TEOTRADE LIMITED

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2014

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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, Geneva Societe Generale, Paris, Zurich Branch, Geneva Office Piraeus Bank, Athens Bank of Cyprus Public Company Ltd, Nicosia
Registration number:	HE276176

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2014.

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 activity of the Group, which is 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 not considered satisfactory and the Board of Directors is making an effort to reduce the Group losses.

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
The Group's results for the year are set out on page 6. The net loss for the year is carried forward.

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 authorised 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 issued 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 Company's Board of Directors as at 31 December 2014 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 2014.

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, 10 November 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 2014, 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 audit opinion.

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2014, 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.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- 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.
- 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, 10 November 2015

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2014

	Note	2014 €	2013 €
Revenue	5	**77,096,504**	76,768,000
Cost of sales		**(72,253,216)**	(71,312,509)
Gross profit		**4,843,288**	5,455,491
Other income	6	**929,969**	296,018
Selling and distribution expenses		**(2,275,826)**	(2,312,395)
Administration expenses		**(1,300,461)**	(1,228,135)
Other expenses	7	**-**	(1,500)
Operating profit	8	**2,196,970**	2,209,479
Finance costs	10	**(2,272,200)**	(995,570)
Share of results of associates before tax		**-**	67,147
(Loss)/profit before tax		**(75,230)**	1,281,056
Tax		**(276,900)**	256,210
Net (loss)/profit for the year		**(352,130)**	1,537,266
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		**(352,130)**	1,900,437

CONSOLIDATED STATEMENT OF RECOGNISED INCOME AND EXPENSE
Year ended 31 December 2014

	Note	**2014**	2013
		€	€
Net (loss)/profit for the year		**(352,130)**	1,537,266
Net (loss)/profit for the year attributable to:			
Equity holders of the parent		**213,753**	1,319,068
Non-controlling interests		**(565,883)**	218,198
		(352,130)	1,537,266

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Property, plant and equipment	11	**4,177,911**	2,394,225
Intangible assets	12	**2,058,729**	2,043,459
Investments in associates	13	**1**	1
Security deposit	16	**-**	8,146
Trade and other receivables	15	**44,205**	42,857
Deferred tax assets	20	**592,692**	730,581
		6,873,538	5,219,269
Current assets			
Inventories and work in progress	14	**5,658,684**	4,866,010
Trade and other receivables	15	**19,241,153**	15,173,580
Cash and cash equivalents	17	**5,376,243**	6,775,418
		30,276,080	26,815,008
Total assets		**37,149,618**	32,034,277
EQUITY AND LIABILITIES			
Equity			
Share capital	18	**640,000**	640,000
Share premium		**5,460,000**	5,460,000
Other reserves		**134,339**	50,816
Retained earnings		**5,042,645**	4,828,892
		11,276,984	10,979,708
Non-controlling interests		**111,572**	677,455
Total equity		**11,388,556**	11,657,163
Non-current liabilities			
Borrowings	19	**3,310,000**	1,604,167
Obligations under finance leases		**43,002**	53,461
Deferred tax liabilities	20	**237,950**	232,689
		3,590,952	1,890,317
Current liabilities			
Trade and other payables	21	**11,039,745**	10,034,363
Borrowings	19	**11,100,234**	8,424,327
Obligations under finance leases		**11,579**	11,340
Current tax liabilities		**18,552**	16,767
		22,170,110	18,486,797
Total liabilities		**25,761,062**	20,377,114
Total equity and liabilities		**37,149,618**	32,034,277

On 10 November 2015 the Board of Directors of Teotrade Limited authorised these consolidated financial statements for issue.

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2014

		Attributable to equity holders of the Company							
	Note	Share capital €	Share premium €	Fair value reserve - land and buildings €	Translation reserve €	Retained earnings €	Total €	Non controlling interests €	Total €
Balance at 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/ 1 January 2014		**640,000**	**5,460,000**	**363,171**	**(312,355)**	**4,828,892**	**10,979,708**	**677,455**	**11,657,163**
Net profit/(loss) for the year		-	-	-	-	213,753	213,753	(565,883)	(352,130)
Other comprehensive income for the year		-	-	-	-	-	-	-	-
Exchange difference		-	-	-	83,523	-	83,523	-	83,523
Balance at 31 December 2014		**640,000**	**5,460,000**	**363,171**	**(228,832)**	**5,042,645**	**11,276,984**	**111,572**	**11,388,556**

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.

CONSOLIDATED STATEMENT OF CASH FLOWS
Year ended 31 December 2014

	Note	**2014**	2013
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		**(75,230)**	1,281,056
Adjustments for:			
Depreciation of property, plant and equipment	11	**283,583**	163,071
Exchange difference arising on the translation of non-current assets in foreign currencies		**(2,007)**	384
Unrealised exchange loss		**138,447**	260,251
Share of profit from associates	13	**-**	(67,147)
Fair value gains on financial assets at fair value through profit or loss		**-**	(39,952)
Interest income	5 & 6	**(78,588)**	(13,676)
Interest expense	10	**522,273**	380,936
		788,478	1,964,923
Changes in working capital:			
Increase in inventories and work in progress		**(792,674)**	(4,866,010)
Increase in trade and other receivables		**(4,068,921)**	(1,922,109)
Decrease in financial assets at fair value through profit or loss		**-**	39,952
Increase in trade and other payables		**1,005,382**	6,044,241
Cash (used in)/generated from operations		**(3,067,735)**	1,260,997
Interest received		**7,157**	-
Tax paid		**(127,472)**	(118,591)
Net cash (used in)/generated from operating activities		**(3,188,050)**	1,142,406
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	12	**(17,137)**	-
Payment for purchase of property, plant and equipment	11	**(2,069,717)**	(758,899)
Acquisition of subsidiary Teofert A.E., net of cash on acquisition		**-**	105,996
Proceeds from disposal of property, plant and equipment		**13,500**	-
Interest received		**71,431**	13,676
Net cash used in investing activities		**(2,001,923)**	(639,227)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**-**	5,900,000
Advances from shareholders		**-**	(600,000)
Repayments of borrowings		**-**	(2,228,840)
Repayments of obligations under finance leases		**(10,220)**	(7,389)
Proceeds from borrowings		**355,867**	3,425,000
Unrealised exchange (loss)		**-**	(438,899)
Interest paid		**(522,273)**	(380,936)
Dividends paid		**(132,443)**	-
Net cash (used in)/generated from financing activities		**(309,069)**	5,668,936
Net (decrease)/increase in cash and cash equivalents		**(5,499,042)**	6,172,115
Cash and cash equivalents at beginning of the year		**171,924**	(6,000,191)
Effect of exchange rate fluctuations on cash held		**73,994**	-
Cash and cash equivalents at end of the year	17	**(5,253,124)**	171,924

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 activity of the Group, which is 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 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.

Functional and presentation currency

The consolidated financial statements are presented in Euro (€) which is the functional currency of the Group.

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 2014. 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 the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

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

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.

2. Accounting policies (continued)

Business combinations (continued)

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 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.

2. Accounting policies (continued)

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.

- **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) <u>Transactions and balances</u>

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.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

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.

2. Accounting policies (continued)

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, Swiss Franc 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 judgements

Estimates and judgements 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.

4. Critical accounting estimates and judgements (continued)

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.

- **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

	2014	2013
	€	€
Sales of products	77,089,347	76,707,760
Rendering of services	-	8,965
Commissions receivable	-	11,323
Interest income	7,157	-
Net fair value gains on financial assets at fair value through profit or loss	-	39,952
	77,096,504	76,768,000

6. Other income

	2014	2013
	€	€
Interest income	71,431	13,676
Exchange profit	841,884	178,648
Rental income	11,453	9,167
Sundry operating income	5,201	94,527
	929,969	296,018

7. Other expenses

	2014	2013
	€	€
Capital issue costs	-	1,500
	-	1,500

8. Operating profit

	2014	2013
	€	€
Operating profit is stated after charging the following items:		
Depreciation of property, plant and equipment (Note 11)	283,583	163,071
Staff costs (Note 9)	1,745,893	1,015,097
Auditors' remuneration	2,000	2,000

9. Staff costs

	2014	2013
	€	€
Wages and salaries	1,745,893	1,015,097
	1,745,893	1,015,097

10. Finance costs

	2014	2013
	€	€
Net foreign exchange transaction losses	1,505,044	438,899
Interest expense	522,273	380,936
Sundry finance expenses	244,883	175,735
	2,272,200	995,570

11. Property, plant and equipment

	Land and buildings	Plant and machinery	Motor vehicles	Furniture, fixtures and office equipment	Total
	€	€	€	€	€
Cost or valuation					
Balance at 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 January 2014	**1,723,765**	**1,003,035**	**338,478**	**290,063**	**3,355,341**
Additions	1,680,477	139,336	22,013	227,891	2,069,717
Disposals	-	-	(13,500)	-	(13,500)
Exchange differences	-	-	1,513	477	1,990
Balance at 31 December 2014	**3,404,242**	**1,142,371**	**348,504**	**518,431**	**5,413,548**
Depreciation					
Balance at 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/ 1 January 2014	**19,937**	**621,035**	**141,584**	**178,560**	**961,116**
Charge for the year	96,643	109,658	49,208	28,074	283,583
On disposals	-	-	(9,045)	-	(9,045)
Exchange differences	-	-	-	(17)	(17)
Balance at 31 December 2014	**116,580**	**730,693**	**181,747**	**206,617**	**1,235,637**
Net book amount					
Balance at 31 December 2014	**3,287,662**	**411,678**	**166,757**	**311,814**	**4,177,911**
Balance at 31 December 2013	**1,703,828**	**382,000**	**196,894**	**111,503**	**2,394,225**

12. Intangible assets

	Goodwill €	Computer software €	Research and development €	Patents and trademarks €	Total €
Cost					
Additions from acquisitions of subsidiaries	2,031,727	33,037	10,792	45,558	2,121,114
Balance at 31 December 2013/ 1 January 2014	**2,031,727**	**33,037**	**10,792**	**45,558**	**2,121,114**
Additions	-	-	-	17,137	17,137
Balance at 31 December 2014	**2,031,727**	**33,037**	**10,792**	**62,695**	**2,138,251**
Amortisation					
Amortisation for the year	-	-	503	369	872
Acquisitions through business combinations	-	33,037	5,760	37,986	76,783
Balance at 31 December 2013/ 1 January 2014	**-**	**33,037**	**6,263**	**38,355**	**77,655**
Amortisation for the year	-	-	561	1,306	1,867
Balance at 31 December 2014	**-**	**33,037**	**6,824**	**39,661**	**79,522**
Net book amount					
Balance at 31 December 2014	**2,031,727**	**-**	**3,968**	**23,034**	**2,058,729**
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 associates

	2014 €	2013 €
Balance at 1 January	**1**	854,047
Conversion from associate to subsidiary	**-**	(921,193)
Share of results of associates before tax	**-**	67,147
Balance at 31 December	**1**	1

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	**2014** Holding %	2013 Holding %	**2014** €	2013 €
Vanmar E.P.E.	Greece	Agency services	50	50	**1**	1
					1	1

14. Inventories and work in progress

	2014	2013
	€	€
Raw materials	**658,177**	373,061
Semi-finished products	**711,633**	166,225
Finished products	**4,288,874**	4,326,724
	5,658,684	4,866,010

The cost of inventories recognised as expense and included in "cost of sales" amounted to €71,570,664 (2013: €71,259,563).

Inventories are stated at cost.

15. Trade and other receivables

	2014	2013
	€	€
Trade receivables	**18,659,348**	12,751,518
Deposits and prepayments	**102,992**	114,241
Other receivables	**519,571**	2,349,037
Refundable VAT	**3,447**	1,641
	19,285,358	15,216,437
Less non-current receivables	**(44,205)**	(42,857)
Current portion	**19,241,153**	15,173,580

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

	2014	2013
	€	€
Balance at 1 January	**8,146**	8,284
Deposit released	**(8,146)**	-
Exchange difference	**-**	(138)
Balance at 31 December	**-**	8,146

17. Cash and cash equivalents

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

	2014	2013
	€	€
Cash at bank and in hand	**5,376,243**	6,775,418
Bank overdrafts (Note 19)	**(10,629,367)**	(6,603,494)
	(5,253,124)	171,924

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

	2014 Number of shares	**2014 €**	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	**640,000**	**640,000**	640,000	640,000
Issued and fully paid				
Balance at 1 January	**640,000**	**640,000**	200,000	200,000
Issue of shares	**-**	**-**	440,000	440,000
Balance at 31 December	**640,000**	**640,000**	640,000	640,000

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 authorised 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 issued 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

	2014 €	2013 €
Current borrowings		
Bank overdrafts (Note 17)	**10,629,367**	6,603,494
Debentures	**470,867**	1,820,833
	11,100,234	8,424,327
Non-current borrowings		
Debentures	**3,310,000**	1,604,167
Total	**14,410,234**	10,028,494

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.

20. Deferred tax (continued)

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 2013	-	-	-
Additions from acquisitions of subsidiaries	230,594	2,095	232,689
Balance at 31 December 2013/ 1 January 2014	**230,594**	**2,095**	**232,689**
Charged/(credited) to:			
Statement of comprehensive income	-	5,261	5,261
Balance at 31 December 2014	**230,594**	**7,356**	**237,950**

Deferred tax assets

	Provisions €	Tax losses €	Temporary tax differences €	Total €
Balance at 1 January 2013	-	-	-	-
Charged/(credited) to:				
Additions from acquisitions of subsidiaries	465,248	264,576	757	730,581
Balance at 31 December 2013/ 1 January 2014	**465,248**	**264,576**	**757**	**730,581**
Charged/(credited) to:				
Statement of comprehensive income	27,476	(164,608)	(757)	(137,889)
Balance at 31 December 2014	**492,724**	**99,968**	**-**	**592,692**

21. Trade and other payables

	2014 €	2013 €
Trade payables	**10,328,846**	8,954,917
Social insurance and other taxes	**51,623**	47,587
Shareholders' current accounts - credit balances (Note 23.1)	**464,001**	700,272
Accruals	**39,414**	154,524
Other creditors	**155,861**	177,063
	11,039,745	10,034,363

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 2014 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013 and 2014, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

23. Related party transactions

The following transactions were carried out with related parties:

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

	2014	2013
	€	€
Balance as at 31 December	**464,001**	700,272
	464,001	700,272

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

24. Contingent liabilities

The Group had no contingent liabilities as at 31 December 2014.

25. Commitments

The Group had no capital or other commitments as at 31 December 2014.

26. 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