

NEREGELIA TRADING LIMITED

**REPORT AND FINANCIAL
STATEMENTS**
31 December 2015

NEREGELIA TRADING LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2015

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NEREGELIA TRADING LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Pavlina Tsiridou Alfo Services Limited
Company Secretary:	Alfo Secretarial Limited
Independent Auditors:	G. ECONOMIDES & CO. LTD Chartered Accountants 4 Evagora Papachristoforou str., Themis Court 3rd floor, office 301 3030 Limassol, Cyprus
Registered office:	Griva Digheni Panayides Building 2nd floor, office 3 3030 Limassol, Cyprus
Bankers:	Eurobank Cyprus Ltd Societe Generale Srbija Julius Bank Banca Intensa
Registration number:	HE95511

NEREGELIA TRADING LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2015.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the general trading and the operation of an investment company.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Results

The Company's results for the year are set out on page 5.

Dividends

The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital

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

Board of Directors

The members of the Company's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2015.

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

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

Independent Auditors

The Independent Auditors, G. ECONOMIDES & CO. LTD, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,



Pavlina Tsiridou
Director

Limassol, 27 September 2016

Independent auditor's report

To the Members of NEREGELIA TRADING LIMITED

Report on the financial statements

We have audited the financial statements of parent company NEREGELIA TRADING LIMITED (the "Company") on pages 5 to 20 which comprise the statement of financial position as at 31 December 2015, and the statements of profit or loss and other comprehensive income, statement of changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company NEREGELIA TRADING LIMITED as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent auditor's report (continued)

To the Members of NEREGELIA TRADING LIMITED

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



G. ECONOMIDES & CO. LTD
CHARTERED ACCOUNTANTS

Elena Demetriou
Certified Public Accountant and Registered Auditor
for and on behalf of
G. ECONOMIDES & CO. LTD
Chartered Accountants

Limassol, 27 September 2016

NEREGELIA TRADING LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2015

	Note	2015 €	2014 €
Revenue	4	2.680.855	588.201
Cost of sales		<u>(2.498.482)</u>	<u>(2.724.000)</u>
Gross profit/(loss)		182.373	(2.135.799)
Other operating income	5	4.000.000	2.582.631
Administration expenses		<u>(428.089)</u>	<u>(432.313)</u>
Operating profit		3.754.284	14.519
Finance costs	8	<u>(5.329)</u>	<u>(5.329)</u>
Profit before tax		3.748.955	9.190
Tax	9	<u>28.796</u>	<u>319.039</u>
Net profit for the year		3.777.751	328.229
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>3.777.751</u>	<u>328.229</u>


The notes on pages 9 to 20 form an integral part of these financial statements.

NEREGELIA TRADING LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2015

	Note	2015 €	2014 €
ASSETS			
Non-current assets			
Intangible assets	10	3.948.900	-
Investments in subsidiaries	11	14.875.150	14.874.650
Deferred tax assets	15	<u>472.243</u>	<u>443.447</u>
		<u>19.296.293</u>	<u>15.318.097</u>
Current assets			
Trade and other receivables	12	3.655.155	1.389.000
Cash at bank and in hand	13	<u>44.591</u>	<u>103.325</u>
		<u>3.699.746</u>	<u>1.492.325</u>
Total assets		<u>22.996.039</u>	<u>16.810.422</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	17.100	17.100
Retained earnings		<u>20.554.288</u>	<u>16.776.537</u>
Total equity		<u>20.571.388</u>	<u>16.793.637</u>
Current liabilities			
Trade and other payables	16	<u>2.424.651</u>	<u>16.785</u>
		<u>2.424.651</u>	<u>16.785</u>
Total equity and liabilities		<u>22.996.039</u>	<u>16.810.422</u>

On 27 September 2016 the Board of Directors of NEREGELIA TRADING LIMITED authorised these financial statements for issue.


.....
Pavlina Tsiridou
Director


ALFO SERVICES LIMITED
.....
Alfo Services Limited
Director

The notes on pages 9 to 20 form an integral part of these financial statements.

NEREGELIA TRADING LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2015

	Note	Share capital €	Retained earnings €	Total €
Balance at 1 January 2014		17.100	16.448.308	16.465.408
Comprehensive income				
Net profit for the year		-	<u>328.229</u>	<u>328.229</u>
Balance at 31 December 2014/ 1 January 2015		17.100	16.776.537	16.793.637
Comprehensive income				
Net profit for the year		-	<u>3.777.751</u>	<u>3.777.751</u>
Balance at 31 December 2015		<u>17.100</u>	<u>20.554.288</u>	<u>20.571.388</u>

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 9 to 20 form an integral part of these financial statements.

NEREGELIA TRADING LIMITED

CASH FLOW STATEMENT

31 December 2015

	Note	2015 €	2014 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		3.748.955	9.190
Adjustments for:			
Dividend income	5	<u>(4.000.000)</u>	<u>(2.582.631)</u>
		(251.045)	(2.573.441)
Changes in working capital:			
(Increase)/decrease in trade and other receivables		(2.266.155)	887.977
Increase in trade and other payables		<u>2.407.866</u>	<u>10.346</u>
Cash used in operations		<u>(109.334)</u>	<u>(1.675.118)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of intangible assets	10	(3.948.900)	-
Payment for purchase of investments in subsidiaries	11	(500)	(901.000)
Dividends received		<u>4.000.000</u>	<u>2.582.631</u>
Net cash generated from investing activities		<u>50.600</u>	<u>1.681.631</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
		-	-
Net (decrease)/increase in cash and cash equivalents		(58.734)	6.513
Cash and cash equivalents at beginning of the year		<u>103.325</u>	<u>96.812</u>
Cash and cash equivalents at end of the year	13	<u><u>44.591</u></u>	<u><u>103.325</u></u>

The notes on pages 9 to 20 form an integral part of these financial statements.

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

1. Incorporation and principal activities

Country of incorporation

The Company NEREGELIA TRADING LIMITED (the "Company") was incorporated in Cyprus on 20 June, 1998 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Griva Digheni, Panayides Building, 2nd floor, office 3, 3030 Limassol, Cyprus.

Principal activity

The principal activity of the Company, which is unchanged from last year, is the general trading and the operation of an investment 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 Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2015.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, the provisions of International Financial Reporting Standard 10 'Consolidated Financial Statements' that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention as modified by the revaluation of and investment property.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Company.

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. Significant accounting policies (continued)

Adoption of new and revised IFRSs (continued)

Standards issued but not yet effective

Up to the date of approval of the financial statements, certain new standards, interpretations and amendments to existing standards have been published that are not yet effective for the current reporting period and which the Company has not early adopted, as follows:

(i) Issued by the IASB and adopted by the European Union Amendments

IFRS Interpretations Committee

- *IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 February 2015).*
- *Annual Improvements to IFRSs 2010–2012 Cycle (issued on 12 December 2013) (effective for annual periods beginning on or after 1 February 2015)*
- *Annual Improvements to IFRSs 2012–2014 Cycle (issued on 25 September 2014) (effective for annual periods beginning on or after 1 January 2016).*
- *IFRS 11 (Amendments) "Accounting for Acquisitions of Interests in Joint Operations" (effective for annual periods beginning on or after 1 January 2016).*
- *IAS 1 (Amendments) Disclosure Initiative (effective for annual periods beginning on or after 1 January 2016).*
- *Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).*
- *Amendments to IAS 16 and IAS 41 - Agriculture: Bearer Plants (effective for annual periods beginning on or after 1 January 2016).*
- *IAS 27 (Amendments) "Equity method in separate financial statements" (effective for annual periods beginning on or after 1 January 2016).*

(ii) Issued by the IASB but not yet adopted by the European Union

New standards

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

Amendments

- *Amendments to IFRS 10 and IAS 28 - Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (effective for annual periods beginning on or after 1 January 2016).*
- *Amendments to IFRS 10, IFRS 12 and IAS 28 - Investment entities: Applying the consolidation exception (effective for annual periods beginning on or after 1 January 2016).*

The above are expected to have no significant impact on the Company's financial statements when they become effective.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. Significant accounting policies (continued)

Revenue recognition

Revenue comprises the invoiced amount for the sale of products net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

- **Sale of products**

Sales of products are recognised when significant risks and rewards of ownership of the products have been transferred to the customer, which is usually when the Company has sold or delivered the products to the customer, the customer has accepted the products and collectability of the related receivable is reasonably assured.

- **Rendering of services**

Sales of services are recognised in the accounting period in which the services are rendered by reference to completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

- **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.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Tax

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

Dividends

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.

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. Significant accounting policies (continued)

Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred. The useful lives of intangible assets are assessed to be either finite or indefinite.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life is reviewed at least at each financial year end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss in the expense category consistent with the function of the intangible asset.

Intangible assets with indefinite useful lives are tested for impairment annually either individually or at the cash generating unit level. Such intangibles are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether indefinite life assessment continues to be supportable. If not, the change in the useful life assessment from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

Platform development

Costs that are directly associated with identifiable and unique computer software products controlled by the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure which enhances or extends the performance of computer software programs beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programs are recognised as an expense when incurred. Computer software costs are amortised using the straight-line method over their useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units).

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

2. Significant accounting policies (continued)

Financial instruments (continued)

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand.

Trade payables

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

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

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

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

Share capital

Ordinary shares are classified as equity.

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3. Critical accounting estimates and judgements

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. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Provision for bad and doubtful debts**

The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

3. Critical accounting estimates and judgements (continued)

- **Impairment of intangible asset**

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

4. Revenue

	2015	2014
	€	€
Sales of products	2.571.555	285.577
Rendering of services	<u>109.300</u>	<u>302.624</u>
	<u>2.680.855</u>	<u>588.201</u>

5. Other operating income

	2015	2014
	€	€
Dividend income	<u>4.000.000</u>	<u>2.582.631</u>
	<u>4.000.000</u>	<u>2.582.631</u>

6. Expenses by nature

	2015	2014
	€	€
Raw materials and consumables used	2.418.248	225.288
Staff costs (Note 7)	37.867	36.298
Auditors' remuneration	2.500	2.500
Other expenses	<u>467.956</u>	<u>2.892.227</u>
Total expenses	<u>2.926.571</u>	<u>3.156.313</u>

7. Staff costs

	2015	2014
	€	€
Wages and salaries	<u>37.867</u>	<u>36.298</u>
	<u>37.867</u>	<u>36.298</u>

8. Finance costs

	2015	2014
	€	€
Sundry finance expenses	<u>5.329</u>	<u>5.329</u>
	<u>5.329</u>	<u>5.329</u>

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

9. Tax

	2015	2014
	€	€
Deferred tax - credit (Note 15)	<u>(28.796)</u>	<u>(319.039)</u>
Credit for the year	<u>(28.796)</u>	<u>(319.039)</u>

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

	2015	2014
	€	€
Profit before tax	<u>3.748.955</u>	<u>9.190</u>
Tax calculated at the applicable tax rates	468.619	1.149
Tax effect of expenses not deductible for tax purposes	44	44
Tax effect of allowances and income not subject to tax	(500.000)	(322.829)
Tax effect of tax loss for the year	31.337	321.636
Deferred tax	<u>(28.796)</u>	<u>(319.039)</u>
Tax charge	<u>(28.796)</u>	<u>(319.039)</u>

The corporation tax rate is 12,5%.

Under certain conditions, interest income may be subject to defence contribution at the rate of 30%. 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.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years

10. Intangible assets

	Platform development €
Cost	
Additions	<u>3.948.900</u>
Balance at 31 December 2015	<u>3.948.900</u>
Net book amount	
Balance at 31 December 2015	<u>3.948.900</u>

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

11. Investments in subsidiaries

	2015	2014
	€	€
Balance at 1 January	14.874.650	13.973.650
Additions	500	901.000
Balance at 31 December	14.875.150	14.874.650

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2015 Holding %	2014 Holding %	2015 €	2014 €
Nelt Doo	Bosnia Herzegovina	Wholesale and retail	78.68	78.68	2.900.000	2.900.000
Neregelia Podgorica d.o.o	Montenegro	Wholesale and retail	100	100	52.663	52.663
Nelt Co	Serbia	Wholesale and retail	100	100	85.987	85.987
Corner shop D.O.O Serbia	Serbia	Wholesale and retail	100	50	1.661.000	1.661.000
NELT S.T	F.Y.R.O.M	Wholesale and retail	100	100	10.175.000	10.175.000
NELO ENERGY D.O.O	Serbia	Wholesale and retail	100	-	500	-
					14.875.150	14.874.650

12. Trade and other receivables

	2015	2014
	€	€
Trade receivables	2.571.555	-
Loans receivable	723.600	669.000
Deferred expenses	360.000	720.000
	3.655.155	1.389.000

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

13. Cash at bank and in hand

	2015	2014
	€	€
Cash at bank	44.591	103.325
	44.591	103.325

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

	2015	2014
	€	€
Cash at bank and in hand	44.591	103.325
	44.591	103.325

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

14. Share capital

	2015 Number of shares	2015 €	2014 Number of shares	2014 €
Authorised				
Ordinary shares of €1,71 each	<u>10.000</u>	<u>17.100</u>	<u>10.000</u>	<u>17.100</u>
Issued and fully paid				
Balance at 1 January	<u>10.000</u>	<u>17.100</u>	<u>10.000</u>	<u>17.100</u>
Balance at 31 December	<u>10.000</u>	<u>17.100</u>	<u>10.000</u>	<u>17.100</u>

15. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 9). The applicable corporation tax rate in the case of tax losses is 12,5%.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

The movement on the deferred taxation account is as follows:

Deferred tax assets

	Tax losses €
Balance at 1 January 2014	124.408
Charged/(credited) to: Statement of profit or loss and other comprehensive income (Note 9)	<u>319.039</u>
Balance at 31 December 2014/ 1 January 2015	443.447
Charged/(credited) to: Statement of profit or loss and other comprehensive income (Note 9)	<u>28.796</u>
Balance at 31 December 2015	<u>472.243</u>

16. Trade and other payables

	2015 €	2014 €
Trade payables	2.422.151	14.285
Accruals	<u>2.500</u>	<u>2.500</u>
	<u>2.424.651</u>	<u>16.785</u>

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

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2015

17. Operating Environment of the Company

During the last years, the Cyprus economy has been adversely affected by the crisis in the Cyprus banking system and the inability of the Republic of Cyprus to secure financing from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support of € 10 billion, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in", safeguarding deposits below €100.000.

Since March 2013, Troika performed several reviews of the Cyprus' economic program with very positive outcomes which resulted in the disbursement of all scheduled tranches of financial assistance to Cyprus.

Despite the adverse external economic environment in several European and international economies, the Cyprus economy shows signs of stabilization, evident by the upgrade of the credit rating and the future prospects of the Republic of Cyprus by all major international credit rating agencies. This assisted largely the efforts of the Republic of Cyprus to raise significant capital from international financial markets in the past few months. In addition, the Cypriot banks have been recapitalized and have reorganized their operations, leading to the full abolishment of all restrictive measures on deposits and transactions imposed during 2013.

However, the uncertain economic conditions in Cyprus, the unavailability of financing and the high percentage of non performing bank loans in combination with the high unemployment rates, have affected:

- The ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The ability of the Company's trade and other debtors to repay the amounts due to the Company
- The ability of the Company to sell its existing inventories to customers
- The cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

18. Related party transactions

The following transactions were carried out with related parties:

18.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2015	2014
	€	€
Directors' fees	<u>1.071</u>	<u>1.071</u>
	<u>1.071</u>	<u>1.071</u>

18.2 Loans to subsidiary companies

	2015	2014
	€	€
Corner shop d.o.o	<u>479.000</u>	<u>479.000</u>
	<u>479.000</u>	<u>479.000</u>

NEREGELIA TRADING LIMITED

NOTES TO THE FINANCIAL STATEMENTS **31 December 2015**

19. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2015.

20. Commitments

The Company had no capital or other commitments as at 31 December 2015.

21. Events after the reporting period

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

Independent auditor's report on pages 3 and 4

NEREGELIA TRADING LIMITED

DETAILED INCOME STATEMENT

31 December 2015

	Page	2015 €	2014 €
Revenue			
Sales of products		2.571.555	285.577
Rendering of services		109.300	302.624
Cost of sales	22	<u>(2.498.482)</u>	<u>(2.724.000)</u>
Gross profit/(loss)		182.373	(2.135.799)
Dividend income		<u>4.000.000</u>	<u>2.582.631</u>
		4.182.373	446.832
Operating expenses			
Administration expenses	23	<u>(428.089)</u>	<u>(432.313)</u>
Operating profit		3.754.284	14.519
Finance costs	24	<u>(5.329)</u>	<u>(5.329)</u>
Net profit for the year before tax		<u>3.748.955</u>	<u>9.190</u>

NEREGELIA TRADING LIMITED

COST OF SALES 31 December 2015

	2015 €	2014 €
Cost of sales		
Purchases	<u>2.418.248</u>	<u>225.288</u>
	<u>2.418.248</u>	<u>225.288</u>
Direct costs		
Market research expenses	<u>80.234</u>	<u>2.498.712</u>
	<u>80.234</u>	<u>2.498.712</u>
	<u>2.498.482</u>	<u>2.724.000</u>

NEREGELIA TRADING LIMITED

SELLING AND DISTRIBUTION EXPENSES

31 December 2015

	2015	2014
	€	€
Administration expenses		
Directors' fees	1.071	1.071
Staff salaries	36.796	35.227
Rent	3.000	3.000
Municipality taxes	1.650	1.630
Annual levy	350	350
Electricity	1.150	390
Insurance	380	380
Repairs and maintenance	-	730
Telephone and postage	213	248
Courier expenses	238	136
Staff training	2.370	8.400
Auditors' remuneration	2.500	2.500
Legal fees	-	5.460
Secretarial fees	536	536
Nominee fees	536	536
Registered office fees	357	357
Legal and professional	9.396	3.670
Overseas travelling	7.546	7.692
Compensation costs	360.000	360.000
	428.089	432.313

NEREGELIA TRADING LIMITED

FINANCE COSTS

31 December 2015

	2015	2014
	€	€
Finance costs		
Sundry finance expenses		
Bank charges	<u>5.329</u>	<u>5.329</u>
	<u>5.329</u>	<u>5.329</u>

NEREGELIA TRADING LIMITED

COMPUTATION OF CORPORATION TAX 31 December 2015

Net profit per income statement	Page 21 5	€	€
			3.748.955
Add:			
Annual levy		<u>350</u>	<u>350</u>
			3.749.305
Less:			
Dividends received		<u>4.000.000</u>	<u>(4.000.000)</u>
Net loss for the year			(250.695)
Loss brought forward			<u>(3.547.574)</u>
Loss			(3.798.269)
Unutilised loss of the year 2010 not carried forward			<u>20.327</u>
Net loss carried forward			<u>(3.777.942)</u>

CALCULATION OF TAX LOSSES FOR THE FIVE YEAR PERIOD

Tax year	Profits/(losses) for the tax year	Gains Offset		Gains Offset		Gains Offset	
		€	Amount €	Year	Amount €	Year	Amount €
2010	(20.327)	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	(708.668)	-	-	-	-	-	-
2013	(245.488)	-	-	-	-	-	-
2014	(2.573.091)	-	-	-	-	-	-
2015	(250.695)	-	-	-	-	-	-

Net loss carried forward (3.777.942)

