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**CEH BALKAN HOLDINGS LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**31 DECEMBER 2015**

# **CEH BALKAN HOLDINGS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2015

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# **CEH BALKAN HOLDINGS LIMITED**

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## **BOARD OF DIRECTORS AND OTHER OFFICERS**

**Board of Directors:**

Charalambos Hambakis  
Michalakis Louis  
Demetris Shacallis  
Theodoros Karakasis  
Ioannis Tegopoulos (resigned on 10 July 2015)  
Charikleia Koukoutsaki (appointed on 10 July 2015)

**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

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## 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 2015.

### **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 2015 amounted to €34,919 (2014: €43,323). On 31 December 2015 the total assets of the Company were €54,151,823 (2014: €54,178,762) and the net assets were €53,757,553 (2014: €53,792,472). 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 3 and 4 of the financial statements.

### **Results**

The Company's results for the year are set out on page 5. The net loss for the year is carried forward.

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 2015 and at the date of this report is presented on page 1. Mr Ioannis Tegopoulos resigned on 10 July 2015 and on the same date Ms Charilkeia Koukoutsaki was appointed in his place.

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

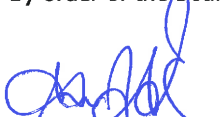
### **Events after the reporting period**

Any significant events that occurred after the end of the reporting period are described in note 17 to the financial statements.

### **Independent Auditors**

The Independent Auditors, PricewaterhouseCoopers Limited, 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 23 June 2016



# **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 2015, and the statements of comprehensive income, changes in equity and cash flows for the year ending 31 December 2015, 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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PricewaterhouseCoopers Ltd is a member firm of PricewaterhouseCoopers International Ltd, each member firm of which is a separate legal entity. PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). A list of the company's directors including for individuals the present name and surname, as well as any previous names and for legal entities the corporate name, is kept by the Secretary of the company at its registered office at 3 Themistocles Dervis Street, 1066 Nicosia and appears on the company's web site. Offices in Nicosia, Limassol, Larnaca and Paphos.



### *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 2015, 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 those 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.

A handwritten signature in black ink that reads 'George C. Kazamias'. The signature is written in a cursive style with a long, sweeping underline.

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

PricewaterhouseCoopers Limited  
Certified Public Accountants and Registered Auditors

Nicosia, 23 June 2016

# CEH BALKAN HOLDINGS LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2015

	Note	2015 €	2014 €
Administration and other expenses	5	<u>(23,817)</u>	(31,802)
<b>Operating loss</b>		<b>(23,817)</b>	(31,802)
Finance costs - net	7	<u>(11,102)</u>	(11,521)
<b>Loss before tax</b>		<b>(34,919)</b>	(43,323)
Tax	8	<u>-</u>	-
<b>Net loss for the year</b>		<b>(34,919)</b>	(43,323)
<b>Other comprehensive income</b>		<u>-</u>	-
<b>Total comprehensive loss for the year</b>		<b><u>(34,919)</u></b>	<b><u>(43,323)</u></b>

The notes on pages 9 to 22 form an integral part of these financial statements.


# CEH BALKAN HOLDINGS LIMITED

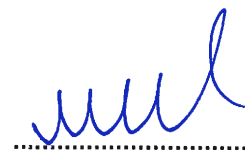
## STATEMENT OF FINANCIAL POSITION

31 December 2015

	Note	2015 €	2014 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in group undertaking	10	<b>54,133,778</b>	54,133,778
Available-for-sale financial assets	11	<b>468</b>	468
		<b>54,134,246</b>	54,134,246
<b>Current assets</b>			
Tax refundable		<b>9,554</b>	9,554
Cash at bank	12	<b>8,023</b>	34,962
		<b>17,577</b>	44,516
<b>Total assets</b>		<b>54,151,823</b>	54,178,762
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	13	<b>52,430,077</b>	52,430,077
Share premium		<b>88,543</b>	88,543
Retained earnings		<b>1,238,933</b>	1,273,852
<b>Total equity</b>		<b>53,757,553</b>	53,792,472
<b>Current liabilities</b>			
Trade and other payables	15	<b>24,270</b>	16,290
Borrowings	14	<b>370,000</b>	370,000
		<b>394,270</b>	386,290
<b>Total liabilities</b>		<b>394,270</b>	386,290
<b>Total equity and liabilities</b>		<b>54,151,823</b>	54,178,762

On 23 June 2016 the Board of Directors of CEH Balkan Holdings Limited authorised these financial statements for issue.

  
.....  
Demetris Shacallis  
Director

  
.....  
Michalakis Louis  
Director

The notes on pages 9 to 22 form an integral part of these financial statements.



# CEH BALKAN HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2015

	Share capital €	Share premium €	Retained earnings €	Total €
<b>Balance at 1 January 2014</b>	<b>52,430,077</b>	<b>88,543</b>	<b>1,317,175</b>	<b>53,835,795</b>
<b>Comprehensive loss</b>				
Net loss for the year	-	-	(43,323)	(43,323)
Total comprehensive loss for the year	-	-	(43,323)	(43,323)
<b>Balance at 31 December 2014/ 1 January 2015</b>	<b>52,430,077</b>	<b>88,543</b>	<b>1,273,852</b>	<b>53,792,472</b>
<b>Comprehensive loss</b>				
Net loss for the year	-	-	(34,919)	(34,919)
Total comprehensive loss for the year	-	-	(34,919)	(34,919)
<b>Balance at 31 December 2015</b>	<b>52,430,077</b>	<b>88,543</b>	<b>1,238,933</b>	<b>53,757,553</b>

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 9 to 22 form an integral part of these financial statements.

# CEH BALKAN HOLDINGS LIMITED

## STATEMENT OF CASH FLOWS

Year ended 31 December 2015

	Note	2015 €	2014 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(34,919)</b>	(43,323)
Adjustments for:			
Interest income	7	(50)	(50)
Interest expense	7	<u>11,195</u>	<u>11,643</u>
		<b>(23,774)</b>	(31,730)
<b>Changes in working capital:</b>			
Increase in trade and other payables		<u>7,980</u>	<u>134</u>
<b>Cash flows used in operations</b>		<b>(15,794)</b>	(31,596)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of available-for-sale financial assets		-	(1)
Interest received		<u>50</u>	<u>50</u>
<b>Net cash flows generated from investing activities</b>		<b>50</b>	49
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		-	71,100
Interest paid		<u>(11,195)</u>	<u>(11,643)</u>
<b>Net cash (used in)/generated from financing activities</b>		<b>(11,195)</b>	59,457
<b>Net (decrease)/increase in cash and cash equivalents</b>		<b>(26,939)</b>	27,910
Cash and cash equivalents at beginning of the year		<u>34,962</u>	<u>7,052</u>
<b>Cash and cash equivalents at end of the year</b>	12	<b>8,023</b>	<u>34,962</u>

The notes on pages 9 to 22 form an integral part of these financial statements.

# CEH BALKAN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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.

### 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 2015 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.

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 2015. 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 2015, 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:

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 2. Accounting policies (continued)

#### Adoption of new and revised IFRSs (continued)

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.

#### (i) Standards and Interpretations not adopted by the EU

##### New standards

- *IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 14 "Regulatory Deferral Accounts" (effective for annual periods beginning on or after 1 January 2016).*
- *IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after 1 January 2017).*

##### IAS 27 "Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2013).

- *Annual Improvements to IFRSs 2012–2014 Cycle (issued on 25 September 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).*
- *Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: Applying the consolidation exception (effective for annual periods beginning on or after 1 January 2016).*
- *Amendment to IAS 12 "Income Taxes" (effective for annual periods beginning on or after 1 January 2012).*
- *Amendment to IFRS 1 "First time adoption of International Financial Reporting Standards" (effective for annual periods beginning on or after 1 July 2011).*
- *Amendment to IAS 1 "Financial Statements Presentation" on Presentation of Items of Other Comprehensive Income (effective for annual periods beginning on or after 1 July 2012).*
- *Amendments to IAS 19 "Employee Benefits" (effective for annual periods beginning on or after 1 January 2013).*
- *Amendments to IFRS 7 "Financial Instruments: Disclosures" on Offsetting Financial Assets and Financial Liabilities (effective for annual periods beginning on or after 1 January 2013).*

The Company has not yet assessed the impact of the adoption of IFRS9 in its financial statements.

# CEH BALKAN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, 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.

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.

# CEH BALKAN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 2. Accounting policies (continued)

#### Tax (continued)

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 in the Company's financial statements in the year in which they are approved by the Company's shareholders.

#### Financial assets

##### *(1) Classification*

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- 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

Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless management intends to dispose of the investment within twelve months of the reporting date.

##### *(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.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

# CEH BALKAN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 2. Accounting policies (continued)

#### Financial instruments (continued)

##### Financial assets (continued)

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.

##### 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.

##### 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.

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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. 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.

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.

<b>31 December 2015</b>	Carrying amounts	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€
Borrowings	370,000	370,000	-	-	-
Trade and other payables	24,270	-	24,270	-	-
	<b>394,270</b>	<b>370,000</b>	<b>24,270</b>	-	-

<b>31 December 2014</b>	Carrying amounts	3 months or less	Between 3-12 months	Between 1-5 years	More than 5 years
	€	€	€	€	€
Borrowings	370,000	370,000	-	-	-
Trade and other payables	16,290	-	16,290	-	-
	<b>386,290</b>	<b>370,000</b>	<b>16,290</b>	-	-

### 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 2015 and 2014 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 2015

### 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 debt.

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:

	2015	2014
	€	€
Total borrowings (Note 14)	<b>370,000</b>	370,000
Less: Cash at bank (Note 12)	<b>(8,023)</b>	(34,962)
Net debt	<b>361,977</b>	335,038
Total equity	<b>53,757,553</b>	53,792,472
<b>Total capital</b>	<b>54,119,530</b>	54,127,510
<b>Gearing ratio</b>	<b>0.67%</b>	0.62%

#### 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).

<b>31 December 2015</b>	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>Financial assets</b>				
Available-for-sale financial assets	-	-	468	468
<b>Total</b>	<b>-</b>	<b>-</b>	<b>468</b>	<b>468</b>
<b>31 December 2014</b>	Level 1	Level 2	Level 3	Total
	€	€	€	€
<b>Financial assets</b>				
Available-for-sale financial assets	-	-	468	468
<b>Total</b>	<b>-</b>	<b>-</b>	<b>468</b>	<b>468</b>

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 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.

#### • 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. Administration and other expenses

	2015	2014
	€	€
Courier expenses	57	83
Certification and legalisation expenses	299	371
Auditors' remuneration	5,000	4,500
Accounting fees and administration	13,514	18,888
Secretarial fees	340	340
Registered office fees	340	340
Irrecoverable VAT	3,662	4,960
Annual levy	350	350
Professional fees	-	1,500
Municipality taxes	100	100
Bank charges	155	370
	<u>23,817</u>	<u>31,802</u>

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

### 6. Expenses by nature

	2015	2014
	€	€
Auditors' remuneration	5,000	4,500
Other expenses	18,817	27,302
<b>Total expenses</b>	<u>23,817</u>	<u>31,802</u>

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 7. Finance costs net

	2015	2014
	€	€
Interest income	50	50
Foreign exchange transaction gain	193	172
<b>Finance income</b>	<b>243</b>	<b>222</b>
Foreign exchange transaction losses	(150)	(100)
Interest expense	(11,195)	(11,643)
<b>Finance costs</b>	<b>(11,345)</b>	<b>(11,743)</b>
<b>Net finance costs</b>	<b>(11,102)</b>	<b>(11,521)</b>

### 8. Tax

The tax on the Company's results before tax differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2015	2014
	€	€
Loss before tax	(34,919)	(43,323)
Tax calculated at the applicable tax rates	(4,365)	(5,415)
Tax effect of allowances and income not subject to tax	(6)	(7)
Tax effect of tax loss for the year	4,371	5,422
<b>Tax charge</b>	<b>-</b>	<b>-</b>

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.

### 9. Financial instruments by category

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

31 December 2015	Available-for-sale financial assets	Loans and receivables	Total
	€	€	€
<b>Assets as per statement of financial position:</b>			
Cash at bank	-	8,023	8,023
Available for sale financial assets	468	-	468
<b>Total</b>	<b>468</b>	<b>8,023</b>	<b>8,491</b>

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 9. Financial instruments by category (continued)

	Borrowings and other financial liabilities €	Total €
<b>Liabilities as per statement of financial position:</b>		
Borrowings	370,000	370,000
Trade and other payables	24,270	24,270
<b>Total</b>	<b>394,270</b>	<b>394,270</b>

31 December 2014

	Available-for-sale financial assets €	Loans and receivables €	Total €
<b>Assets as per statement of financial position:</b>			
Cash at bank	-	34,962	34,962
Available for sale financial assets	468	-	468
<b>Total</b>	<b>468</b>	<b>34,962</b>	<b>35,430</b>

	Borrowings and other financial liabilities €	Total €
<b>Liabilities as per statement of financial position:</b>		
Borrowings	370,000	370,000
Trade and other payables	16,290	16,290
<b>Total</b>	<b>386,290</b>	<b>386,290</b>

### 10. Investments in group undertaking

	2015 €	2014 €
On 1 January	54,133,778	54,133,778
<b>Balance at 31 December</b>	<b>54,133,778</b>	<b>54,133,778</b>

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 (formerly known as Eurobank EFG Bulgaria AD)	Bulgaria	Banking	11.16

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

### 11. Available-for-sale financial assets

	2015 €	2014 €
On 1 January	468	467
Additions	-	1
<b>Balance at 31 December</b>	<b>468</b>	<b>468</b>

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 11. Available-for-sale financial assets (continued)

	Fair values 2015 €	Cost 2015 €	Fair values 2014 €	Cost 2014 €
Non-listed securities	<u>468</u>	<u>468</u>	468	468
	<b>468</b>	<b>468</b>	468	468

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.

### 12. Cash at bank

	2015 €	2014 €
Cash at bank	<u>8,023</u>	34,962
	<b>8,023</b>	<b>34,962</b>

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

	2015 €	2014 €
Cash at bank	<u>8,023</u>	34,962
	<b>8,023</b>	<b>34,962</b>

### Cash at bank are denominated in the following currencies:

	2015 €	2014 €
Euro	2,390	29,400
Bulgarian Liev	4,950	4,948
US Dollar	<u>683</u>	614
	<b>8,023</b>	<b>34,962</b>

### 13. Share capital

	2015 Number of shares	2015 €	2014 Number of shares	2014 €
<b>Issued and fully paid</b>				
On 1 January	<u>57,911,110</u>	<u>52,430,077</u>	57,911,110	52,430,077
<b>Balance at 31 December</b>	<b>57,911,110</b>	<b>52,430,077</b>	57,911,110	52,430,077

The total authorised number of ordinary shares is 60,000,000 shares (2014: 60,000,000 shares) with a par value of US\$1 per share. All issued shares are fully paid.

### 14. Borrowings

	2015 €	2014 €
<b>Current borrowings</b>		
Credit facilities (Note 16.2)	<u>370,000</u>	370,000
	<b>370,000</b>	<b>370,000</b>

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 14. Borrowings (continued)

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

	2015	2014
Credit facilities (Note 16.2)	3%	3.27%

### 15. Trade and other payables

	2015	2014
	€	€
Trade payables	466	466
Accruals	5,004	5,007
Other creditors	18,800	10,817
	<u>24,270</u>	<u>16,290</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.

### 16. 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.

# CEH BALKAN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 16. Related party transactions (continued)

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.

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.

The Ministry of Economy, Development and Tourism by its decision No 121030/25.11.2015, approved the increase of the share capital of Eurobank Ergasias S.A. with the issuance of 2,038,920,000 new ordinary shares with nominal value €0.30 and offer price €1.00 each, to raise €2,038,920,000 in total through payment in cash and abrogation of the preemption rights to its ordinary shareholders, including the HFSH and its sole preference shareholder, as this increase has been resolved at the Extraordinary General Meeting of the Bank's shareholders held on 16 November 2016, in conjunction with the Board of Directors' decision of 18 November 2015 and 24 November 2015.

On 27 November 2015 Eurobank Ergasias S.A. informs the investors that the European Commission published on 26 November 2015, its approval of the Eurobank Ergasias S.A. amended Restructuring Plan, as it has been submitted to the European Commission through the Greek Ministry of Finance.

# CEH BALKAN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2015

### 16. Related party transactions (continued)

Following the above the Eurobank Ergasias S.A. share capital amounts to €1,605,924,629.50 and the total number of shares to 2,531,498,765 shares of which 2,185,998,765 ordinary shares with voting rights of a nominal value of €0.30 each and 345,500,000 preference shares without voting rights, issues under L.3723/2008 of a nominal value of €2.75 each.

The Stock Markets Steering Committee of the Hellenic Exchanges – Athens Stock Exchange S.A. ("ATHEX") approved at its session on 30 November 2015, the admission to trading on the ATHEX of the 2,038,920,000 new ordinary shares resulting from the share capital increase.

The commencement date for the trading of the above-mentioned ordinary shares in ATHEX was set to be 02 December 2015.

The percentage held by HFSF on 30 November 2015 over a total of 2,185,998,765 ordinary shares with voting rights of Eurobank Ergasias S.A. amounts to 2.38%, corresponding to 52,080,673 ordinary shares with voting rights.

#### 16.1 Cash balances with related parties

<u>Name</u>	<u>Nature of transactions</u>	2015 €	2014 €
Eurobank Ergasias S.A. - Holding Company	Bank account	2,392	29,400
Eurobank Bulgaria AD - Group undertaking	Bank account	5,631	5,562
		<u>8,023</u>	<u>34,962</u>

#### 16.2 Credit facilities from holding Company (Note 14)

	2015 €	2014 €
At beginning of year	370,000	298,900
Borrowing advanced during the year	-	71,100
Interest charged (Note 7)	11,195	11,643
Interest repaid during the year	(11,195)	(11,643)
<b>At end of year</b>	<u>370,000</u>	<u>370,000</u>

During the year 2009 the Company obtained a revolving credit facility from its parent company for the maximum amount of €110,000 which was eventually increased to €370,000. On 29 January 2016, this has further increased to €450,000. 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.

### 17. Events after the reporting period

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 3 and 4**