

**NEREGELIA TRADING LIMITED**

REPORT AND FINANCIAL  
STATEMENTS  
31 December 2013

# **NEREGELIA TRADING LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2013

<b>CONTENTS</b>	<b>PAGE</b>
Board of Directors and other Officers	1
Report of the Board of Directors	2
Independent auditor's report	3 - 4
Statement of profit or loss and other comprehensive income	5
Statement of financial position	6
Statement of changes in equity	7
Cash flow statement	8
Notes to the financial statements	9 - 19
Additional information to the Statement of profit or loss and other comprehensive income	20 - 24

# **NEREGELIA TRADING LIMITED**

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

**Board of Directors:**

Pavlina Tsiridou  
Alfo Services Limited

**Company Secretary:**

Alfo Secretarial Limited

**Independent Auditors:**

KYPRIANIDES, NICOLAOU & ECONOMIDES 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:**

Marfin Popular Bank Public Company Ltd  
Societe Generale

**Registration number:**

HE95511

# NEREGELIA TRADING LIMITED

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## REPORT OF THE BOARD OF DIRECTORS

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

### **Principal activity**

The principal activity of the Company, which is unchanged from last year, is the general trading.

### **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 not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

### **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.

### **Share capital**

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

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2013 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2013.

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, KYPRIANIDES, NICOLAOU & ECONOMIDES 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 August 2014

## Independent auditor's report

### To the Members of NEREGELIA TRADING LIMITED

#### Report on the financial statements

We have audited the financial statements of the parent company NEREGELIA TRADING LIMITED (the "Company") on pages 5 to 19 which comprise the statement of financial position as at 31 December 2013, and the statements of profit or loss and other comprehensive income, 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 2013, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

## **Independent auditor's report (continued)**

### **To the Members of NEREGELIA TRADING LIMITED**

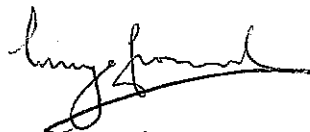
#### **Report on other legal requirements**

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.



George Economides  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**KYPRIANIDES, NICOLAOU & ECONOMIDES LTD**  
Chartered Accountants

Limassol, 27 August 2014

# NEREGELIA TRADING LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME Year ended 31 December 2013

	Note	2013 €	2012 €
<b>Revenue</b>	4	<b>3,537,103</b>	295,333
Cost of sales		<u>(3,067,165)</u>	<u>(245,285)</u>
<b>Gross profit</b>		<b>469,938</b>	50,048
Other income	5	-	4,750,000
Selling and distribution expenses		-	(390,000)
Administration expenses		<b>(407,128)</b>	(405,528)
Other expenses	6	<u>(300,301)</u>	-
<b>Operating (loss)/profit</b>		<b>(237,491)</b>	4,004,520
Finance costs	9	<u>(8,347)</u>	<u>(8,696)</u>
<b>(Loss)/profit before tax</b>		<b>(245,838)</b>	3,995,824
Tax	10	<u>30,686</u>	93,722
<b>Net (loss)/profit for the year</b>		<b>(215,152)</b>	4,089,546
<b>Other comprehensive income</b>		-	-
<b>Total comprehensive income for the year</b>		<u><b>(215,152)</b></u>	<u>4,089,546</u>


The notes on pages 9 to 19 form an integral part of these financial statements.

# NEREGELIA TRADING LIMITED

## STATEMENT OF FINANCIAL POSITION 31 December 2013

	Note	2013 €	2012 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investments in subsidiaries	11	<b>13,973,650</b>	13,973,650
Deferred tax assets	15	<b>124,408</b>	93,722
		<b><u>14,098,058</u></b>	<u>14,067,372</u>
<b>Current assets</b>			
Trade and other receivables	12	<b>2,276,977</b>	2,615,950
Cash at bank and in hand	13	<b>96,812</b>	65,752
		<b><u>2,373,789</u></b>	<u>2,681,702</u>
<b>Total assets</b>		<b><u>16,471,847</u></b>	<u>16,749,074</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	14	<b>17,100</b>	17,100
Retained earnings		<b>16,448,308</b>	16,663,460
<b>Total equity</b>		<b><u>16,465,408</u></b>	<u>16,680,560</u>
<b>Current liabilities</b>			
Trade and other payables	16	<b>6,439</b>	68,514
		<b><u>6,439</u></b>	<u>68,514</u>
<b>Total equity and liabilities</b>		<b><u>16,471,847</u></b>	<u>16,749,074</u>

On 27 August 2014 the Board of Directors of NEREGELIA TRADING LIMITED authorised these financial statements for issue.

  
.....  
Pavlina Tsiridou  
Director

  
ALFO SERVICES LTD  
.....  
Alfo Services Limited  
Director

The notes on pages 9 to 19 form an integral part of these financial statements.



# NEREGELIA TRADING LIMITED

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## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Share capital €	Retained earnings €	Total €
<b>Balance at 1 January 2012</b>		<b>17,100</b>	<b>12,573,914</b>	<b>12,591,014</b>
<b>Comprehensive income</b>				
Net profit for the year		-	4,089,546	4,089,546
<b>Balance at 31 December 2012/ 1 January 2013</b>		<b>17,100</b>	<b>16,663,460</b>	<b>16,680,560</b>
<b>Comprehensive income</b>				
Net loss for the year		-	(215,152)	(215,152)
<b>Balance at 31 December 2013</b>		<b>17,100</b>	<b>16,448,308</b>	<b>16,465,408</b>

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.

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The notes on pages 9 to 19 form an integral part of these financial statements.

# NEREGELIA TRADING LIMITED

## CASH FLOW STATEMENT

Year ended 31 December 2013

	2013	2012
Note	€	€
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
<b>(Loss)/profit before tax</b>	<b>(245,838)</b>	3,995,824
Adjustments for:		
Dividend income	5 -	(4,750,000)
<b>Cash flows used in operations before working capital changes</b>	<b>(245,838)</b>	(754,176)
Decrease/(increase) in trade and other receivables	<b>338,973</b>	(2,367,815)
Decrease in trade and other payables	<b>(62,075)</b>	(53,403)
<b>Cash flows from/(used in) operations</b>	<b>31,060</b>	(3,175,394)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Payment for purchase of investments in subsidiaries	11 -	(1,570,000)
Dividends received	-	4,750,000
<b>Net cash flows from investing activities</b>	-	3,180,000
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>	-	-
<b>Net increase in cash and cash equivalents</b>	<b>31,060</b>	4,606
Cash and cash equivalents:		
At beginning of the year	<b>65,752</b>	61,146
<b>At end of the year</b>	<b>96,812</b>	65,752

The notes on pages 9 to 19 form an integral part of these financial statements.

# NEREGELIA TRADING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 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 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.

### 2. Accounting policies

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

#### Basis of preparation

The financial statements 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. 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.

#### Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2013. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

#### (i) Standards and Interpretations adopted by the EU

##### New standards

- *IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 11 "Joint Arrangements" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).*

# NEREGELIA TRADING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

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

##### (i) Standards and Interpretations adopted by the EU (continued)

###### Amendments

IFRS Interpretations Committee

- *IAS 27 (Revised): "Consolidated and Separate Financial Statements"* (effective for annual periods beginning on or after 1 January 2014).
- *IAS 28 (Revised): "Investments in Associates"* (effective for annual periods beginning on or after 1 January 2014).
- *Amendment to IAS32 "Offsetting Financial Assets and Financial Liabilities"* (effective for annual periods beginning on or after 1 January 2014).
- *Amendment to IAS 36 "Recoverable Amount - Disclosures for Non-Financial Assets"* (effective for annual periods beginning on or after 1 January 2014).
- *Amendment to IAS 39 "Financial Instruments: Recognition and Measurement", Novation of Derivatives and Continuation of Hedge Accounting* (effective for annual periods beginning on or after 1 January 2014).
- *Transition Guidance for IFRS 10, 11 & 12* (effective for annual periods beginning on or after 1 January 2014).
- *Investment Entities amendments to IFRS 10, IFRS 12, and IAS 27* (effective for annual periods beginning on or after 1 January 2014).

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

###### New standards

- *IFRS 9 "Financial Instruments"* issued in November 2009 and amended in October 2010 introduces new requirements for the classification and measurement of financial assets and financial liabilities and for derecognition. (effective for annual periods beginning on or after 1 January 2013).
- *IFRS 14 "Regulatory Deferral Accounts"* (effective for annual periods beginning on or after 1 January 2016).

###### Amendments

- *Amendments to IAS 19 - "Defined Benefit Plans: Employee Contributions"* (effective for annual periods beginning on or after 1 July 2014).
- *IFRS 9 "Financial Instruments"* (issued 12 November 2009) and subsequent amendments (amendments to IFRS 9 and IFRS 7 issued 16 December 2011) (effective for annual periods beginning on or after 1 January 2015).
- *Annual Improvements to IFRSs 2010-2012 Cycle* (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014)
- *Annual Improvements to IFRSs 2011-2013 Cycle* (issued on 12 December 2013) (effective for annual periods beginning on or after 1 July 2014)

###### New IFRICs

- *IFRIC 21 "Levies"* (effective the latest as from the commencement date of its first annual period beginning on or after 1 January 2014).

The Board of Directors expects that the adoption of these standards or interpretations in future periods will not have a material effect on the financial statements of the Company.

#### Subsidiary companies

Subsidiaries are entities controlled by the Group. Control exists where the Group has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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**

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## **NOTES TO THE FINANCIAL STATEMENTS**

Year ended 31 December 2013

### **2. 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

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### 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.

##### 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.

#### Impairment of 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).

# NEREGELIA TRADING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### 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.

### 3. 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.

The Company 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 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.

# NEREGELIA TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 4. Revenue

	2013	2012
	€	€
Sales of products	229,713	295,333
Rendering of services	3,307,390	-
	<u>3,537,103</u>	<u>295,333</u>

### 5. Other income

	2013	2012
	€	€
Dividend income	-	4,750,000
	<u>-</u>	<u>4,750,000</u>

### 6. Other expenses

	2013	2012
	€	€
Impairment of cash held at Laiki Bank	300,301	-
	<u>300,301</u>	<u>-</u>

### 7. Expenses by nature

	2013	2012
	€	€
Raw materials and consumables used	194,540	245,285
Staff costs (Note 8)	19,527	18,027
Auditors' remuneration	2,500	2,500
Other expenses	20,924	479,668
<b>Total expenses</b>	<u>237,491</u>	<u>745,480</u>

### 8. Staff costs

	2013	2012
	€	€
Wages and salaries	19,527	18,027
	<u>19,527</u>	<u>18,027</u>

### 9. Finance costs

	2013	2012
	€	€
Sundry finance expenses	8,347	8,696
	<u>8,347</u>	<u>8,696</u>

### 10. Tax

	2013	2012
	€	€
Deferred tax - credit (Note 15)	(30,686)	(93,722)
<b>Credit for the year</b>	<u>(30,686)</u>	<u>(93,722)</u>



# NEREGELIA TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 10. Tax (continued)

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

	2013 €	2012 €
(Loss)/profit before tax	<u>(245,838)</u>	<u>3,995,824</u>
Tax calculated at the applicable tax rates	(30,730)	399,582
Tax effect of expenses not deductible for tax purposes	44	4,551
Tax effect of allowances and income not subject to tax	-	(475,000)
Tax effect of tax loss for the year	30,686	70,867
Deferred tax	<u>(30,686)</u>	<u>(93,722)</u>
<b>Tax charge</b>	<b><u>(30,686)</u></b>	<b><u>(93,722)</u></b>

The corporation tax rate is 12,5% (2012:10%).

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). 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

### 11. Investments in subsidiaries

	2013 €	2012 €
Balance at 1 January	<b>13,973,650</b>	12,403,650
Additions	-	<u>1,570,000</u>
<b>Balance at 31 December</b>	<b><u>13,973,650</u></b>	<b><u>13,973,650</u></b>

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	Holding %	2013 €	2012 €
Orbitko	Bosnia Herzegovina	Wholesale and retail	<b>78.68</b>	<b>2,900,000</b>	2,900,000
Neregelia Podgorica d.o.o	Montenegro	Wholesale and retail	<b>100</b>	<b>52,663</b>	52,663
Nelt Co	Serbia	Wholesale and retail	<b>100</b>	<b>85,987</b>	85,987
Corner shop d.o.o	Serbia	Retail	<b>50</b>	<b>760,000</b>	760,000
NELT S.T.	F.Y.R.O.M	Wholesale and retail	<b>100</b>	<b>10,175,000</b>	<u>10,175,000</u>
				<b><u>13,973,650</u></b>	<b><u>13,973,650</u></b>

### 12. Trade and other receivables

	2013 €	2012 €
Trade receivables	<b>17,977</b>	122,800
Deposits and prepayments	-	150,000
Loans receivable	<b>1,179,000</b>	903,150
Deferred expenses	<u>1,080,000</u>	<u>1,440,000</u>
	<b><u>2,276,977</u></b>	<b><u>2,615,950</u></b>

# NEREGELIA TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 12. Trade and other receivables (continued)

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

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note of the financial statements.

### 13. Cash at bank and in hand

	2013	2012
	€	€
Cash at bank	<u>96,812</u>	65,752
	<u>96,812</u>	<u>65,752</u>

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

	2013	2012
	€	€
Cash at bank and in hand	<u>96,812</u>	65,752
	<u>96,812</u>	<u>65,752</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note of the financial statements.

### 14. Share capital

	2013	2013	2012	2012
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1,71 each	<u>10,000</u>	<u>17,100</u>	10,000	17,100
<b>Issued and fully paid</b>				
Balance at 1 January	<u>10,000</u>	<u>17,100</u>	10,000	17,100
<b>Balance at 31 December</b>	<u>10,000</u>	<u>17,100</u>	10,000	17,100

### 15. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 10). 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.

# NEREGELIA TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 15. Deferred tax (continued)

The movement on the deferred taxation account is as follows:

#### Deferred tax assets

	Tax losses €
Balance at 1 January 2012	-
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 10)	<u>93,722</u>
<b>Balance at 31 December 2012/ 1 January 2013</b>	<b>93,722</b>
Charged/(credited) to:	
Statement of profit or loss and other comprehensive income (Note 10)	<u>30,686</u>
<b>Balance at 31 December 2013</b>	<b><u>124,408</u></b>

### 16. Trade and other payables

	2013 €	2012 €
Trade payables	3,939	66,014
Accruals	<u>2,500</u>	<u>2,500</u>
	<b><u>6,439</u></b>	<b><u>68,514</u></b>

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

### 17. Operating Environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2013 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, 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 economic conditions disclosed above together with the impact of the results of the Eurogroup decision of 25 March 2013 for Cyprus had an adverse impact on the Company's debtors (inability to meet their obligations towards the Company), suppliers (inability to continue trading), valuation of real estate, bankers (inability to provide adequate finance), revenue (decreased demand for the Company's products or services due to decreased purchasing power by consumers).

# NEREGELIA TRADING LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 17. Operating Environment of the Company (continued)

The Company's management has assessed:

- (1) Whether any impairment provisions are deemed necessary for the Company's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period. Provisions for trade receivables are determined using the incurred loss model required by the applicable accounting standards. These standards require recognition of impairment losses for receivables that arose from past events and prohibit recognition of impairment losses that could arise from future events, no matter how likely those future events are.

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 development of its business in the current business and economic environment.

### 18. General events

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100,000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations.

On 12 April 2013 the Eurogroup welcomed the agreement that was reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus. Subsequently all the necessary procedures for the formal approval of the Board of Directors of the European Stability Mechanism were completed, as well as the ratification by Eurozone member states. Following the completion of the above procedures, the first tranche of the financing of the Republic of Cyprus was released in line with the provisions of the Memorandum.

On 22 March 2013 legislation was enacted by the House of Representatives concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The temporary restrictive measures, with respect to banking and cash transactions include restrictions on cash withdrawals, the cashing of cheques and transfers of funds to other credit institutions in Cyprus and abroad. They also provide for the compulsory partial renewal of certain maturing deposits.

On 29 March 2013 the Central Bank of Cyprus issued decrees relating to Laiki Bank and Bank of Cyprus, implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

On the basis of the relevant decrees, Laiki Bank was placed into resolution. What remained in Laiki Bank were mainly the uninsured deposits and assets outside Cyprus. The assets of Laiki Bank in Cyprus, the insured deposits and the Eurosystem financing have been transferred to Bank of Cyprus, with compensation for the value of the net assets transferred, the issue of shares by Bank of Cyprus to Laiki Bank.

# NEREGELIA TRADING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 18. General events (continued)

The recapitalization process for the Bank of Cyprus was completed in accordance with the relevant decrees of the Resolution Authority through "bail-in", that is through the partial conversion of uninsured deposits into shares. In addition, the holders of shares and debt instruments in Bank of Cyprus on 29 March 2013 have contributed to the recapitalization of Bank of Cyprus through the absorption of losses.

Following the positive outcome of the first and second quarterly reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

### 19. Related party transactions

The following transactions were carried out with related parties:

#### 19.1 Directors' remuneration

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

	2013	2012
	€	€
Directors' fees	<u>1,062</u>	<u>900</u>
	<u>1,062</u>	<u>900</u>

#### 19.2 Loans to subsidiary companies

	2013	2012
	€	€
Corner shop d.o.o	479,000	349,000
Neregelia Podgorica d.o.o	-	500,000
Nelt Co	<u>700,000</u>	<u>54,150</u>
	<u>1,179,000</u>	<u>903,150</u>

The loans to the above subsidiary companies were provided interest free, and there was no specified repayment date.

### 20. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2013.

### 21. Commitments

The Company had no capital or other commitments as at 31 December 2013.

### 22. 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

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## DETAILED INCOME STATEMENT

Year ended 31 December 2013

	Page	2013 €	2012 €
<b>Revenue</b>			
Sales of products		229,713	295,333
Rendering of services		3,307,390	-
Cost of sales	21	<u>(3,067,165)</u>	<u>(245,285)</u>
<b>Gross profit</b>		<b>469,938</b>	50,048
Dividend income		-	4,750,000
		<b>469,938</b>	4,800,048
<b>Operating expenses</b>			
Administration expenses	22	(407,128)	(405,528)
Selling and distribution expenses	22	-	(390,000)
		<b>62,810</b>	4,004,520
<b>Other operating expenses</b>			
Impairment of cash held at Laiki Bank		<u>(300,301)</u>	-
<b>Operating (loss)/profit</b>		<b>(237,491)</b>	4,004,520
Finance costs	23	<u>(8,347)</u>	<u>(8,696)</u>
<b>Net (loss)/profit for the year before tax</b>		<b><u>(245,838)</u></b>	<b><u>3,995,824</u></b>

# NEREGELIA TRADING LIMITED

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## COST OF SALES

Year ended 31 December 2013

	2013 €	2012 €
<b>Cost of sales</b>		
Purchases	<u>194,540</u>	<u>245,285</u>
	<b>194,540</b>	<b>245,285</b>
<b>Direct costs</b>		
Market research expenses	<u>2,872,625</u>	-
	<b>2,872,625</b>	-
	<u><b>3,067,165</b></u>	<u>245,285</u>

# NEREGELIA TRADING LIMITED

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## OPERATING EXPENSES

Year ended 31 December 2013

	2013	2012
	€	€
<b>Administration expenses</b>		
Directors' fees	1,062	900
Staff salaries	18,465	17,127
Rent	3,060	4,260
Municipality taxes	2,500	-
Annual levy	350	350
Electricity	280	320
Insurance	320	587
Telephone and postage	160	137
Courier expenses	200	260
Auditors' remuneration	2,500	2,500
Legal fees	16,015	16,648
Secretarial fees	531	450
Registered office fees	354	300
Legal and professional	531	560
Overseas travelling	-	279
Compensation costs	360,000	360,000
Spare parts	800	850
	<u>407,128</u>	<u>405,528</u>

	2013	2012
	€	€
<b>Selling and distribution expenses</b>		
Market research expenses	-	390,000
	<u>-</u>	<u>390,000</u>



# NEREGELIA TRADING LIMITED

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## FINANCE COSTS

Year ended 31 December 2013

	<b>2013</b>	2012
	<b>€</b>	€
<b>Finance costs</b>		
<b>Sundry finance expenses</b>		
Bank charges	<u><b>8,347</b></u>	<u>8,696</u>
	<u><b>8,347</b></u>	<u>8,696</u>

# NEREGELIA TRADING LIMITED

## COMPUTATION OF CORPORATION TAX

Year ended 31 December 2013

Net loss per income statement	Page 20	€	€
			(245,838)
<b>Add:</b>			
Annual levy		<u>350</u>	<u>350</u>
<b>Net loss for the year</b>			<u>(245,488)</u>
Loss brought forward			<u>(762,904)</u>
<b>Loss</b>			<u>(1,008,392)</u>
Unutilised loss of the year 2008 not carried forward			<u>13,127</u>
<b>Net loss carried forward</b>			<u><u>(995,265)</u></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 €
2008	-	-	-	-	-	-	-
2009	(20,782)	-	-	-	-	-	-
2010	(20,327)	-	-	-	-	-	-
2011	-	-	-	-	-	-	-
2012	(708,668)	-	-	-	-	-	-
2013	(245,488)	-	-	-	-	-	-

Net loss carried forward (995,265)