IMO PROPERTY INVESTMENTS A.D. BEOGRAD

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2015

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INCOME STATEMENT
FOR THE YEAR ENDED AS AT 31 DECEMBER 2015

In thousands of RSD	Note	2015	2014
Income from sales	4	303.238	114.297
Income from renting	4	21.750	17.667
Operating income		324.988	131.964
Acquisition costs of sold assets	5	(329.305)	(134.747)
Cost of material	6	(668)	(310)
Staff costs	7	(13.633)	(12.527)
Depreciation and provision	8	(657)	(143)
Other operating expenses	9	(32.215)	(28.084)
Operating expenses		(376.478)	(175.811)
Operating profit/(loss)		(51.490)	(43.847)
Financial income	10	132.886	47.340
Financial expenses	10	(197.801)	(243.663)
Net financial income/expenses		(64.915)	(196.323)
Other income	11	8.755	151.131
Other expenses	11	(82.896)	(24.456)
Net other income/expenses		(74.141)	126.675
Profit/(loss) before tax		(190.546)	(113.495)
Tax	12	(4.911)	(5.908)
Net profit/(loss)		**(195.457)**	**(119.403)**

Belgrade, 10 June 2016

For and on behalf of Management of IMO Property Investments a.d., Beograd

Violeta Djordjevic
Executive Director

BALANCE SHEET

In thousands of RSD	Note	2015	2014
ASSETS			
Non-current assets			
Property, plant and equipment	13	26.480	53
Investment properties	14	1.808.767	1.729.567
Total non-current assets		1.835.247	1.729.620
Current assets			
Inventories		39	103
Repossess. assets & Advan. for prop.	14	127.315	338.419
Trade receivables	16	1.192	1.230
Short-term financial investments	18	760.000	550.000
Cash and cash equivalents	17	64.841	114.698
Other short-term receivables		103	137
Total current assets		953.490	1.233.871
Total assets		**2.788.737**	**2.963.491**
LIABILITIES AND EQUITY			
Equity			
Capital	19	444.789	444.789
Previous year losses/gains	19	(402.790)	(283.387)
Current year losses/gains	19	(195.457)	(119.403)
Total equity/Loss exceeding equity		(153.458)	41.999
Long-term liabilities			
Long-term loans		-	-
Other long-term liabilities		-	-
Total long-term liabilities		-	-
Current liabilities			
Short-term loans and borrowings	20	2.906.864	2.890.903
Trade payables	21	3.853	3.509
Other current liabilities	21	249	398
VAT and accruals	21	4.121	4.485
Deferred tax liabilities	12	27.108	22.197
Total current liabilities		2.942.195	2.921.492
Total liabilities and equity		**2.788.737**	**2.963.491**

Belgrade, 10 June 2016

For and on behalf of Management of IMO Property Investments a.d., Beograd

Violeta Djordjevic
Executive Director

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of RSD	2015	2014
Cash flow from operating activities		
Cash receipts from customers and received advances	21.750	17.775
Interest received from operating activities	21.458	28.456
Other recipients from operating activities	188	915
Payments to suppliers and advances paid	(27.165)	(18.611)
Gross salaries and other personnel expenses	(13.654)	(12.502)
Interest expense	(66.850)	(77.390)
Income tax	-	-
Other duties	(12.124)	(13.516)
Net cash generated from operating activities	(76.397)	(74.873)
Cash flow from investing activities		
Sale of equipment	303.238	114.297
Investment in intangible assets and PPE	(66.868)	(193.412)
Purchase of equipment	-	-
Net cash used in investing activities	236.370	(79.115)
Cash flow from financing activities		
Inflow from long-term and short-term loans	15.960	380.241
Outflow from long-term and short-term loans	210.000	56.682
Net cash generated/(used) from financing activities	194.040	323.559
Net cash inflow	(34.067)	169.571
Cash and cash equivalents at the beginning of the year	114.698	58.715
Net effect of foreign exchange gains and losses	(15.790)	(113.588)
Cash and cash equivalents at the end of the year	**64.841**	**114.698**

Belgrade, 10 June 2016

For and on behalf of Management of IMO Property Investments a.d., Beograd

Violeta Djordjevic
Executive Director

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015

In thousands of RSD	Issued capital	Accumulated loss up to the amount of issued capital	Accumulated loss over the amount of issued capital	Total
Balance as at 1 January 2014	**444.789**	**(283.387)**	**-**	**161.402**
Profit for the year	-	(119.403)	-	(119.403)
Balance as at 31 December 2014	**444.789**	**(402.790)**	**-**	**41.999**
Loss for the year up to the amount of issued capital	-	(41.999)	-	(41.999)
Loss for the year over the amount of issued capital	-	-	(153.458)	(153.458)
Loss for the year				**(195.457)**
Balance as at 31 December 2015	**444.789**	**(444.789)**	**(153.458)**	**(153.458)**

Belgrade, 10 June 2016

For and on behalf of Management of IMO Property Investments a.d., Beograd

Violeta Djordjevic
Executive Director

1. General information

Company IMO Property Investments a.d. Beograd (hereinafter: "the Company") is shareholding company which was founded in 2004 under name Euroline Retail Services a.d Beograd as joint stock company. Single founder was Eurobank-Cards.

According to Board of Directors decision from 15 September 2009 the Company changed name to IMO Property Investments a.d. Beograd and changed its prime business. Main business of the Company is purchase and sale of real estate such as buildings and apartments, business premises, land and other.

In 2007 the Company increased its share capital for EUR 286,681 being RSD 22,476 thousands at date of increase which were entirely increased by EFG New Europe Holding B.V. Amsterdam, Netherlands as new shareholder. This resulted in change of shareholder structure.

During 2010 Neu Property Holdings Limited, Nicosia, Cyprus repurchased 100% of shares and became unique owner of capital.

In 2011 another capital increase has been performed in the amount of EUR 3,928 thousands, being RSD 407,998 thousands and level of capital reached RSD 444,789 thousands.

After above mentioned changes Neu Property Holdings Limited, Nicosia, Cyprus is holding 100% of the shares. The address of the Company is Durmitorska 18, Belgrade.

As at 31 December 2015 the Company had 6 employees (2014: 6).

These financial statements have been approved for issue by the Supervisory Board on 10 June, 2016.

2. Summary of significant accounting policies

2.1. Basis of preparation of the financial statements

The financial statements have been prepared in accordance with Accounting and Auditing Law which requires full compliance with IFRS SME. In case that IFRS SME do not have completely explanation for some issue, guidelines of full set of IFRS will be applied.

Decision of Ministry of Finance Republic of Serbia no. 401-00-1304/2013-16 on 25th December 2013 (Official gazette of RS no. 117/2013) sets official translation of IFRS SME, issued by International Accounting Standards Board (IASB) in July 2009, which are in use on the date of preparation of accompanying financial statements.

The applied accounting policies are fully in accordance with IFRS SME requirements.

The preparation of financial statements in conformity with IFRS SME requires the use of certain critical accounting estimates. It also 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 3.

The Company's financial statements have been prepared on a going concern basis, which assumes that the Company will continue in operational existence for the foreseeable future.

Transition to IFRS SME and comparative data

Information necessary for the date of adoption of the IFRS SME was given in financial statements prepared and issued in accordance with the Accounting Standards of the Republic of Serbia, and those are for the year ended at 31 December 2013. Therefore, the date of transition on International Financial Reporting Standards for Small and Medium Entities is 1 January 2013.

a) Position of the Group

In 2015, the macroeconomic environment in Greece has been very challenging for the Greek banking system. In the first half of the year, the prolonged uncertainty relating to an agreement with the Eurozone partners over the implementation of the required reforms for the conclusion of the Second Economic Adjustment Program, the unsuccessful expiration of the former, the tightened liquidity conditions due to the financing problems of the Greek State and the significant deposit outflows – already observed from late 2014 – led to the imposition of restrictions in banking transactions (capital controls) together with a temporary bank holiday on 28 June 2015. In mid - August the Greek Government reached a final agreement with its European partners on a new 3-year European Stability Mechanism (ESM) program – the Third Economic Adjustment Program (TEAP) - with a ca € 86 bn financing envelope and a series of reforms aiming to restore fiscal sustainability, safeguard financial stability, enhance growth, competitiveness and investment and develop a modern state and public administration. The Greek Government managed to complete two sets of prior actions from the program at the end of November and December 2015. By mid - December 2015, the systemic banks' recapitalization was completed with only ca € 5.4 bn used from the initial buffer of up to €25 billion. The unused funds were subtracted from the ESM loan, reducing it to ca € 64.5 bn as of the end of January 2016. The review of Greece's reform program by international creditors is currently pending. A swift completion of the program review may alleviate significantly the macroeconomic and sovereign uncertainties.

After the gradual normalization of the economic and political situation in Greece and following the Eurobank Ergasias S.A s successful recapitalization, the Group enhanced its liquidity position and reduced its dependence on Eurosystem funding.

In accordance with the agreement with the European partners, the authorities are committed to preserving sufficient liquidity in the banking system, as long as Greece meets its obligations under the ESM program. The decisive implementation of the measures agreed in the context of the new ESM program will permit European Central Bank (ECB) to reinstate the waiver for the instruments issued by the Hellenic Republic and will signal the gradual repatriation of deposits in the banking system, which is a major priority for the Group, and the further re-access to the markets for liquidity.
On 31 October 2015, the ECB announced the results of the comprehensive assessment (CA) based on which the lowest shortfall across Greek banks was identified for the Bank. Following the CA results and in line with the new recapitalization framework introduced by Law 4340/2015, the Bank proceeded to a capital increase of € 2,039 million, which was covered exclusively from the markets. As a result, the Group strengthened further its capital base and its CET1 ratio stood at 17% at the end of December 2015.

b) Position of the Company

The Company finances its activities through a borrowing by ERB New Europe Funding, Holland and its capital base.

All amounts are expressed in 000 RSD unless stated otherwise

2.2. Basis of measurement

The financial statements have been prepared on the historical cost basis, except for: investment properties, repossessed assets and assets held for sale, for which fair value model is applied.

2.3. Comparatives

Comparative figures i.e. opening balances represent the financials of the Company as at 31 December 2014.

2.4. Foreign currency translation

a) 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 recognized in the income statement.

Assets and liabilities denominated in foreign currencies have been translated into the functional currency at the market rates of exchange ruling at the balance sheet date and exchange differences are accounted for in the income statement.

b) Functional and presentation currency

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates (“the functional currency”).

The financial statements are presented in RSD (Serbian dinar), which is the Company’s functional and presentation currency.

Applied exchange rates as at balance sheet date are as follows:

Currency	31. decembar 2015.	31. decembar 2014.
EUR	121,6261	120,9583
CHF	112,5230	100,5472
USD	111,2468	99,4641

2.5. Revenue recognition

Revenue includes rental income, service charges and management charges from properties and income from property trading.

Rental income from operating lease is recognized in revenue on a straight –line basis over the lease term.

2.6. Interest expenses

Interest expenses for borrowings are recognized within “finance costs’ using the effective interest rate method.

The effective interest method is a method of calculating the amortized cost of financial assets or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash flows throughout the expected life of financial instrument, or a shorter period where appropriate to the net carrying amount of the financial asset of financial liability.

When calculating the effective interest rate, the Company estimates cash flows considering all contractual terms of financial instrument (for example prepayment options) but does not consider future credit losses. The calculation included all fees paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premium or discounts.

2.7. Taxes

Income tax presents the amount calculated and paid to the tax authorities based on legislations of Republic of Serbia. Estimated monthly installments are calculated by the Tax authority and paid in advance on a monthly basis.

Income tax at the rate of 15% is payable based on the profit disclosed in the Tax return. In order to arrive at the taxable profit, the accounting profit is adjusted for certain permanent differences and reduced for certain investments made during the year. Deadline for Tax return submission is the same date as it is for financial statements, i.e. until 30th June of the following year.

Deferred income tax is provided, using the liability method, on temporary differences arising between the tax basis of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are recognized for all taxable temporary differences between the tax basis of assets and liabilities at the balance sheet date, and their amounts disclosed for reporting purposes, which will result in taxable amounts for future periods. Deferred tax assets are recognized for all deductible temporary differences, unused tax assets and unused tax losses, to the extent that it is probable that future taxable profits will be sufficient to enable realization (utilization) of deductible temporary differences, unused tax assets and unused tax liabilities.

Current and deferred income tax is recognized in the current year income statement.

2.8. Investment Property

Based on IFRS SME, Investment property is property, land or building or part of a building or both held to earn rentals or for capital appreciation or both and that is not occupied by the Company. Investment property is recognized as an asset when it is probable that future economic benefits that are associated with property will flow to the entity, and the costs of the property can be reliably measured. Before the Company completes the legal procedure of obtaining access to the respective property the expenditures are presented as prepayments for acquisition of investment property.

After the initial recognition, investment properties are presented as non-current assets and are measured at fair values.

All acquisitions costs are accumulated in the book value of investment property. An investment property is measured initially at its cost. Transaction costs are included in the initial measurement. The cost of a purchased investment property comprises its purchase price and any directly attributable expenditure. Directly attributable expenditure includes, for example, professional fees for legal services, property transfer taxes, and other transaction costs. The real estate assets acquired, where further construction or development is necessary before they become ready for sale, can be treated as "qualifying assets" and in case, the borrowing costs directly attributable to the acquisition and construction/development are not eligible for capitalization.

Buildings recognized as investment properties cannot be depreciated. Asset under construction are not depreciated. Land recognized as investment property is not depreciated.

Subsequent expenditure is charted to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Transfers between investment property and inventories do not change the carrying amount of the property transferred and they do not change the cost of that property for measurement or disclosure purposes. According to IFRS SME and the Company's policy, IMO Property Investments ad Beograd, has to perform annual assessment of the acquired properties closer to the year-end reporting date and to book all positive and negative effect in Income statement for current year.

2.9. Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and provision for impairment, where required. Cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred.

Depreciation of other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

Computer hardware and telecommunication equipment	30%
Furniture, fitting and equipment	15%
Investment properties	2.5%

The assets' residual value represents the estimated amount that the Company might obtain at present through the sale of the asset, decreased by the estimated cost of sale. If the Company expects to utilize the asset until the expiration of its useful life, the residual value amounts to zero. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in other operating income/expenses in the income statement.

2.10. Inventories

Inventories are stated at the lower of cost and net realizable value. Cost includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Cost is calculated using the weighted average method.

2.11. Receivables and other financial assets

Trade receivables are recognized initially at fair value and subsequently measured at amortized cost using effective interest rate method, less provision for impairment. A provision for impairment of trade receivables is established, when there is objective evidence that the entity will not be able to collect all amounts due according to the original terms of the receivables. The amount of provisions is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate. When a trade receivable is uncollectible, it is written off against the allowance account of trade receivables. Subsequent recoveries of amounts previously written off are credited to profit and loss.

2.12. Cash and cash equivalents

Cash and cash equivalents are carried at amortized cost. For the purpose of the cash flow statement, cash and cash equivalents comprise cash on hand and demand deposits, together with other short term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

2.13. Borrowings

Borrowings are initially recognized at fair value less related transaction costs. Subsequent to initial recognition, interest-bearing borrowings are stated at amortized cost with any difference between cost and redemption value being recognized in the income statement over the period of the borrowings on an effective interest basis.

Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

2.14. Payables and other financial liabilities

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are initially stated at fair value and subsequently measured at their amortized cost.

All provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate of the Company's management.

2.15. Accounting for Operating lease contracts

Assets leased under operating lease are included in investment property. Rental income (net of any incentive given to lessees) is recognized on a straight –line basis over the lease term.

Operating lease payments are recognized as an expense in the income statement on a straight line basis over the lease term

3. Critical accounting estimates and judgments

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

Estimates of fair value of investment properties

The fair value model for investment properties, in accordance with IFRS SME, is applied in order to reflect the market conditions at the end of the reporting period by using of licensed evaluator. The fair value of the investment properties is the amount at which the properties can be sold between knowledgeable and willing parties at an arm's length transaction. "Willing seller" is not a pressed seller who will sell at whatever price.

The best evidence of fair value is current prices in an active market for similar lease and other contracts. In the absence of such information, the Company determines the amount within a range of reasonable fair value estimates. The current practice of the Company is to use the services of external valuators to estimate the fair value of the property when it identifies indicators of change in the fair value in the market in which it operates. The fair value estimations of the external valuators are based on estimates such as:

1. Current prices in an active market for properties of different nature, condition or location, adjusted to reflect those differences;
2. Recent prices of similar properties in less active markets, with adjustments to reflect any changes in economic conditions since the date of the transactions that occurred at those prices; and;
3. Discounted cash flow projections based on reliable estimates of future cash flows, derived from the terms of any existing lease and other contracts and (where possible) from external evidence such as current market rents for similar properties in the same location and condition, and using discount rates that reflect current market assessment of the uncertainty in the amount and timing of the cash flows.

According to IFRS SME and the Company's policy, IMO Property Investments ad, Beograd, performed an value analysis of the acquired properties closer to the year-end reporting date.

As at 31 December 2015, the Company has 213 properties with Book Value, before 2015 valuation, in amount of RSD 1.998.115 thousands (including repossessed assets and held for sale). The valuation analysis was performed for 203 properties. The properties included in the analysis are selected according to the prescription term: the previous valuation is in over a year period. Thus, the analysis does not encompass properties that are recently acquired because such market to book value analysis has been performed for them.

The total NBV of these 203 properties before 2015 valuation amounts to RSD 1.939.762 thousands. New market valuations have been performed which represent the fair value of the particular properties. The analysis is done by comparing the most recent available valuation, which should not be older than 1 year, with the carrying amount (Net Book Value) of a particular property. For the ones where substantial deviation between recoverable amount and the carrying amount appears, the difference is recognized as loss or benefit.

The number of properties with a negative deviation between the recoverable amount and the carrying amount is 147 and their total NBV before 2015 valuation amounts to 1.584.770 thousands. The difference recognized as loss is at the amount of RSD 80.590 thousands. The number of properties with a positive deviation is 56 and their total NBV before valuation amounts to 354.992 thousands. The difference recognized as benefit is at the amount of RSD 8.044 thousands.

All amounts are expressed in 000 RSD unless stated otherwise

4. Operating income

	2015.	2014.
Sales of investment properties	303.238	114.297
Income from renting	21.750	17.667
Total	**324.988**	**131.964**

5. Acquisition costs of sold assets

	2015.	2014.
Acquisition costs of sold assets	329.305	134.747
Total	**329.305**	**134.747**

6. Costs of material

	2015.	2014.
Fuel and energy	385	102
Other	283	208
Total	**668**	**310**

7. Staff costs

	2015.	2014.
Gross wages and salaries	10.706	10.035
Contributions on salaries	1.916	1.794
Other	1.011	698
Total	**13.633**	**12.527**

8. Depreciation and provision expenses

	2015.	2014.
Depreciation of fixed assets	657	18
Provision expenses	-	125
Total	**657**	**143**

Provision expenses relate to expenses for unused days of vacation.

9. Other operating expenses

(a) Production services costs

	2015.	2014.
Parking	216	239
Postage, couriers and transportation expenses	149	182
Rent and related expenses	611	933
Other production services	406	179
Fixed assets repairing costs	229	-
Telephone and internet expenses	106	34
Maintenance of investment properties	713	741
Utilities for investment properties	9.273	5.245
Total	**11.703**	**7.553**

All amounts are expressed in 000 RSD unless stated otherwise

(b) Non production services costs

	2015.	2014.
Consulting and other professional services	8.134	5.654
Banking fees	305	348
Membership fees	20	28
Insurance expenses	609	1.171
Taxes and indemnities for investment properties	10.353	13.286
Other nonproduction expenses	1.090	44
Total	**20.511**	**20.531**

10. Financial income and expenses

	2015.	2014.
Foreign exchange gains	7.762	5.905
Foreign exchange losses	(8.417)	(775)
Net foreign exchange gains/losses	(655)	5.130
Interest income	125.124	41.435
Interest expenses	(189.385)	(242.887)
Net interest expenses	(64.261)	(201.452)
Net	**(64.916)**	**(196.322)**

11. Other income and expenses

	2015.	2014.
Income from write off of payables	428	329
Expenses from write off of receivables	(644)	(1.276)
Other income	8.327	150.801
Other expenses	(82.252)	(23.179)
Net	**(74.141)**	**126.675**

Expenses from write off of receivables in the amount of RSD (644) thousands fully relate to write off of customer receivables.

Negative effect of RE annual valuation in amount of RSD 80.590 thousands and impairment of Fixed assets in amount of RSD 1.661 thousands are included in Other expenses and positive effect of RE annual valuation in amount of RSD 8.044 thousands are included in Other income.

12. Income tax

(a) Tax expenses/benefits of the period

	2015.	2014.
Tax expenses/benefits of the period	-	-
Deferred tax expense/income	(27.108)	(22.197)
Total	**(27.108)**	**(22.197)**

All amounts are expressed in 000 RSD unless stated otherwise

(b) The tax on the Company's profit or loss before tax differs from the theoretical amount that would arise using prescribed tax rate:

	2015.	2014.
Profit/Loss before tax	(195.457)	(119.403)
Tax calculated at the rate of 15%	(29.319)	(17.911)
Tax effect from the current year result	**(29.319)**	**(17.911)**
Tax effect of temporary differences	(4.911)	(5.908)
Non recognized deferred tax results carried forward	(29.319)	(17.911)
Income tax	**(4.911)**	**(5.908)**

(c) Movements in deferred tax assets are presented below:

	2015.	2014.
Opening balance of deferred tax assets	(22.197)	(16.289)
Reduction in temporary differences	(4.911)	(5.908)
Closing balance of deferred tax assets	**(27.108)**	**(22.197)**

Unrecognized tax assets in the amount of RSD 29.319 thousands relate to realized losses from operations that the Company believes that their utilization is unlikely, and the recognition of deferred tax assets on that basis was not performed. Temporary differences have arisen as the difference between the tax and accounting value of investment property and fixed assets, and recognition of deferred tax liabilities on that basis in the amount of RSD 27.108 thousands was performed.

13. Property, plant and equipment

	Computers	Fixed assets RE	Other fixed assets	Total
Cost				
Balance as at 31 December 2013	**70**	**-**	**146**	**216**
Balance as at 31 December 2014	**70**	**-**	**146**	**216**
Balance as at 31 December 2015	**70**	**28.030**	**861**	**28.961**
Accumulated depreciation				
As at 31 December 2013	**(70)**	-	**(75)**	**(145)**
Depreciation for the year (Note 8)	-	-	(18)	(18)
Impairment	-	-	-	-
Disposal	-	-	-	-
As at 31 December 2014	**(70)**	**-**	**(93)**	**(163)**
Depreciation for the year (Note 8)	-	(584)	(73)	(657)
Impairment	-	(1.661)	-	(1.661)
Disposal	-	-	-	-
Depreciation/Impairment as at 31 December 2015	**(70)**	**(2.245)**	**(166)**	**(2.481)**
Net book value as at 31 December 2015	**-**	**25.785**	**695**	**26.480**

Depreciation/Impairment for 2015 in amount of RSD 2.318 thousands (2014: RSD 18 thousands) is included in depreciation/impairment costs in income statement.

All amounts are expressed in 000 RSD unless stated otherwise

At balance sheet date the residual value of the property, plant and equipment approximate their fair values.

14. Investment properties, assets in preparation, advances for RE purchasing

(i) Investment properties, asset in preparation, advances for assets

	2015.	2014.
Investment properties	1.808.767	1.729.567
Asset in preparation	116.802	336.006
Advances for asset purchasing	10.513	2.413
As at 31 December	**1.936.082**	**2.067.986**

Assets in preparation related to new RE which are not possessed yet. On possessing date, reclassification in Investment properties will be conducted.

(ii) Investment properties

	Investment properties	Total
Fair value		
Balance as at 31 December 2013	1.528.001	1.528.001
Additions	341.289	341.289
Disposal	(139.723)	(139.723)
Balance as at 31 December 2014	**1.729.567**	**1.729.567**
Additions	286.070	286.070
Disposal	(206.870)	(206.870)
Balance as at 31 December 2015	**1.808.767**	**1.808.767**

Positive effects of annual RE valuation in amount of RSD 8.044 thousands (2014: RSD 150.753 thousands) and negative effects of annual RE valuation in amount of RSD 80.590 thousansds (2014: RSD 23.162 thousands) are included in income statement (Note 11).

15. Assets held for sale

At the end of 2015 Company did not have any assets classified as Held for Sale. Assets held for sale in 2014. in the amount of RSD 229.284 thousand were successfully sold during the year.

16. Trade and other receivables

	2014.	2013.
Trade receivables	1.192	1.213
Other receivable	-	17
Total	**1.192**	**1.230**

As of 31 December 2015 trade receivables of RSD 1.192 thousands (2014: RSD 1.230 thousands) were fully performing.

All amounts are expressed in 000 RSD unless stated otherwise

17. Cash and cash equivalents

	2015.	2014.
Local currency account	4.028	5.835
Foreign currency account	60.813	108.863
Total	**64.841**	**114.698**

18. Short term financial receivables

	2015.	2014.
Short term financial receivables (deposit)	760.000	550.000
Total	**760.000**	**550.000**

Short term financial receivables relate to deposit in RSD held with Eurobank a.d. In 2014 interest rate fluctuated from 4,5% in January to 1,9 in December (2014: from 7,1% to 4,5%).

19. Capital and reserves

	Share capital	Retained earnings (loss)	Total
Balance at 1 January 2014	444.789	(283.387)	161.402
Loss/Benefit for the year	-	(119.403)	(119.403)
Balance at 31 December 2014	**444.789**	**(402.790)**	**41.999**
Loss/Benefit of the year	-	(41.999)	(41.999)
Loss above the level of capital	-	(153.458)	(153.458)
Balance at 31 December 2015	**444.789**	**(598.247)**	**(153.458)**

(i) Share capital

The total authorized number of ordinary shares is 3.107 shares (2014: 3.107 shares) with a par value of RSD 143.157per share (2014: RSD 143.157per share). All issued shares are fully paid.

(ii) Retained earnings/loss

Movements on retained earnings/(loss) accounts were as follows:

Balance at 1 January 2014	(283.387)
Loss/Benefit for the year	(119.403)
Balance at 31 December 2014	(402.790)
Balance at 1 January 2015	(402.790)
Loss/Benefit for the year	(195.457)
Balance at 31 December 2015	(598.247)

All amounts are expressed in 000 RSD unless stated otherwise

20. Borrowings

Total amount of long-term and short-term liabilities relate to:

	2015.	2014.
Long-term borrowings	-	-
Short-term borrowings	2.906.864	2.890.903
Total	**2.906.864**	**2.890.903**

The maturity of borrowings was as follows:

	2015.	2014.
Up to 1 year	2.906.864	2.890.903
Between 1 and 2 years	-	-
Total	**2.906.864**	**2.890.903**

Borrowings are obtained from ERB New Europe Funding B.V.
As at 31 December 2015 borrowings amounted to EUR 23.900 thousand an carries interest of 3M EURIBOR+2,2% per annum. Borrowings are used for financing activities of the Company.

21. Trade and other payables

	2015.	2014.
Trade payables	3.852	3.508
Other business liabilities	385	398
VAT and accruals	3.986	4.485
Total	**8.223**	**8.391**

Trade creditors and other payables terms are short term and non-interest bearing.

22. Related party transactions

The Company is subsidiary of NEU Property Holdings Limited a member of the Eurobank Group.

Related parties include associates, fellow subsidiaries, directors, their close families, companies owned or controlled by them and companies whose financial and operating policies they can influence. Transactions of similar nature are disclosed on an aggregate basis. All transactions entered into with related parties are in the normal course of business and on an arm's length basis.

All amounts are expressed in 000 RSD unless stated otherwise

Transactions with related parties for the year ended on 31 December 2015 are presented in the table below:

	Eurobank Ergasias	Eurobank ad Beograd	ERB Property services	ERB New Europe Funding BV
Assets				
Domestic currency account	-	4.025	-	
Foreign currency account	-	60.813	-	-
Loans to customers and deposits	-	760.000	-	-
Total assets	**-**	**824.838**	**-**	**-**
Liabilities				
Borrowings	-	-	-	2.906.864
Interest payable	160			2.741
Total liabilities	**160**	**-**	**-**	**2.909.605**
Income				
Interest income	-	21.458	-	-
Income from services	-	5.486	759	-
Total income	**-**	**26.944**	**759**	**-**
Expenses				
Interest expense	3.623	-	-	65.993
Fee expenses	-	305	-	-
Services	-	74	3.615	-
Total expenses	**3.623**	**379**	**3.615**	**65.993**

Transactions with related parties for the year ended on 31 December 2014 are presented in the table below:

	Eurobank Eergasias	Eurobank ad Beograd	ERB Property services	ERB New Europe Funding BV
Assets				
Domestic currency account	-	5.825	-	
Foreign currency account	-	108.863	-	-
Loans to customers and deposits	-	550.000	-	-
Total assets	**-**	**664.688**	**-**	**-**
Liabilities				
Borrowings	-	-	-	2.890.903
Interest payable	159			2.996
Total liabilities	**159**	**-**	**-**	**2.893.899**
Income				
Interest income	-	28.456	-	-
Income from services	-	3.401	-	-
Total income	**-**	**31.857**	**-**	**-**
Expenses				
Interest expense	3.462	-	-	76.922
Fee expenses	-	348	-	-
Services	-	423	1.710	-
Total expenses	**3.462**	**771**	**1.710**	**76.922**

All amounts are expressed in 000 RSD unless stated otherwise

(i) Key management remuneration

	2015.	2014.
Salaries and other short-term employee benefits	3.351	3.294
Total	**3.351**	**3.294**

Key management encompasses Executive Manager of the Company and members of Supervisory Board.

23. Reconciliation

The Company has reconciled its receivables and liabilities as at 30 November 2015. All receivables and liabilities have been reconciled.

24. Contingencies

In the ordinary course of business, the Company is involved in no lawsuits and proceedings. According to this in the opinion of the Management, there are no such matters that the Company expects to be material for the period ended 31 December 2015.

25. Operating lease commitments

The Company leases business premises under cancellable operating lease agreements until January 2015., vehicle during whole year and printer from October 2015. The Company is required to give 30 days notice for the termination of those agreements. The lease expenditure was charged to the income statement during the year.

Operating lease commitments were as follows:

	2015.	2014.
Due within 1 year	610	933
Total operating lease obligation as of 31. December 2015	**-**	**-**

26. Financial risk management

The Company's activities expose it to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risk (foreign currency risk, cash flow and interest rate risk)

The Company's overall risk management focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital. Further quantitative disclosures are included throughout these financial statements.

All amounts are expressed in 000 RSD unless stated otherwise

The Supervisory Board has overall responsibility for the establishment and oversight of the Company's risk management framework. Due to simplicity of the Company's operations and conditions of the environment in which Company operates, there are no special bodies within the Company established with the purpose for developing and monitoring the Company's risk management policies. However, risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities. The Company, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment in which all employees understand their roles and obligations.

The Company does not enter or trade into derivative transactions such as interest rate swaps or forward currency contracts.

The Company's principal financial instruments, other than derivatives, comprise of bank loans, trade payables and hire purchase contracts. The purpose of these financial instruments is to raise finance for the Company's operations. The Company has various financial assets such as trade receivables, cash and short term deposits, which arise directly from its operations.

Credit risk

Credit risk is the risk of financial loss to the Company if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Company's receivables from customers.

Credit risk is managed on a company basis in coordination with other entities within Eurobank Group in Serbia since the Company offers and sells it services to other Eurobank entities. Overall this results in significant concentration of credit risk with currently single customer.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of trade and other receivables. Trade and other receivables are considered impaired based on the individual assessment performed by the Company's directors and/or if disputed by trade debtors. Individual assessment is based on a customer credit characteristics maturity and existence of previous financial difficulties. In last two years there were no impairment losses.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

	2015.	2014.
Trade and other receivables	1.192	1.213
Cash and cash equivalents	64.841	114.698
Total	**66.033**	**115.911**

The maximum exposure to credit risk for trade receivables at the reporting date by geographic region was:

	2015.	2014.
Serbia	1.192	1.213
Total	**1.192**	**1.213**

All amounts are expressed in 000 RSD unless stated otherwise

The aging of trade receivables at the reporting date was:

	Gross 2015	Impairment 2015	Gross 2014	Impairment 2014
Not past due	-	-	-	-
Past due 0-30 days	265	-	74	-
Past due 31-120 days	927	-	1.139	-
More than 120 days	-	-	-	-
Total	**1.192**	**-**	**1.213**	**-**

Based on past experience, the Company believes that no impairment allowance is necessary in respect of trade receivables past due.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company manages its liquidity needs by carefully monitoring scheduled debt servicing payments for long term financial liabilities as well as cash outflows due in day to day business. Liquidity risks are monitored in various time bands, on a day to day and week-to-week basis, as well as on the basis of rolling 30-day projection. Long-term liquidity needs for a 180-day and 360-day lookout period are identified monthly. The Company maintains adequate cash to meet its liquidity requirements for up to 30-day periods.

The following are undiscounted contractual maturities of financial liabilities:

31 December 2015	**Up to 3 months**	**3- 6 months**	**6-12 months**	**1-5 years**	**Total**
Borrowings	17.406	2.908.309	34.812	-	2.960.527
Trade and other payables	8.223	-	-	-	8.223
Total liabilities (contractual maturity dates)	**25.629**	**2.908.309**	**34.812**	**-**	**2.968.750**
Assets held for managing liquidity risk	**824.841**	**-**	**-**	**-**	**824.841**

31 December 2014	**Up to 3 months**	**3- 6 months**	**6-12 months**	**1-5 years**	**Total**
Borrowings	20.096	2.910.999	40.192	-	2.971.287
Trade and other payables	8.391	-	-	-	8.391
Total liabilities (contractual maturity dates)	**28.487**	**2.910.999**	**40.192**	**-**	**2.979.678**
Assets held for managing liquidity risk	**664.698**	**-**	**-**	**-**	**664.698**

All amounts are expressed in 000 RSD unless stated otherwise

Following table shows financial payables maturity:

	Carrying amount	Due from 1 to 2 years	Due from 2 to 5 years	Due over 5 years
31 December 2015				
Borrowings	2.960.527			
Trade and other payables	8.223	-	-	-
Total	**2.968.750**	**-**	**-**	**-**
31 December 2014				
Borrowings	2.971.287	-	-	-
Trade and other payables	8.391	-	-	-
Total	**2.979.678**	**-**	**-**	**-**

Market risks

Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates will affect the Company's income. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimizing the return on risk.

Exposure to credit and currency risks arises in the normal course of the Company's business. No financial instruments are used to hedge exposure to fluctuations in foreign exchange rates and interest rates. Such instruments are not typically available within the market in which the Company operates.

(i) Foreign currency risk

The Company does not in its regular course of business operate internationally but is exposed to foreign currency risk arising on trade payables that are denominated in a currency other than the RSD, primarily the Euros (EUR).

The Company does not formally hedge trade receivables and trade payables denominated in a foreign currency as such hedging instruments are not readily available within the market within which the Company operates. Informal policies are put in place to mitigate risk wherever possible.

Also, the Company does not hedge currency risk coming out from the trade payables of the Company nominated in EUR, as well as EUR operating leasing liabilities. The fact that the Company keeps amount of cash and cash equivalents nominated in EUR provides "economic" hedge to a certain extent.

All amounts are expressed in 000 RSD unless stated otherwise

The Company's exposure to foreign currency risk was as follows based on notional amounts:

	RSD	EUR	RSD	EUR
	31 December 2015		31 December 2014	
Financial assets				
Trade and other receivables	1.192	-	1.230	-
Cash and cash equivalents	4.028	60.813	5.835	108.863
	5.220	60.813	7.065	108.863
Financial liabilities				
Borrowings	-	2.960.527	-	2.971.287
Trade and other payables	4.960	3.263	5.236	3.155
	4.960	2.963.790	5.236	2.974.442
Currency mismatch	**260**	**(2.902.977)**	**1.829**	**(2.865.579)**

(ii) Sensitivity analysis

An analysis of the Company's sensitivity to an increase or decrease FX rates (assuming no asymmetrical movements in yield curves and constant balance sheet position) is as follows:

	Sensitivity of income statement	
	2015.	2014.
Foreign exchange sensitivity		
10% depreciation of RSD	(290.298)	(286.558)

27. Capital management policies and procedures

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns to shareholder and to maintain an optimal capital structure to reduce the cost of capital. Total capital is calculated by the management as "equity" as shown in the balance sheet.

28. Events after balance sheet dates

There were no significant events after balance sheet date that would require disclosure in the Financial Statements of the Company

Belgrade, 10 June 2016

For and on behalf of Management of IMO Property Investments a.d., Beograd

Violeta Djordjevic
Executive Director