shares of nominal value of €1 each to 640,000 ordinary shares of nominal value of €1 each.
Issued capital
Upon incorporation on 2 November 2010 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of €1 each at par. On 12 January 2011, the Company increased its share capital from 1.000 ordinary shares of €1 each to 200.000 ordinary shares of €1 each.
On 16 May 2013, the Company issued 190.000 shares of nominal value of €1.00 at a price of €10.00 each. Out of the total issue proceeds of €1.900.000,00 an amount of €190.000,00 has been transferred to the share capital account and the balance of €1.710.000,00 to the share premium account. On 20 September 2013, the Company issued a further 250.000 shares of nominal value of €1.00 each at a price of €16.00 each. Out of the total proceeds of €4.000.000,00 an amount of €250.000,00 has been transferred to the share capital account and the balance of €3.750.000,00 to the share premium account.

Board of Directors
The members of the Group's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2013.

There were no significant changes in the assignment of responsibilities and remuneration of the Board of Directors.

Operating Environment of the Group
Any significant events that relate to the operating environment of the Group are described in note 22 to the consolidated financial statements.

Events after the reporting period
There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Independent Auditors
The Independent Auditors, Alliott Partellas Kiliaris Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

A.T.S. Services Limited
Secretary

Nicosia, Cyprus, 11 February 2015

Independent auditor's report

To the Members of Teotrade Limited

Report on the consolidated financial statements

We have audited the consolidated financial statements of Teotrade Limited (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 6 to 27 which comprise the consolidated statement of financial position as at 31 December 2013, and the consolidated statements of comprehensive income, recognised income and expense, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

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

Basis for qualified opinion

In respect of the inventory of the Group presented in the consolidated statement of financial position at the value of €4,866,010.00, the audit evidence we had available was limited because we did not observe the physical inventory count at 31 December 2013, as that date was prior to our appointment as auditor of the Group. Due to the nature of the records of the Group, we were unable to obtain sufficient and appropriate audit evidence as to the inventory quantities by other audit procedures.

Qualified opinion

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to physical inventory quantities, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent auditor's report (continued)

To the Members of Teotrade Limited

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit, except that the scope of our work was limited by the matter discussed in the basis for qualified opinion paragraph.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books, except in the case of inventories discussed in the basis for qualified opinion paragraph.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion, and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required, except in the case of inventories discussed in the basis for qualified opinion paragraph.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Antonis Partellas
Certified Public Accountant and Registered Auditor
for and on behalf of
Alliott Partellas Kiliaris Ltd
Certified Public Accountants

Nicosia, Cyprus, 11 February 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2013

	Note	**2013** €	2012 €
Revenue	5	**76,768,000**	72,229,038
Cost of sales		**(71,312,509)**	(69,510,468)
Gross profit		**5,455,491**	2,718,570
Other income	6	**296,018**	2,436,869
Selling and distribution expenses		**(2,312,395)**	(974,119)
Administration expenses		**(1,228,135)**	(267,671)
Other expenses	7	**(1,500)**	(202,559)
Operating profit	8	**2,209,479**	3,711,090
Finance costs	10	**(995,570)**	(403,649)
Share of results of associates before tax		**67,147**	(72,279)
Profit before tax		**1,281,056**	3,235,162
Tax		**256,210**	(134,172)
Net profit for the year		**1,537,266**	3,100,990
Other comprehensive income			
Change in the fair value of land and buildings		**363,171**	-
Other comprehensive income for the year		**363,171**	-
Total comprehensive income for the year		**1,900,437**	3,100,990

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
Year ended 31 December 2013

	Note	**2013** €	2012 €
Net profit for the year		**1,537,266**	3,100,990
Total comprehensive income for the year		**1,537,266**	3,100,990
Net profit for the year attributable to:			
Equity holders of the parent		**1,319,068**	3,100,990
Non controlling interests		**218,198**	-
		1,537,266	3,100,990

The notes on pages 11 to 27 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2013

	Note	**2013** €	2012 €
ASSETS			
Non-current assets			
Property, plant and equipment	11	**2,394,225**	6,034
Intangible assets	12	**2,043,459**	-
Investments in associated undertakings	13	**1**	854,047
Security deposit	16	**8,146**	8,284
Trade and other receivables	15	**42,857**	63,427
Deferred tax assets	20	**730,581**	-
		5,219,269	931,792
Current assets			
Inventories and work in progress	14	**4,866,010**	-
Trade and other receivables	15	**15,173,580**	13,230,901
Cash and cash equivalents	17	**6,775,418**	450,553
		26,815,008	13,681,454
Total assets		**32,034,277**	14,613,246
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**640,000**	200,000
Share premium		**5,460,000**	-
Other reserves		**50,816**	(137,444)
Retained earnings		**4,828,892**	3,509,824
		10,979,708	3,572,380
Non controlling interests		**677,455**	-
Advances from shareholders		**-**	600,000
Total equity		**11,657,163**	4,172,380
Non-current liabilities			
Borrowings	19	**1,604,167**	-
Obligations under finance leases		**53,461**	-
Deferred tax liabilities	20	**232,689**	-
		1,890,317	-
Current liabilities			
Trade and other payables	21	**10,034,363**	3,990,122
Borrowings	19	**8,424,327**	6,450,744
Obligations under finance leases		**11,340**	-
Current tax liabilities		**16,767**	-
		18,486,797	10,440,866
Total liabilities		**20,377,114**	10,440,866
Total equity and liabilities		**32,034,277**	14,613,246

On 11 February 2015 the Board of Directors of Teotrade Limited authorised these consolidated financial statements for issue.

....	....	....
Antonia Kyriakou	Christiana Magniti	Kimon Theophanopoulos
Director	Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2013

	Note	Attributable to equity holders of the Company							
		Share capital	Share premium	Fair value reserve - land and buildings	Translation reserve	Retained earnings	Total	Non controlling interests	Total
		€	€	€	€	€	€	€	€
Balance at 1 January 2012		**200,000**	**-**	**-**	**-**	**408,834**	**608,834**	**-**	**608,834**
Net profit for the year		-	-	-	-	3,100,990	3,100,990	-	3,100,990
Exchange difference		-	-	-	(137,444)	-	(137,444)	-	(137,444)
Balance at 31 December 2012/ 1 January 2013		**200,000**	**-**	**-**	**(137,444)**	**3,509,824**	**3,572,380**	**-**	**3,572,380**
Net profit for the year		-	-	-	-	1,319,068	1,319,068	218,198	1,537,266
Other comprehensive income for the year		-	-	363,171	-	-	363,171	-	363,171
Issue of share capital	18	440,000	5,460,000	-	-	-	5,900,000	-	5,900,000
Non controlling interests		-	-	-	-	-	-	459,257	459,257
Exchange difference		-	-	-	(174,911)	-	(174,911)	-	(174,911)
Balance at 31 December 2013		**640,000**	**5,460,000**	**363,171**	**(312,355)**	**4,828,892**	**10,979,708**	**677,455**	**11,657,163**

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

TEOTRADE LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2013

	Note	2013 €	2012 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**1,281,056**	3,235,162
Adjustments for:			
Depreciation of property, plant and equipment	11	**163,071**	3,228
Exchange difference arising on the translation of non current assets in foreign currencies		**384**	-
Unrealised exchange loss		**260,251**	177,761
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition		**-**	(2,420,067)
Share of (profit)/loss from associates	13	**(67,147)**	72,279
Loss from the sale of available-for-sale financial assets		**-**	202,559
Fair value gains on financial assets at fair value through profit or loss		**(39,952)**	-
Interest income	6	**(13,676)**	(2,543)
Interest expense	10	**380,936**	6,275
Cash flows from operations before working capital changes		**1,964,923**	1,274,654
Increase in inventories and work in progress		**(4,866,010)**	-
Increase in trade and other receivables		**(1,922,109)**	(13,293,855)
Decrease in financial assets at fair value through profit or loss		**39,952**	-
Increase in trade and other payables		**6,044,241**	4,106,709
Cash flows from/(used in) operations		**1,260,997**	(7,912,492)
Tax paid		**(118,591)**	(163,781)
Net cash flows from/(used in) operating activities		**1,142,406**	(8,076,273)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	11	**(758,899)**	-
Acquisition of subsidiary Teofert A.E., net of cash		**105,996**	-
Proceeds from sale of available-for-sale financial assets		**-**	(202,559)
Interest received		**13,676**	2,543
Net cash flows used in investing activities		**(639,227)**	(200,016)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**5,900,000**	-
Advances from shareholders		**(600,000)**	600,000
Repayments of borrowings		**(2,228,840)**	-
Repayments of obligations under finance leases		**(7,389)**	-
Proceeds from borrowings		**3,425,000**	-
Unrealised exchange (loss)		**(438,899)**	(177,761)
Interest paid		**(380,936)**	(6,275)
Net cash flows from financing activities		**5,668,936**	415,964
Net increase /(decrease) in cash and cash equivalents		**6,172,115**	(7,860,325)
Cash and cash equivalents:			
At beginning of the year		**(6,000,191)**	1,860,134
At end of the year	17	**171,924**	(6,000,191)

The notes on pages 11 to 27 form an integral part of these consolidated financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company Teotrade Limited (the "Company") was incorporated in Cyprus on 2 November 2010 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 77, Strovolos Avenue, Strovolos Center, Office 204, 2018 Strovolos, Nicosia, Cyprus.

Principal activity

The principal activities of the Group, which are unchanged from last year, is the trading of fertlizers.

2. Accounting policies

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

Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of land and buildings, and available-for-sale financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and 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.

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2013. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting.The Group consolidated financial statements comprise the financial statements of the parent company Teotrade Limited and the financial statements of the subsidiaries Teotrade SA and Teofert AE.

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

2. Accounting policies (continued)

Business combinations

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

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

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;

- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and

- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

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

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

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income

2. Accounting policies (continued)

Investments in associates (continued)
of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 39 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Any excess of the interest in the net fair value of acquiree's identifiable assets, liabilities and contingent liabilities over cost is recognised immediately in profit or loss.

Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Group are recognised on the following bases:

- **Sale of products**

  Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Group has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

- **Rendering of services**

  Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

2. Accounting policies (continued)

Revenue recognition (continued)

- **Income from investments in securities**

  Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

  Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

  The difference between the fair value of investments at fair value through profit or loss as at 31 December 2013 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Commission income**

  Commission income is recognised when the right to receive payment is established.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

(1) **Functional and presentation currency**
Items included in the Group's 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 Euro (€), which is the Group's functional and presentation currency.

(2) **Translation from functional to presentation currency**
The results and financial position of the Group are translated into the presentation currency as follows:
(i) assets and liabilities for each consolidated statement of financial position presented are translated at the closing rate at the reporting date;
(ii) income and expenses for each consolidated statement of comprehensive income are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the dates of the transactions); and
(iii) all resulting exchange differences are recognised as a separate component of equity as a cumulative translation reserve.

2. Accounting policies (continued)

(3) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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 profit or loss.

Tax

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

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the reporting date. All other property, plant and equipment are stated at historical cost less depreciation.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to other comprehensive income. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset (the depreciation charged to profit or loss) and depreciation based on the asset's original cost is transferred from fair value reserves to retained earnings.

Depreciation is calculated on the straight-line method so as to write off the cost or revalued amount of each asset to its residual value, over its estimated useful life. The annual depreciation rates used are as follows:

	%
Buildings	12.5
Plant and machinery	20
Motor vehicles	20
Furniture, fixtures and office equipment	20

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets or, where shorter, the term of the relevant lease.

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

2. Accounting policies (continued)

Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss. When revalued assets are sold, the amounts included in the fair value reserves are transferred to retained earnings.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2. Accounting policies (continued)

Leased assets

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

Assets held under finance leases are recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated statement of financial position as a finance lease obligation. Lease payments are apportioned between finance charges and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs (see below).

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to profit or loss over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amount payable to the lessor.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Trade 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.

Cash and cash equivalents

For the purpose of the consolidated statement of cash flows, cash and cash equivalents comprise cash on hand, deposits held at call with banks and bank overdrafts. In the consolidated statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Trade payables

Trade payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

2. Accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:
- the rights to receive cash flows from the asset have expired;
- the Group retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Group has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Impairment of assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the consolidated statement of financial position.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. The costs of finished goods and semi finished goods comprises materials, direct labour, other direct costs and related production overheads (based on normal operating activity) but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

3. Financial risk management

Financial risk factors
The Group is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

3.1 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.2 Credit risk
Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Group has no significant concentration of credit risk. The Group has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

3.3 Liquidity risk
Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Group has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.4 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management
The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

4. Critical accounting estimates and judgments

Estimates and judgments are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The Group makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

  The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

4. Critical accounting estimates and judgments (continued)

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in associates**

  The Group periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of intangible asset**

  Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Impairment of goodwill**

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

5. Revenue

	2013	2012
	€	€
Sales of products	**76,707,760**	72,215,059
Rendering of services	**8,965**	-
Commissions receivable	**11,323**	13,979
Net fair value gains on financial assets	**39,952**	-
	76,768,000	72,229,038

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2013

6. Other income

	2013	2012
	€	€
Interest income	**13,676**	2,543
Exchange profit	**178,648**	14,259
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	**-**	2,420,067
Rental income	**9,167**	-
Sundry operating income	**94,527**	-
	296,018	2,436,869

7. Other expenses

	2013	2012
	€	€
Capital issue costs	**1,500**	-
Loss from sale of available-for-sale financial assets	**-**	202,559
	1,500	202,559

8. Operating profit

	2013	2012
	€	€
Operating profit is stated after (crediting)/charging the following items:		
Loss from sale of available-for-sale financial assets	**-**	202,559
Depreciation of property, plant and equipment (Note 11)	**163,071**	3,228
Staff costs (Note 9)	**1,015,097**	173,781
Auditors' remuneration	**2,000**	2,000

9. Staff costs

	2013	2012
	€	€
Wages and salaries	**1,015,097**	173,781
	1,015,097	173,781

10. Finance costs

	2013	2012
	€	€
Net foreign exchange transaction losses	**438,899**	192,172
Interest expense	**380,936**	6,275
Other finance expenses	**175,735**	205,202
	995,570	403,649

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€	€
Cost or valuation					
Acquisitions through business combinations	-	-	-	23,128	23,128
Balance at 31 December 2012/ 1 January 2013	**-**	**-**	**-**	**23,128**	**23,128**
Acquisitions through business combinations	1,060,935	983,901	338,478	190,384	2,573,698
Additions	662,830	19,134	-	76,935	758,899
Exchange differences	-	-	-	(384)	(384)
Balance at 31 December 2013	**1,723,765**	**1,003,035**	**338,478**	**290,063**	**3,355,341**
Depreciation					
Acquisitions through business combinations	-	-	-	17,094	17,094
Balance at 31 December 2012/ 1 January 2013	**-**	**-**	**-**	**17,094**	**17,094**
Acquisitions through business combinations	13,322	522,366	101,842	143,421	780,951
Charge for the year	6,615	98,669	39,742	18,045	163,071
Balance at 31 December 2013	**19,937**	**621,035**	**141,584**	**178,560**	**961,116**
Net book amount					
Balance at 31 December 2013	**1,703,828**	**382,000**	**196,894**	**111,503**	**2,394,225**
Balance at 31 December 2012	**-**	**-**	**-**	**6,034**	**6,034**

The Group's land and buildings were valued in 2013 by the Directors based on valuations from independent valuers on the basis of open market value. The revaluation surplus net of applicable deferred tax was credited to the fair value in shareholders', equity.

12. Intangible assets

	Goodwill	Computer software	Research and development	Patents and trademarks	Total
	€	€	€	€	€
Cost					
Acquisitions through business combinations	2,031,727	33,037	10,792	45,558	2,121,114
Balance at 31 December 2013	**2,031,727**	**33,037**	**10,792**	**45,558**	**2,121,114**
Amortisation					
Acquisitions through business combinations	-	33,037	5,760	37,986	76,783
Amortisation for the year	-	-	503	369	872
Balance at 31 December 2013	**-**	**33,037**	**6,263**	**38,355**	**77,655**
Net book amount					
Balance at 31 December 2013	**2,031,727**	**-**	**4,529**	**7,203**	**2,043,459**

Goodwill represents the premium paid to acquire Teofert AE and is measured at cost less any accumulated impairment losses.

13. Investments in associated undertakings

	2013	2012
	€	€
Balance at 1 January	**854,047**	926,326
Conversion from associate to subsidiary	**(921,193)**	-
Share of results of associates before tax	**67,147**	(72,279)
Balance at 31 December	**1**	854,047

The investment in Teofert A.E. as an associate is eliminated on 8 April 2013. The amount of €67,147.00 represents the profits attributable to Teotrade Limited up to 8 April 2013 where Teofert A.E. became a subsidiary.

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	**2013** Holding %	2012 Holding %	**2013** €	2012 €
Teofert A.E.	Greece	Trading in fertilizers	-	38.22	**-**	854,046
Vanmar E.P.E.	Greece	Agency services	50	50	**1**	1
					1	854,047

14. Inventories and work in progress

	2013	2012
	€	€
Raw materials	**373,061**	-
Semi finished products	**166,225**	-
Finished products	**4,326,724**	-
	4,866,010	-

The cost of inventories recognised as expense and included in "cost of sales" amounted to €71,259,563 (2012: €69,468,228).

Inventories are stated at cost.

15. Trade and other receivables

	2013	2012
	€	€
Trade receivables	**12,751,518**	13,181,541
Deposits and prepayments	**114,241**	57,654
Other receivables	**2,349,037**	53,704
Refundable VAT	**1,641**	1,429
	15,216,437	13,294,328
Less non-current receivables	**(42,857)**	(63,427)
Current portion	**15,173,580**	13,230,901

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the consolidated financial statements.

16. Security deposit

	2013	2012
	€	€
Balance at 1 January	**8,284**	8,284
Exchange difference	**(138)**	-
Balance at 31 December	**8,146**	8,284

17. Cash and cash equivalents

For the purposes of the consolidated statement of cash flows, the cash and cash equivalents include the following:

	2013	2012
	€	€
Cash at bank and in hand	**6,775,418**	450,553
Bank overdrafts (Note 19)	**(6,603,494)**	(6,450,744)
	171,924	(6,000,191)

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the consolidated financial statements.

18. Share capital

	2013 Number of shares	2013 €	2012 Number of shares	2012 €
Authorised				
Ordinary shares of €1 each	**640,000**	**640,000**	200,000	200,000
Issued and fully paid				
Balance at 1 January	**200,000**	**200,000**	200,000	200,000
Issue of shares	**440,000**	**440,000**	-	-
Balance at 31 December	**640,000**	**640,000**	200,000	200,000

Authorised capital
Under its Memorandum the Company fixed its share capital at 1.000 ordinary shares of nominal value of €1 each. On 12 January 2011, the Company increased its share capital from 1.000 ordinary shares of €1 each to 200.000 ordinary shares of €1 each. On 16 May 2013, the Company increased its authorised share capital from 200,000 ordinary shares of nominal value of €1 each to 390,000 ordinary shares of nominal value of €1 each. On 20 September 2013, the Company increased further its authorised share capital from 390,000 ordinary shares of nominal value of €1 each to 640,000 ordinary shares of nominal value of €1 each.

Issued capital
Upon incorporation on 2 November 2010 the Company issued to the subscribers of its Memorandum of Association 1,000 ordinary shares of €1 each at par. On 12 January 2011, the Company increased its share capital from 1.000 ordinary shares of €1 each to 200.000 ordinary shares of €1 each.
On 16 May 2013, the Company issued 190.000 shares of nominal value of €1.00 at a price of €10.00 each. Out of the total issue proceeds of €1.900.000,00 an amount of €190.000,00 has been transferred to the share capital account and the balance of €1.710.000,00 to the share premium account. On 20 September 2013, the Company issued a further 250.000 shares of nominal value of €1.00 each at a price of €16.00 each. Out of the total proceeds of €4.000.000,00 an amount of €250.000,00 has been transferred to the share capital account and the balance of €3.750.000,00 to the share premium account.

19. Borrowings

	2013	2012
	€	€
Current borrowings		
Bank overdrafts (Note 17)	**6,603,494**	6,450,744
Debentures	**1,820,833**	-
	8,424,327	6,450,744
Non current borrowings		
Debentures	**1,604,167**	-
Total	**10,028,494**	6,450,744

20. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates.

Deferred tax assets are recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Revaluation of land and buildings	**Temporary tax differences**	**Total**
	€	**€**	**€**
Balance at 1 January 2012	-	-	-
Balance at 31 December 2012/ 1 January 2013	**-**	**-**	**-**
Additions from acquisitions of subsidiaries	230,594	2,095	232,689
Balance at 31 December 2013	**230,594**	**2,095**	**232,689**

Deferred tax assets

	Provisions	**Tax losses**	**Temporary tax differences**	**Total**
	€	**€**	**€**	**€**
Balance at 1 January 2012	-	-	-	-
Balance at 31 December 2012/ 1 January 2013	**-**	**-**	**-**	**-**
Charged/(credited) to:				
Additions from acquisition of subsidiary	465,248	264,576	757	730,581
Balance at 31 December 2013	**465,248**	**264,576**	**757**	**730,581**

21. Trade and other payables

	2013	2012
	€	€
Trade payables	**8,954,917**	2,942,422
Social insurance and other taxes	**47,587**	-
Shareholders' current accounts - credit balances (Note 24)	**700,272**	986,577
Accruals	**154,524**	61,123
Other creditors	**177,063**	-
	10,034,363	3,990,122

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

22. Operating Environment of the Group

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

23. General events

On 12 April 2013 the Eurogroup welcomed the agreement that was reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus. Subsequently all the necessary procedures for the formal approval of the Board of Directors of the European Stability Mechanism were completed, as well as the ratification by Eurozone member states. Following the completion of the above procedures, the first tranche of the financing of the Republic of Cyprus was released in line with the provisions of the Memorandum.

On 22 March 2013 legislation was enacted by the House of Representatives concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The temporary restrictive measures, with respect to banking and cash transactions include restrictions on cash withdrawals, the cashing of cheques and transfers of funds to other credit institutions in Cyprus and abroad. They also provide for the compulsory partial renewal of certain maturing deposits.

On 29 March 2013 the Central Bank of Cyprus issued decrees relating to Laiki Bank and Bank of Cyprus, implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

On the basis of the relevant decrees, Laiki Bank was placed into resolution. What remained in Laiki Bank were mainly the uninsured deposits and assets outside Cyprus. The assets of Laiki Bank in Cyprus, the insured deposits and the Eurosystem financing have been transferred to Bank of Cyprus, with compensation for the value of the net assets transferred, the issue of shares by Bank of Cyprus to Laiki Bank.

The recapitalization process for the Bank of Cyprus was completed in accordance with the relevant decrees of the Resolution Authority through "bail-in", that is through the partial conversion of uninsured deposits into shares. In addition, the holders of shares and debt instruments in Bank of Cyprus on 29 March 2013 have contributed to the recapitalization of Bank of Cyprus through the absorption of losses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2013

24. Related party transactions

The following transactions were carried out with related parties:

24.1 Shareholders' current accounts - credit balances (Note 21)

	2013	2012
	€	€
Balance as at 31 December	**700,272**	986,577
	700,272	986,577

The shareholders' current accounts are interest free, and have no specified repayment date.

25. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2013.

26. Commitments

The Group had no capital or other commitments as at 31 December 2013.

27. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the consolidated financial statements.

Independent auditor's report on pages 4 and 5