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CEH BALKAN HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2013

CEH BALKAN HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2013

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CEH BALKAN HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Charalambos Hambakis (appointed on 12 December 2012)
Michalakis Louis (appointed on 12 December 2012)
Demetris Shacallis (appointed on 12 December 2012)
Theodoros Karakasis (appointed on 12 December 2012)
Ioannis Tegopoulos (appointed on 15 July 2013)
Dimitrios Politis (resigned on 15 July 2013)

Company Secretary:

Abacus Secretarial Limited
Elenion Building, 2nd Floor
5 Themistocles Dervis Street
CY-1066 Nicosia
Cyprus

Registered office:

Elenion Building, 2nd Floor
5 Themistocles Dervis Street
CY-1066 Nicosia
Cyprus

CEH BALKAN HOLDINGS LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2013.

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company.

Review of current position, future developments and significant risks

The net loss of the Company for the year ended 31 December 2013 amounted to €43,446 (2012: €51,423). On 31 December 2013 the total assets of the Company were €54,150,851 (2012: €54,152,571) and the net assets were €53,835,795 (2012: €53,879,241). The financial position, development and performance of the Company as presented in these financial statements are considered, by the Board of Directors, to be satisfactory.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in notes 1, 3 and 4 of the financial statements.

Results

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

Future developments of the Company

The Board of Directors does not expect any significant changes of developments in the operations, financial position and performance of the Company in the foreseeable future.

Share capital

There were no changes in the share capital of the Company during the year under review.

Board of Directors

The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report is presented on page 1. Mr Dimitrios Politis who was appointed on 12 December 2012 resigned on 15 July 2013 and Mr Ioannis Tegopoulos was appointed in his place.

In accordance with the Company's Articles of Association all directors presently members of the Board continue in office.

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

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 16 to the financial statements.

Branches

The Company did not operate through any branches during the year.

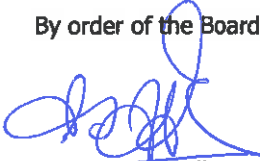
CEH BALKAN HOLDINGS LIMITED

REPORT OF THE BOARD OF DIRECTORS

Independent Auditors

The Independent Auditors, , 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,



Demetris Shacallis
Director

Nicosia, 24 October 2014



Independent auditor's report **To the Members of CEH Balkan Holdings Limited**

Report on the financial statements

We have audited the accompanying financial statements of CEH Balkan Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 December 2013, and the statements of comprehensive income, 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 financial statements

The Board of Directors is responsible for the preparation of 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of CEH Balkan Holdings Limited 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.

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 Company's 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 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 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.

George C Kazamias
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 24 October 2014

CEH BALKAN HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 €	2012 €
Administration and other expenses			
Operating loss	5	<u>(33,682)</u>	<u>(43,012)</u>
		(33,682)	(43,012)
Finance costs - net			
Loss before tax	6	<u>(9,764)</u>	<u>(8,411)</u>
		(43,446)	(51,423)
Tax			
Net loss for the year	7	<u>-</u>	<u>-</u>
		(43,446)	(51,423)
Other comprehensive income		-	-
Total comprehensive income for the year		<u>(43,446)</u>	<u>(51,423)</u>


The notes on pages 10 to 24 form an integral part of these financial statements.

CEH BALKAN HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2013

	Note	2013 €	2012 €
ASSETS			
Non-current assets			
Investment in group undertaking	9	54,133,778	54,133,778
Available-for-sale financial assets	10	467	467
		<u>54,134,245</u>	<u>54,134,245</u>
Current assets			
Tax refundable		9,554	9,554
Cash at bank	11	7,052	8,772
		<u>16,606</u>	<u>18,326</u>
Total assets		<u>54,150,851</u>	<u>54,152,571</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	52,430,077	52,430,077
Share premium		88,543	88,543
Retained earnings		1,317,175	1,360,621
Total equity		<u>53,835,795</u>	<u>53,879,241</u>
Current liabilities			
Trade and other payables	14	16,156	14,228
Borrowings	13	298,900	259,102
Total liabilities		<u>315,056</u>	<u>273,330</u>
Total equity and liabilities		<u>54,150,851</u>	<u>54,152,571</u>

On 24 October 2014 the Board of Directors of CEH Balkan Holdings Limited authorised these financial statements for issue.


.....
Demetris Shacallis
Director


.....
Michalis Louis
Director

The notes on pages 10 to 24 form an integral part of these financial statements.

CEH BALKAN HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2012	52,430,077	88,543	1,412,044	53,930,664
Comprehensive loss				
Net loss for the year	-	-	(51,423)	(51,423)
Total comprehensive loss for the year	-	-	(51,423)	(51,423)
Balance at 31 December 2012/ 1 January 2013	52,430,077	88,543	1,360,621	53,879,241
Comprehensive loss				
Net loss for the year	-	-	(43,446)	(43,446)
Total comprehensive loss for the year	-	-	(43,446)	(43,446)
Balance at 31 December 2013	52,430,077	88,543	1,317,175	53,835,795

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 10 to 24 form an integral part of these financial statements.

CEH BALKAN HOLDINGS LIMITED

STATEMENT OF CASH FLOWS

Year ended 31 December 2013

	Note	2013 €	2012 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(43,446)	(51,423)
Adjustments for:			
Interest income	6	(49)	(51)
Interest expense	6	9,790	8,458
		<hr/>	<hr/>
Cash flows used in operations before working capital changes		(33,705)	(43,016)
Increase in trade and other payables		1,928	1,258
Cash flows used in operations		(31,777)	(41,758)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		49	51
		<hr/>	<hr/>
Net cash flows from investing activities		49	51
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings	15.2	40,000	30,000
Interest paid		(9,790)	(8,458)
		<hr/>	<hr/>
Net cash flows from financing activities		30,210	21,542
		<hr/>	<hr/>
Net decrease in cash and cash equivalents		(1,518)	(20,165)
Cash and cash equivalents:			
At beginning of the year		8,570	28,735
		<hr/>	<hr/>
At end of the year	11	7,052	8,570

The notes on pages 10 to 24 form an integral part of these financial statements.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

1. Incorporation and principal activities

Country of incorporation

The Company CEH Balkan Holdings Limited (the "Company") was incorporated in Cyprus on 29 April 1998 as a private Company with limited liability under the Cyprus Companies Law, Cap. 113. Its registered office is at Elenion Building, 2nd Floor, 5 Themistocles Dervis Street, CY-1066 Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are those of an investment holding company.

Operating environment in Cyprus

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 various 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.

These developments are not expected to have any adverse impact on the Company's operations. Further, the Company did not hold any significant bank deposits in the Cypriot banks affected by the relevant measures.

2. Accounting policies

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

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113.

As of the date of the authorisation of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2013 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of Certain provisions of IAS 39 "Financial Instruments: Recognition and Measurement" relating to portfolio hedge accounting.

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Basis of preparation (continued)

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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current year the Company 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 Company.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2013, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

IFRS 9 "Financial Instruments: Classification and Measurement". Key features of the standard which is effective as from 1 January 2018 are:

- Financial assets are required to be classified into two measurement categories: those to be measured subsequently at fair value, and those to be measured subsequently at amortised cost. The decision is to be made at initial recognition. The classification depends on the entity's business model for managing its financial instruments and the contractual cash flow characteristics of the instrument.
- An instrument is subsequently measured at amortised cost only if it is a debt instrument and both (i) the objective of the entity's business model is to hold the asset to collect the contractual cash flows, and (ii) the asset's contractual cash flows represent payments of principal and interest only (that is, it has only "basic loan features"). All other debt instruments are to be measured at fair value through profit or loss.
- All equity instruments are to be measured subsequently at fair value. Equity instruments that are held for trading will be measured at fair value through profit or loss. For all other equity investments, an irrevocable election can be made at initial recognition, to recognise unrealised and realised fair value gains and losses through other comprehensive income rather than profit or loss. There is to be no recycling of fair value gains and losses to profit or loss. This election may be made on an instrument-by-instrument basis. Dividends are to be presented in profit or loss, as long as they represent a return on investment.
- Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
- Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The Company does not intend to adopt the existing version of IFRS 9 until this is endorsed by the European Union. The Company has not yet assessed the impact of the adoption of IFRS9 in its financial statements.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Investment in group undertaking

Investments in group entities are initially recognised at cost less impairment.

The carrying amount of the investment in group undertaking, which equals its initial cost less any impairment recognised in previous years, is tested for impairment by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Interest income**

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

- **Dividend income**

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

Foreign currency translation

(1) **Functional and presentation currency**

Items included in the Company'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 Company's functional and presentation currency.

(2) **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. Translation differences on available-for-sale financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity.

Tax

Tax is recognised in the statement of comprehensive income, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the reporting date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Tax (continued)

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the reporting date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Financial assets

(1) Classification

The Company classifies its investments in equity and debt securities in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the investments were acquired. Management determines the classification of investments at initial recognition and re-evaluates this designation at every reporting date.

- **Loans and receivables**

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non current assets. The Company's loans and receivables comprise trade and other receivables and cash at bank in the statement of financial position.

- **Available-for-sale financial assets**

Investments intended to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, are classified as available-for-sale; these are included in non-current assets unless Management has the express intention of holding the investment for less than 12 months from the reporting date or unless they will need to be sold to raise operating capital, in which case they are included in current assets.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

(2) Recognition and measurement

Regular way purchases and sales of investments are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

(3) Impairment of financial assets

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as evidence. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

Cash at bank

For the purpose of the statement of cash flows, cash at bank comprise deposits held at banks with original maturity of three months or less and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

Borrowings

Borrowings are recorded initially at fair value, 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.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

2. Accounting policies (continued)

Financial instruments (continued)

Borrowings (continued)

Borrowing costs are interest on borrowings that the Company incurs in connection with the borrowing of funds.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

Trade and other payables

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

Share capital/Share premium

Ordinary shares are classified as equity. Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

3. Financial risk management

Financial risk factors

The Company is exposed to credit risk, liquidity risk and market risk (including foreign exchange risk and interest rate risk).

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks, such as foreign exchange risk, interest rate risk, credit risk and liquidity risk, is monitored as part of its daily management of the business.

3.1 Credit risk

Credit risk arises when a failure by counterparties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the balance sheet date. The Company has no significant concentrations of credit risk. Cash balances are held with financial institutions, with credit ratings as stated in note 11 and the Company has policies to limit the amount of credit exposure to any financial institution.

3.2 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 Company minimises such losses through the continuous financial support of its shareholder.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

3. Financial risk management (continued)

3.2 Liquidity risk (continued)

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

31 December 2013	Carrying amounts	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€
Borrowings	298,900	298,900	-	-	-
Trade and other payables	16,156	-	16,156	-	-
	315,056	298,900	16,156	-	-

31 December 2012	Carrying amounts	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€
Borrowings	258,900	258,900	-	-	-
Trade and other payables	14,228	-	14,228	-	-
	273,128	258,900	14,228	-	-

3.3 Market risk

3.3.1 Foreign exchange risk

Foreign exchange risk is the risk that the value of financial assets will fluctuate due to change in foreign exchange rates. Foreign exchange risk arises when future commercial transactions and recognized assets and liabilities are denominated in a currency that is not the Company's functional currency. As at 31 December 2013 and 2012 the Company did not have any significant balances in foreign currency.

3.3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

3. Financial risk management (continued)

3.4 Capital risk management

The Company's objectives in managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares, or sell assets to reduce debts.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings less cash at bank. Total capital is calculated as "equity" as shown in the statement of financial position plus net debt.

The Company's gearing ratio is calculated as follows:

	2013	2012
	€	€
Total borrowings (Note 13)	298,900	259,102
Less: Cash at bank (Note 11)	<u>(7,052)</u>	<u>(8,772)</u>
Net debt	291,848	250,330
Total equity	<u>53,835,795</u>	<u>53,879,241</u>
Total capital	<u>54,127,643</u>	<u>54,129,571</u>
Gearing ratio	<u>0.54%</u>	<u>0.46%</u>

3.5 Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

Fair value measurements recognised in statement of financial position

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 December 2013

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Available-for-sale financial assets	-	-	467	467
Total	<u>-</u>	<u>-</u>	<u>467</u>	<u>467</u>

31 December 2012

	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Available-for-sale financial assets	-	-	467	467
Total	<u>-</u>	<u>-</u>	<u>467</u>	<u>467</u>

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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.

• Impairment assesment for investment in group undertaking

The Company periodically evaluates the recoverability of the investment in group undertaking whenever indicators of impairment are identified. 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 group undertaking may be impaired, the estimated future discounted cash flows associated with these investments would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

5. Expenses by nature

	2013	2012
	€	€
Courier expenses	78	359
Legalisation expenses	384	492
Auditors' remuneration	5,000	3,500
Accounting and administration	21,374	27,976
Accounting and administration-prior year	-	200
Directors' fees	-	850
Secretarial fees	340	340
Registered office fees	340	340
Irrecoverable VAT	4,923	6,905
Annual Levy	350	700
Professional fees	750	750
Municipality taxes	100	200
Bank charges	43	400
	33,682	43,012

Professional fees stated above relate to tax consultancy services charged by the Company's statutory auditors.

6. Finance costs net

	2013	2012
	€	€
Interest income	49	51
Foreign exchange transaction gain	104	143
Finance income	153	194
Foreign exchange transaction losses	(127)	(147)
Interest expense	(9,790)	(8,458)
Finance costs	(9,917)	(8,605)
Net finance costs	(9,764)	(8,411)

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Year ended 31 December 2013

7. Tax

The Company is subject to corporation tax on taxable profits at the rate of 10% up to 31 December 2012. As of 1 January 2013, the tax rate is increased to 12.5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 15% (10% to 30 August 2011). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter (in 2011 the rate was 15% up to 30 August 2011 and 17% thereafter).

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

8. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2013

	Available-for-sale financial assets €	Loans and receivables €	Total €
Assets as per statement of financial position:			
Cash at bank	-	7,052	7,052
Available for sale financial assets	467	-	467
Total	467	7,052	7,519

	Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:		
Borrowings	298,900	298,900
Trade and other payables	16,156	16,156
Total	315,056	315,056

31 December 2012

	Available-for-sale financial assets €	Loans and receivables €	Total €
Assets as per statement of financial position:			
Cash at bank	-	8,772	8,772
Available for sale financial assets	467	-	467
Total	467	8,772	9,239

	Other financial liabilities €	Total €
Liabilities as per statement of financial position:		
Borrowings	259,102	259,102
Trade and other payables	14,228	14,228
Total	273,330	273,330

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

9. Investment in group undertaking

	2013	2012
	€	€
	54,133,778	54,133,778
	54,133,778	54,133,778

The details of the investment are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
Eurobank Bulgaria AD (formely known as Eurobank EFG Bulgaria AD)	Bulgaria	Banking	11.16

Eurobank Bulgaria AD is ultimately controlled by Eurobank Ergasias S.A. (parent company).

10. Available-for-sale financial assets

	2013	2012
	€	€
On 1 January	467	467
Balance at 31 December	467	467

	<u>Fair values</u>	<u>Cost</u>	<u>Fair values</u>	<u>Cost</u>
	<u>2013</u>	<u>2013</u>	<u>2012</u>	<u>2012</u>
	€	€	€	€
Non-listed securities	467	467	467	467
	467	467	467	467

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

11. Cash at bank

	2013	2012
	€	€
Cash at bank	7,052	8,772
	7,052	8,772

For the purposes of the statement of cash flows, the cash at bank include the following:

	2013	2012
	€	€
Cash at bank	7,052	8,772
Bank overdrafts (Note 13)	-	(202)
	7,052	8,570

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Year ended 31 December 2013

11. Cash at bank (continued)

Cash at bank are denominated in the following currencies:

	2013	2012
	€	€
Euro	1,590	3,316
Bulgarian Liev	4,919	4,893
US Dollar	543	563
	<u>7,052</u>	<u>8,772</u>

Cash at bank are held with financial institutions with the following credit ratings:

	2013	2012
	€	€
Caa2	1,590	3,316
Without credit rating	5,462	5,456
	<u>7,052</u>	<u>8,772</u>

12. Share capital

	2013 Number of shares	2013 €	2012 Number of shares	2012 €
Issued and fully paid				
On 1 January	<u>57,911,110</u>	<u>52,430,077</u>	57,911,110	52,430,077
Balance at 31 December	<u>57,911,110</u>	<u>52,430,077</u>	57,911,110	52,430,077

The total authorised number of ordinary shares is 60,000,000 shares (2012: 60,000,000 shares) with a par value of US\$1 per share. All issued shares are fully paid.

13. Borrowings

	2013	2012
	€	€
Current borrowings		
Bank overdrafts (Note 11)	-	202
Credit facilities (Note 15.2)	298,900	258,900
Total	<u>298,900</u>	<u>259,102</u>

The weighted average effective interest rates at the reporting date were as follows:

	2013	2012
Credit facilities (Note 15.2)	3.27%	3.47%

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Year ended 31 December 2013

14. Trade and other payables

	2013	2012
	€	€
Trade payables	466	466
Accruals	5,507	5,005
Other creditors	<u>10,183</u>	<u>8,757</u>
	<u>16,156</u>	<u>14,228</u>

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

The carrying amounts of the Company's trade and other payables are denominated in Euro.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

15. Related party transactions

The Company is controlled by Eurobank Ergasias S.A., incorporated in Greece and listed in the Athens Stock Exchange, which owns 100% of the Company's shares.

EFG Group was the controlling shareholder of the Eurobank Ergasias S.A., holding 44.70% of the Eurobank's ordinary shares and voting rights until 23 July 2012. On 30 April 2013, the Extraordinary General Meeting approved the increase of the share capital of the Bank, in accordance with the provisions of Law 3864/2010 and Act of Cabinet 38/9.11.2012, in order to raise € 5,839 million by issuing 3,789,317,358 new ordinary shares, covered entirely by the HFSF with the contribution of bonds issued by the EFSF and owned by the HFSF. The capital increase was certified on 31 May and the listing of the new shares was completed on 19 June 2013 after obtaining the relevant approvals from Greek regulatory authorities.

Following its full subscription in Eurobank's recapitalisation of € 5,839 million, the HFSF became the controlling shareholder and a related party of Eurobank. On 19 June 2013, HFSF acquired 3,789,317,358 Eurobank's ordinary shares with voting rights, representing 98.56% of its ordinary share capital. Following the issuance of 205,804,664 new ordinary shares in July, as resolved at the Annual General Meeting of the Shareholders on 27 June 2013, the percentage of the voting rights held in Eurobank by HFSF decreased to 93.55%. Following the share capital increase approved by the Extraordinary General Meeting of 26 August 2013, the controlling percentage of HFSF increases to 95.23%.

On 28 March 2013, the BoG issued an Executive Committee Act (13/28.03.2013) bringing the limit for the Core Tier I capital to 9% of Risk Weighted Assets and for Equity Core Tier I to 6%, effective from 31 March 2013. According to the new definition of Core Tier I capital, AFS reserve is fully recognised, while deferred tax asset's recognition is limited to 20% of Core Tier I capital. According to the Group's capital adequacy figures at 30 June 2013, the Core Tier I ratio stood at 6.5%. Proforma with the completion of transaction with Fairfax Financial Holdings Limited (note 25) and with the incorporation of new TT Hellenic Postbank S.A. and New Proton Bank S.A., which is expected to complete in 2013, Core Tier I ratio stood at 8.1% and Total Capital Adequacy ratio (CAD) at 8.3%. The Group is examining a number of additional initiatives for complying with the new capital adequacy regulation, associated with the restructuring, transformation or optimisation of operations, in Greece and abroad, that will generate or release capital and/or reduce Risk Weighted Assets, and which, in combination with the above transactions, will enhance the capital base of the Group at levels above minimum required.

On 8 April 2014, the BoG following a) the assessment of Eurobank's capital needs amounting to € 2,945 million under the baseline scenario, concluded on 6 March 2014 and b) the capital enhancement plan submitted by the Eurobank on 24 March 2014, whereby the Bank: i) revised its capital actions providing for an additional positive impact on regulatory capital of € 81 million and proposed to adjust the restructuring plan accordingly and ii) stated that it intends to cover the remaining capital needs through a share capital increase, notified the Bank that its Core Tier I capital should increase by € 2,864 million.

On 12 April 2014, the Extraordinary Shareholders' General Meeting approved the increase of the share capital of the Bank up to € 2,864 million through payment in cash or/and contribution in kind, the cancellation of the preemption rights of the Bank's ordinary shareholders, including HFSF, and the only preference shareholder, namely the Greek State, and the issuance of up to 9,546,666,667 new ordinary registered shares, of a nominal value of € 0,30 each. The proceeds will be used to increase the Tier I Capital according to 8 April 2014 resolution of the BoG.

On 29 April 2014, the Bank announced that both the public offering of new ordinary registered shares to the public in Greece and the private placement of new ordinary registered shares to investors outside Greece were oversubscribed. The new shares have been listed on the main market of the Athens Exchange and their trading commenced on 9 May 2014.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

15. Related party transactions (continued)

Following the completion of Eurobank's share capital increase fully covered by private, institutional and other investors, the percentage of the ordinary shares with voting rights held by the HFSF decreased from 95.23% to 35.41%. In addition, in the context of the Law 3864/2010 (the 'HFSF Law') as recently amended by Law 4254/2014, the HFSF's voting rights in the Bank's General Assemblies are no longer full but have been switched to restricted ones. As a result of the above, the HFSF is no more the controlling shareholder of the Group but is considered to have significant influence over it, remaining therefore its related party.

15.1 Cash balances with related parties

<u>Name</u>	<u>Nature of transactions</u>	2013 €	2012 €
Eurobank Ergasias S.A. - Holding Company	Bank account	1,590	3,317
Eurobank Bulgaria AD - Group undertaking	Bank account	5,462	5,455
		<u>7,052</u>	<u>8,772</u>

15.2 Credit facilities from holding Company (Note 13)

	2013 €	2012 €
Eurobank Ergasias S.A. (Note 13):		
At beginning of year	258,900	228,900
Borrowing advanced during the year	40,000	30,000
Interest charged (Note 6)	9,751	8,453
Interest repaid during the year	(9,751)	(8,453)
At end of year	<u>298,900</u>	<u>258,900</u>

During the year 2009 the Company obtained a revolving credit facility from its parent company for the maximum amount of €300,000. The borrowings are repayable on demand and carry interest at the rate of 0,95% above basic rate. The revolving credit facility is secured by a floating charge on the Company's assets for the amount of the drawn credit facility.

16. Events after the reporting period

In April 2014 the Company acquired 1% participatory interest in LLC ERB Property Services Ukraine from Public JSC Universal Bank (an entity under common control), for a consideration of €1.

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

Independent auditor's report on pages 4 and 5

