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CEH BALKAN HOLDINGS LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2017

CEH BALKAN HOLDINGS LIMITED

FINANCIAL STATEMENTS

31 December 2017

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CEH BALKAN HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Charalambos Hambakis
Michalakis Louis
Demetris Shacallis
Theodoros Karakasis
Charikleia Koukoutsaki

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



Independent Auditor's Report

To the Members of CEH Balkan Holdings Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of CEH Balkan Holdings Limited (the "Company"), which are presented in pages 4 to 21 and comprise the statement of financial position as at 31 December 2017, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 2 of the financial statements where it is indicated that the financial statements have been prepared on a non-going concern basis since it is the intention of the management to liquidate the Company. Our opinion is not modified in respect of this matter.

Responsibilities of the Board of Directors 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.

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PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No.143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company's directors, including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhouseCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.



In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

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 69 of the Auditors Law of 2017 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 blue ink that reads 'George C. Kazamias'. The signature is written in a cursive style and is underlined with a blue horizontal line.

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

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 24 September 2018

CEH BALKAN HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

31 December 2017

	Note	2017 €	2016 €
Dividend income from investment in group undertaking	11	2,705,730	-
Loss on disposal of investment in group undertaking	5	(542,765)	-
Administration and other expenses	6	(25,596)	(27,353)
Operating profit/(loss)		2,137,369	(27,353)
Finance costs - net	8	(11,241)	(10,800)
Profit/(loss) before tax		2,126,128	(38,153)
Tax	9	-	-
Net profit/(loss) for the year		2,126,128	(38,153)
Other comprehensive income for the year		-	-
Total comprehensive loss for the year		2,126,128	(38,153)

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

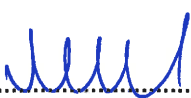
CEH BALKAN HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2017

	Note	2017 €	2016 €
ASSETS			
Non-current assets			
Investments in group undertaking	11	-	54,133,778
Available-for-sale financial assets	12	-	467
		<u>-</u>	<u>54,134,245</u>
Current assets			
Receivables		3	-
Refundable taxes	17	9,554	9,554
Cash at bank	13	55,882,782	5,703
		<u>55,892,339</u>	<u>15,257</u>
Total assets		<u>55,892,339</u>	<u>54,149,502</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	52,430,077	52,430,077
Share premium		88,543	88,543
Retained earnings		3,326,908	1,200,780
Total equity		<u>55,845,528</u>	<u>53,719,400</u>
Current liabilities			
Trade and other payables	16	46,811	31,518
Borrowings	15	-	398,584
		<u>46,811</u>	<u>430,102</u>
Total liabilities		<u>46,811</u>	<u>430,102</u>
Total equity and liabilities		<u>55,892,339</u>	<u>54,149,502</u>

On 24 September 2018 the Board of Directors of CEH Balkan Holdings Limited authorised these financial statements for issue.


.....
Michalakis Louis
Director


.....
Demetris Shacallis
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

31 December 2017

	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2016	52,430,077	88,543	1,238,933	53,757,553
Comprehensive loss				
Net loss for the year	-	-	(38,153)	(38,153)
Total comprehensive loss for the year	-	-	(38,153)	(38,153)
Balance at 31 December 2016/ 1 January 2017	52,430,077	88,543	1,200,780	53,719,400
Comprehensive income				
Net profit for the year	-	-	2,126,128	2,126,128
Total comprehensive income for the year	-	-	2,126,128	2,126,128
Balance at 31 December 2017	52,430,077	88,543	3,326,908	55,845,528

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

31 December 2017

	2017	2016
Note	€	€
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit/(loss) before tax	2,126,128	(38,153)
Adjustments for:		
Loss from the sale of investments in group undertakings	542,765	-
Interest income	8 (51)	(50)
Interest expense	8 11,208	10,889
	2,680,050	(27,314)
Changes in working capital:		
Increase in trade and other payables	15,289	7,248
Net cash used in operating activities	2,695,339	(20,066)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sale of available-for-sale financial assets	12 2	1
Proceeds from sale of investments in group undertakings	11 53,591,479	-
Interest received	51	50
Net cash generated from investing activities	53,591,532	51
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of borrowings	(415,000)	-
Proceeds from borrowings	25,000	20,000
Interest paid	(11,208)	(10,889)
Net cash (used in)/generated from financing activities	(401,208)	9,111
Net increase/(decrease) in cash and cash equivalents	55,885,663	(10,904)
Cash and cash equivalents at beginning of the year	(2,881)	8,023
Cash and cash equivalents at end of the year	13 55,882,782	(2,881)

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

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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. Significant 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.

The financial statements have been prepared on a non-going concern basis since it is the intention of the management to liquidate the Company as soon as arrangements can be made, following the decision made on 24 July 2018 (Note 19).

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 2017 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.

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.

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 2017. 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 2017, 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.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Significant accounting policies (continued)

Revenue recognition

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

- **Income from investments in securities**

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

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

- **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.

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

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Significant 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.

(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.

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.

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

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. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

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

31 December 2017

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 a concentration of credit risk with respect to the cash balances held with the parent entity (Note 18). The credit rating of the parent entity is Caa2.

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.

31 December 2017	Carrying amounts €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Trade and other payables	46,811	-	46,811	-	-
	46,811	-	46,811	-	-

31 December 2016	Carrying amounts €	3 months or less €	Between 3-12 months €	Between 1-5 years €	More than 5 years €
Borrowings	390,000	390,000	-	-	-
Bank overdrafts	8,584	8,584	-	-	-
Trade and other payables	31,518	-	31,518	-	-
	430,102	398,584	31,518	-	-

3.3 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 2017 and 2016 the Company did not have any significant balances in foreign currency.

3.3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. 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 was exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value 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

31 December 2017

3. Financial risk management (continued)

3.4 Capital risk management

Capital includes equity shares and share premium as well as loan from parent company

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

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:

	2016
	€
Total borrowings (Note 15)	398,584
Less: Cash at bank (Note 13)	<u>(5,703)</u>
Net debt	392,881
Total equity	<u>53,719,400</u>
Total capital	<u>54,112,281</u>
Gearing ratio	<u>0.73%</u>

As at 31 December 2017 the Company had no borrowings.

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 2017	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Available-for-sale financial assets	-	-	-	-
31 December 2016	Level 1	Level 2	Level 3	Total
	€	€	€	€
Financial assets				
Available-for-sale financial assets	-	-	467	467
Total	-	-	467	467

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

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. Loss on disposal of investments

	2017	2016
	€	€
Loss from sale of investment in group undertaking and available-for-sale financial assets	<u>(542,765)</u>	-
	<u>(542,765)</u>	-

6. Administration and other expenses

	2017	2016
	€	€
Municipality taxes	177	177
Annual levy	350	350
Courier expenses	39	62
Certification and legalisation expenses	588	880
Auditors' remuneration - current year	4,000	5,000
Auditors' remuneration - prior years	(1,000)	(1,000)
Accounting fees and administration	14,678	16,131
Other professional fees	1,648	1,500
Irrecoverable VAT	3,898	4,138
Annual Service Fee	1,000	-
Bank charges	218	115
	<u>25,596</u>	<u>27,353</u>

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

7. Expenses by nature

	2017	2016
	€	€
Auditors' remuneration - current year	4,000	5,000
Auditors' remuneration - prior years	(1,000)	(1,000)
Other expenses	<u>22,596</u>	<u>23,353</u>
Total expenses	<u>25,596</u>	<u>27,353</u>

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

8. Finance income/cost

	2017	2016
	€	€
Interest income	51	50
Foreign exchange transaction gain	56	105
Finance income	107	155
Foreign exchange transaction losses	(140)	(66)
Interest expense	(11,208)	(10,889)
Finance costs	(11,348)	(10,955)
Net finance costs	(11,241)	(10,800)

9. Tax

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

	2017	2016
	€	€
Profit/(loss) before tax	2,126,128	(38,153)
Tax calculated at the applicable tax rates	265,766	(4,769)
Tax effect of expenses not deductible for tax purposes	70,203	-
Tax effect of allowances and income not subject to tax	(338,216)	(6)
Tax effect of tax loss for the year	2,247	4,775
Tax charge	-	-

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.

10. Financial instruments by category

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

31 December 2017

	Loans and receivables	Total
	€	€
Assets as per statement of financial position:		
Cash at bank	55,882,782	55,882,782
Total	55,882,782	55,882,782

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

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10. Financial instruments by category (continued)

	Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:		
Trade and other payables	46,811	46,811
Total	46,811	46,811

31 December 2016

	Available-for-sale financial assets €	Loans and receivables €	Total €
Assets as per statement of financial position:			
Cash at bank	-	5,703	5,703
Available for sale financial assets	467	-	467
Total	467	5,703	6,170

	Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:		
Borrowings	398,584	398,584
Trade and other payables	31,518	31,518
Total	430,102	430,102

11. Investments in group undertaking

	2017 €	2016 €
On 1 January	54,133,778	54,133,778
Disposals	(54,133,778)	-
Balance at 31 December	-	54,133,778

The details of the investment are as follows:

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2017 Holding %	2016 Holding %	2017 €	2016 €
Eurobank Bulgaria AD (formely known as Eurobank EFG Bulgaria AD)	Bulgaria	Banking	-	9.02	-	54,133,778

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

The capital of Eurobank Bulgaria AD was increased during the year 2016. The increase was done through the issue of new shares, namely 107,570,650. The nominal and issue price of new shares was set at the level of BGN 1. All of the shares were acquired by Eurobank Ergasias S.A. Prior to the disposal of the shares, the Company received dividend income of €2,705,730.

CEH BALKAN HOLDINGS LIMITED

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31 December 2017

11. Investments in group undertaking (continued)

During the year, the entire shareholding of the Company in Eurobank Bulgaria AD was sold to Eurobank Ergasias S.A. for the consideration of €53,591,479.

12. Available-for-sale financial assets

	2017	2016
	€	€
On 1 January	467	468
Disposals	<u>(467)</u>	<u>(1)</u>
Balance at 31 December	<u>-</u>	<u>467</u>

During the year 2016 the entire shareholding of the Company in ERB Property Services Ukraine was sold to Pokhyla Dmytro Anatoliyovych for the consideration of USD 1.

During the year, the entire shareholding of the Company in IMO Property Investments Bucharest S.A. was sold to ERB New Europe Holding B.V. for the consideration of €1.

During the year, the entire shareholding of the Company in IMO-II Property Investments S.A. was sold to ERB New Europe Holding B.V. for the consideration of €1.

	Fair values 2017	Cost 2017	Fair values 2016	Cost 2016
	€	€	€	€
Non-listed securities	<u>-</u>	<u>-</u>	<u>467</u>	<u>467</u>
	<u>-</u>	<u>-</u>	<u>467</u>	<u>467</u>

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.

13. Cash at bank

	2017	2016
	€	€
Cash at bank	<u>55,882,782</u>	<u>5,703</u>
	<u>55,882,782</u>	<u>5,703</u>

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

	2017	2016
	€	€
Cash at bank	55,882,782	5,703
Bank overdrafts (Note 15)	<u>-</u>	<u>(8,584)</u>
	<u>55,882,782</u>	<u>(2,881)</u>

Cash at bank are denominated in the following currencies:

	2017	2016
	€	€
United States Dollars	625	710
Euro	55,877,134	-
Bulgarien Liev	<u>5,023</u>	<u>4,993</u>
	<u>55,882,782</u>	<u>5,703</u>

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

14. Share capital

	2017 Number of shares	2017 €	2016 Number of shares	2016 €
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>	<u>57,911,110</u>	<u>52,430,077</u>

The total authorised number of ordinary shares is 60,000,000 shares (2016: 60,000,000 shares) with a par value of US\$1 per share. All issued shares are fully paid.

15. Borrowings

	2017 €	2016 €
Current borrowings		
Bank overdrafts (Note 13)	-	8,584
Credit facilities (Note 18.2)	<u>-</u>	<u>390,000</u>
	<u>-</u>	<u>398,584</u>

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

	2017	2016
Credit facilities (Note 18.2)	-	3%

16. Trade and other payables

	2017 €	2016 €
Trade payables	466	466
Accruals	4,755	5,004
Other creditors	6,294	26,048
Payables to related parties (Note 18.2)	<u>35,296</u>	<u>-</u>
	<u>46,811</u>	<u>31,518</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.

17. Refundable taxes

	2017 €	2016 €
Corporation tax	<u>(9,554)</u>	<u>(9,554)</u>
	<u>(9,554)</u>	<u>(9,554)</u>

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

18. 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.

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.

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NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

18. Related party transactions (continued)

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.

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.

Following the completion of the Bank's share capital increase, fully covered by investors, institutional and others the percentage of the Bank's ordinary shares with voting rights held by the HFSF decreased from 35.41% to 2.38%.

Despite the aforementioned significant decrease of its percentage, the HFSF is still considered to have significant influence over the Bank. In particular, in the context of the Law 3864/2010, as in force, HFSF exercises its voting rights in the Bank's General Assembly only for decisions concerning the amendment of the Bank's Articles of Association, including the increase or decrease of the Bank's capital or the granting of a corresponding authorization to the Bank's Board, decisions concerning the mergers, divisions, conversions, revivals, extension of duration or dissolution of the Bank, the transfer of assets (including the sale of subsidiaries), or any other issue requiring approval by an increased majority as provided for in Company Law 2190/1920. In addition, the Bank has entered into a new Relationship Framework Agreement (RFA) with the HFSF on 4 December 2015 replacing the previous one, signed on 26 August 2014, which regulates, among others, (a) the Bank's corporate governance, (b) the restructuring plan and its monitoring, (c) the monitoring of the implementation of the Bank's Non-Performing Loans (NPLs) management framework and of the Bank's performance on NPLs resolution, (d) the Material Obligations and the switch to full voting rights, (e) the monitoring of the Bank's actual risk profile against the approved Risk and Capital Strategy, (f) the HFSF's prior written consent for the Bank's Group Risk and Capital Strategy and for the Bank's Group Strategy, Policy and Governance regarding the management of its arrears and non-performing loans and any amendment, extension, revision or deviation thereof, and (g) the duties, rights and obligations of HFSF's Representative in the Bank's Board.

A number of banking transactions are entered into with related parties in the normal course of business and are conducted on an arm's length basis. These include loans, deposits and guarantees. In addition, as part of its normal course of business in investment banking activities, the Group at times may hold positions in debt and equity instruments of related parties.

18.1 Cash balances with related parties

<u>Name</u>	<u>Nature of transactions</u>	2017	2016
		€	€
Eurobank Ergasias S.A. - Holding Company	Bank account	55,877,136	2
Eurobank Bulgaria AD - Group undertaking	Bank account	5,646	5,701
		55,882,782	5,703

CEH BALKAN HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2017

18. Related party transactions (continued)

18.2 Payables to related parties (Note 16)

<u>Name</u>	<u>Nature of transactions</u>	2017 €	2016 €
Eurobank Cyprus Ltd	Financing	35,296	-
		35,296	-

18.3 Credit facilities from holding Company (Note 15)

	2017 €	2016 €
At beginning of year	390,000	370,000
Borrowing advanced during the year	25,000	20,000
Interest charged (Note 7)	11,208	10,889
Interest repaid during the year	(11,208)	(10,889)
Borrowing repaid during the year	(415,000)	-
At the end of the year	-	390,000

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.

During the year 2017, the Company has fully repaid the credit facility.

18.4 Investment in group undertaking

On 9 November 2017, the Company disposed its entire holding of the investment in group undertaking (Note 11) to its parent entity, incurring a loss (Note 5).

19. Events after the reporting period

On 24th of July 2018 the Board of Directors decided to proceed with the liquidation of the Company.

Independent auditor's report on pages 2 to 4