

GRANBERO HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2014

GRANBERO HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2014

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GRANBERO HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Frixos Savvides
Eva Agathangelou

Company Secretary:

Hive Management Services Limited

Independent Auditors:

PKF Savvides & Co Limited
Certified Public Accountants and Registered Auditors

Registered office:

Arch. Makariou III, 229
Meliza Court, 4th Floor
P.C 3105, Limassol
Cyprus

Bankers:

Bank of Cyprus Public Company Ltd
BNP Paribas Polska
Banque De Luxembourg
Belfius Bank
Societe General Bank

Registration number:

HE183542

GRANBERO HOLDINGS 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 2014.

Incorporation

The Company GRANBERO HOLDINGS LIMITED was incorporated in Cyprus on 8 September, 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

The company is mainly operating in Cyprus but it also operates through a branch in Luxembourg (Granbero Capital S.A).

Principal activities

The principal activities of the Company, which are unchanged from last year, are that of investment holding and trading and that of financing.

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.

The main risks and uncertainties faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

Results

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

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 2014 and at the date of this report are presented on page 1.

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.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 19 to the financial statements.

Independent Auditors

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

By order of the Board of Directors,


HIVE MANAGEMENT SERVICES LIMITED

Hive Management Services Limited
Secretary

Limassol, 7 July 2015

Independent auditor's report

To the Members of GRANBERO HOLDINGS LIMITED

Report on the financial statements

We have audited the accompanying financial statements of GRANBERO HOLDINGS LIMITED (the "Company") on pages 5 to 21 which comprise the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, 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.

Limassol office

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The list of directors' names of each firm is open for inspection at their principal place of business.

Independent auditor's report (continued)

To the Members of GRANBERO HOLDINGS LIMITED

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of GRANBERO HOLDINGS LIMITED as at 31 December 2014, 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.

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.



Stavros Stavrou
Certified Public Accountant and Registered Auditor
for and on behalf of
PKF Savvides & Co Limited
Certified Public Accountants and Registered Auditors

Limassol, 7 July 2015

GRANBERO HOLDINGS LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 €	2013 €
Return on investments	5	12.155.730	(1.458.250)
Other income		-	12.250
Administration expenses		<u>(552.828)</u>	<u>(510.373)</u>
Operating profit/(loss)	6	11.602.902	(1.956.373)
Finance income	7	16.956.116	12.190.474
Finance costs	7	<u>(6.525.895)</u>	<u>(1.415.887)</u>
Profit before tax		22.033.123	8.818.214
Tax	8	<u>(687.909)</u>	<u>(535.745)</u>
Net profit for the year		21.345.214	8.282.469
Other comprehensive income		-	-
Total comprehensive income for the year		<u>21.345.214</u>	<u>8.282.469</u>

The notes on pages 9 to 21 form an integral part of these financial statements.


GRANBERO HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Investments in subsidiaries	9	10.227.530	8.417.233
Investments in associated undertakings	10	2.000.000	2.000.000
Closed - End Investments Funds	11	108.861.542	212.904.024
Trade and other receivables	12	455.103.883	307.530.471
		<u>576.192.955</u>	<u>530.851.728</u>
Current assets			
Trade and other receivables	12	127.039.183	1.481.222
Cash at bank and in hand		5.808.163	7.459.943
		<u>132.847.346</u>	<u>8.941.165</u>
Total assets		<u>709.040.301</u>	<u>539.792.893</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	13	9.731	9.731
Share premium		32.664.155	32.664.155
Retained earnings		456.135.875	434.790.661
Total equity		<u>488.809.761</u>	<u>467.464.547</u>
Current liabilities			
Trade and other payables	14	219.428.762	71.493.321
Current tax liabilities	15	801.778	835.025
		<u>220.230.540</u>	<u>72.328.346</u>
Total equity and liabilities		<u>709.040.301</u>	<u>539.792.893</u>

On 7 July 2015 the Board of Directors of GRANBERO HOLDINGS LIMITED authorised these financial statements for issue.


.....
Eva Agathangelou
Director

The notes on pages 9 to 21 form an integral part of these financial statements.

GRANBERO HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2013	9.731	32.664.155	426.508.192	459.182.078
Total comprehensive income for the year	-	-	8.282.469	8.282.469
Balance at 31 December 2013/ 1 January 2014	9.731	32.664.155	434.790.661	467.464.547
Total comprehensive income for the year	-	-	21.345.214	21.345.214
Balance at 31 December 2014	9.731	32.664.155	456.135.875	488.809.761

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 21 form an integral part of these financial statements.

GRANBERO HOLDINGS LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2014

	Note	2014 €	2013 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		22.033.123	8.818.214
Adjustments for:			
Interest income	7	(14.172.196)	(7.479.644)
Interest expense	7	<u>6.497.062</u>	<u>1.365.342</u>
Cash flows from operations before working capital changes		14.357.989	2.703.912
Increase in trade and other receivables		(273.131.373)	(47.671.498)
Increase in trade and other payables		<u>147.935.441</u>	<u>53.744.242</u>
Cash flows (used in)/from operations		(110.837.943)	8.776.656
Tax paid		<u>(721.156)</u>	<u>(962.897)</u>
Net cash flows (used in)/from operating activities		<u>(111.559.099)</u>	<u>7.813.759</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of investments in subsidiaries		(1.837.599)	(4.282.356)
Sale of investments in subsidiaries		27.302	3.099.692
Purchase of Closed - End Investments Funds certificates		(5.801.627)	(6.528.769)
Redemption of Closed - End Investment Funds certificates	11	<u>109.844.109</u>	-
Interest income		<u>14.172.196</u>	<u>7.479.644</u>
Net cash flows from/(used in) investing activities		<u>116.404.381</u>	<u>(231.789)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest expense		<u>(6.497.062)</u>	<u>(1.365.342)</u>
Net cash flows used in financing activities		<u>(6.497.062)</u>	<u>(1.365.342)</u>
Net (decrease) /increase in cash and cash equivalents		(1.651.780)	6.216.628
Cash and cash equivalents:			
At beginning of the year		<u>7.459.943</u>	<u>1.243.315</u>
At end of the year		<u>5.808.163</u>	<u>7.459.943</u>

The cash and cash equivalents include the following:

	2014 €	2013 €
Cash at bank and in hand	<u>5.808.163</u>	<u>7.459.943</u>
	<u>5.808.163</u>	<u>7.459.943</u>

The notes on pages 9 to 21 form an integral part of these financial statements.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. Incorporation and principal activities

Country of incorporation

The Company GRANBERO HOLDINGS LIMITED (the "Company") was incorporated in Cyprus on 8 September, 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Arch. Makariou III, 229, Meliza Court, 4th Floor, P.C 3105, Limassol, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are that of investment holding and trading and that of financing.

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 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The financial statements include the activities of the Luxembourg branch (Granbero Capital S.A) as well, and all interbranch balances are eliminated.

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.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting.

However, no consolidated financial statements have been prepared, since the Company is taking advantage of the exception permitted in IAS27 whereby a parent that is itself a wholly owned subsidiary and its parent or ultimate parent produces consolidated financial statements that comply with IFRSs need not present consolidated financial statements.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Subsidiary companies

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.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Revenue recognition

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

- **Income from investments in securities**

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

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

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2014 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of available-for-sale financial assets are recognised in equity. When available-for-sale financial assets are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

Finance income

Finance income includes interest income which is recognised based on an accrual basis.

Finance costs

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

Foreign currency translation

- (1) **Functional and presentation currency**

Items included in the Company's financial statements are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Euro (€), which is the Company's functional and presentation currency.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

Tax

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.

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.

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 fair value.

Financial assets

(1) Classification

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

- Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months from the reporting date.

- Loans and receivables

Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the reporting date. These are classified as non current assets. The Company's loans and receivables comprise trade and other receivables and cash and cash equivalents in the statement of financial position.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Financial instruments (continued)

Financial assets (continued)

- Held-to-maturity investments

Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity, that do not meet the definition of loans and receivables. During the , the Company did not hold any investments in this category.

- Available-for-sale financial assets

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

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest method.

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

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale financial assets the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

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 measured at fair value.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

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.

Share capital

Ordinary shares are classified as equity.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

Comparatives

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

3. Financial risk management

Financial risk factors

The Company is exposed to market price risk, interest rate risk, credit risk, liquidity risk and currency risk arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's available-for-sale financial assets and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

3.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3. Financial risk management (continued)

3.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

3.4 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.5 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar, the Polish Zloty and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts at the reporting date.

4. Critical accounting estimates and judgments

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

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.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4. Critical accounting estimates and judgments (continued)

• Impairment of investments in subsidiaries/associates

The Company periodically evaluates the recoverability of investments in subsidiaries/associates 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/associates 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.

5. Return on investments

	2014	2013
	€	€
Profit on redemption of investment certificates	12.155.730	-
Loss from sale of investments in subsidiaries	-	(1.458.250)
	<u>12.155.730</u>	<u>(1.458.250)</u>

6. Operating profit/(loss)

	2014	2013
	€	€
Operating profit/(loss) is stated after charging the following items:		
Auditors' remuneration	<u>16.660</u>	<u>14.280</u>

7. Finance income/cost

	2014	2013
	€	€
Interest income	14.172.196	7.479.644
Exchange profit	36.074	-
Other finance income	<u>2.747.846</u>	<u>4.710.830</u>
Finance income	<u>16.956.116</u>	<u>12.190.474</u>
Net foreign exchange transaction losses	(10.862)	(44.057)
Interest expense	(6.497.062)	(1.365.342)
Sundry finance expenses	<u>(17.971)</u>	<u>(6.488)</u>
Finance costs	<u>(6.525.895)</u>	<u>(1.415.887)</u>
Net finance income	<u>10.430.221</u>	<u>10.774.587</u>

8. Tax

	2014	2013
	€	€
Overseas tax - Luxembourg	355.209	499.210
Corporation tax - Head Office	300.254	27.589
Overseas withholding tax - Belgium	5	6.218
Defence contribution - current	<u>32.441</u>	<u>2.728</u>
Charge for the year	<u>687.909</u>	<u>535.745</u>

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

8. Tax (continued)

The corporation tax rate is 12,5%. Any taxable income from a permanent establishment abroad is taxed in that permanent establishment and is exempt from the Cyprus corporation tax.

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.

9. Investments in subsidiaries

	2014 €	2013 €
Balance at 1 January	8.417.233	7.234.569
Additions	1.837.599	4.282.356
Disposals	(27.302)	(3.099.692)
Balance at 31 December	10.227.530	8.417.233

The details of the subsidiaries are as follows:

Name	Country of incorporation	Class of shares held	2014 Holding %	2013 Holding %	2014 €	2013 €
Ghelamco GP7 Sp.z.o.o.	Poland	Ordinary	100	100	13.050	13.050
Ghelamco Warsaw Spire Sp.z.o.o.	Poland	Ordinary	100	100	607.510	607.510
Ghelamco GP5 Sp.z.o.o.	Poland	Ordinary	100	100	13.050	13.050
Expert Invest Sp.z.o.o.	Poland	Ordinary	100	100	706.890	706.890
Prima Bud Sp.z.o.o.	Poland	Ordinary	100	100	12.540	12.540
Ghelamco GP6 Sp.z.o.o.	Poland	Ordinary	100	100	12.334	12.334
Signal Bud Sp.z.o.o.	Poland	Ordinary	100	100	12.334	12.334
Industrial Invest Sp.z.o.o.	Poland	Ordinary	100	100	919.462	919.462
Ghelamco GP3 Sp.z.o.o.	Poland	Ordinary	100	100	12.693	12.693
Ghelamco GP4 Sp.z.o.o.	Poland	Ordinary	100	100	17.000	17.000
Ghelamco Invest Sp.z.o.o.	Poland	Ordinary	100	100	6.067.628	6.067.628
Creditero Holdings Limited	Cyprus	Ordinary	100	100	20.254	20.254
Ghelamco GP1 Sp.z.o.o.	Poland	Ordinary	100	100	1.244	1.244
Ghelamco GP2 Sp.z.o.o.	Poland	Ordinary	100	100	1.244	1.244
Ghelamco GP8 Sp.z.o.o.	Poland	Ordinary	100	-	1.206	-
Ghelamco GP1 Sp.z.o.o. Innovation SKA	Poland	Ordinary	100	-	179.944	-
Ghelamco GP2 Sp.z.o.o. KBP SKA	Poland	Ordinary	100	-	11.731	-
Ghelamco GP2 Sp.z.o.o. Kalea SKA	Poland	Ordinary	100	-	1.600.993	-
Ghelamco GP3 Sp.z.o.o. LBP SKA	Poland	Ordinary	100	-	16.423	-
					10.227.530	8.417.233

10. Investments in associated undertakings

	2014 €	2013 €
Balance at 1 January	2.000.000	2.000.000
Balance at 31 December	2.000.000	2.000.000

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

10. Investments in associated undertakings (continued)

The details of the investments are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Class of shares held</u>	2014 Holding %	2013 Holding %	2014 €	2013 €
Apollo Invest Sp.z.o.o.	Poland	Ordinary	40	40	2.000.000	2.000.000
					2.000.000	2.000.000

11. Closed - End Investments Funds

	2014 €	2013 €
Balance at 1 January	212.904.024	206.375.255
Additions	5.801.627	6.528.769
Redemption	(109.844.109)	-
Balance at 31 December	108.861.542	212.904.024

The details of the Closed - End Investments Funds are as follows:

<u>Name</u>	<u>Country of incorporation</u>	2014 Holding %	2013 Holding %	2014 €	2013 €
CC26 Closed - End Investment Fund	Poland	100	92,98	10.487.688	62.778.977
CC28 Closed - End Investment Fund	Poland	100	100	98.373.854	150.125.047
				108.861.542	212.904.024

12. Trade and other receivables

	2014 €	2013 €
Trade receivables	676.112	648.810
Receivables from related companies (Note 16)	507.903.863	294.256.895
Receivables from parent (Note 16)	73.562.273	14.077.540
Deposits and prepayments	-	27.630
Other receivables	818	818
	582.143.066	309.011.693
Less non-current receivables	(455.103.883)	(307.530.471)
Current portion	127.039.183	1.481.222

Receivables from related companies and parent in relation to financing, carry interest at market rates.

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

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

13. Share capital

	2014 Number of shares	2014 €	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	<u>9.731</u>	<u>9.731</u>	<u>9.731</u>	<u>9.731</u>
Issued and fully paid				
Balance at 1 January	<u>9.731</u>	<u>9.731</u>	<u>9.731</u>	<u>9.731</u>
Balance at 31 December	<u>9.731</u>	<u>9.731</u>	<u>9.731</u>	<u>9.731</u>

14. Trade and other payables

	2014 €	2013 €
Trade payables	199.246	588.402
Accruals	50.919	51.991
Deferred income	3.000.000	-
Payables to related companies (Note 16)	<u>216.178.597</u>	<u>70.852.928</u>
	<u>219.428.762</u>	<u>71.493.321</u>

Payables to related companies in relation to financing, carry interest at market rates.

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

15. Current tax liabilities

	2014 €	2013 €
Overseas tax - Luxembourg	429.520	795.462
Special contribution for defence	37.341	4.900
Corporation tax - Head Office	<u>334.917</u>	<u>34.663</u>
	<u>801.778</u>	<u>835.025</u>

16. Related party transactions

The Company is a 100% subsidiary of Ghelamco Group Comm.VA, incorporated in Belgium. The Company's ultimate controlling party is Mr. Paul Gheysens, of Belgium.

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

16. Related party transactions (continued)

The following transactions were carried out with related parties:

16.1 Sales of goods and services

	Nature of transactions	2014 €	2013 €
Peridot SL	Interest receivable	6.411.921	5.792.463
Salamanca Capital Services Limited	Interest receivable	1.518.108	1.422.236
Signal Bud Sp.z.o.o.	Interest receivable / Other interest /		
	Sale of investments	111.251	205.448
Ghelamco Poland Sp.z.o.o. sp.K (ex. S.K.A)	Financial gain	2.747.846	4.710.830
Ghelamco Group Comm. VA	Interest receivable	484.733	80.185
Ghelamco NV	Interest receivable	-	47.355
Ghelamco GP7 Sp.z.o.o.	Sale of investments	-	205
Ghelamco GP2 Sp.z.o.o.	Sale of investments	-	24
Ghelamco Warsaw Spire Sp.z.o.o. WS S.K.A	Interest receivable	2.280.816	-
Ghelamco GP4 Sp.z.o.o. M12 S.K.A	Interest receivable	570.328	-
Ghelamco GP1 Sp.z.o.o. Port Zeranski S.K.A	Interest receivable	79.144	-
Ghelamco GP5 Sp.z.o.o. Sienna Towers S.K.A	Interest receivable	1.541.861	-
Ghelamco GP1 Sp.z.o.o. Vogla S.K.A	Interest receivable	81.911	-
Ghelamco GP7 Sp.z.o.o. Postepu S.K.A	Interest receivable	221.257	-
Ghelamco GP3 Sp.z.o.o. Wronia S.K.A	Interest receivable	769.580	-
		16.818.756	12.258.746

16.2 Purchases of goods and services

	Nature of transactions	2014 €	2013 €
Signal Bud Sp.z.o.o.	Interest payable	446.050	444.730
Ghelamco GP2 Sp.z.o.o. Primula S.K.A	Interest payable	132.955	136.935
Finaris S.A	Professional fees	16.404	16.004
Ghelamco GP6 Sp.z.o.o. HQ S.K.A	Interest payable	1.086.181	600.768
Salamanca Capital Services Limited	Interest payable	757	39
Ghelamco GP2 Sp.z.o.o. Kalea S.K.A	Interest payable	930.512	182.101
Tallink Investments Limited	Purchase of investments	-	24.238
Ghelamco Warsaw Spire Sp.z.o.o. S.K.A	Interest payable	1.529.724	-
Ghelamco GP4 Sp.z.o.o. Kappa S.K.A	Interest payable	497.938	-
Ghelamco GP1 Sp.z.o.o. Dystryvest	Interest payable	58.740	-
Ghelamco GP5 Sp.z.o.o. Capital S.K.A	Interest payable	1.000.758	-
Ghelamco GP1 Sp.z.o.o. Callista S.K.A	Interest payable	53.220	-
Ghelamco GP7 Sp.z.o.o. Business Bud S.K.A	Interest payable	143.223	-
Ghelamco GP3 Sp.z.o.o. Logistika S.K.A	Interest payable	502.868	-
CC26 Closed - End Investment Fund	Interest payable	53.004	-
CC28 Closed - End Investment Fund	Interest payable	61.131	-
CC26 Closed - End Investment Fund	Redemption of investment certificates	70.384.532	-
CC28 Closed - End Investment Fund	Redemption of investment certificates	51.615.307	-
		128.513.304	1.404.815

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

16. Related party transactions (continued)

16.3 Receivables from related parties (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2014 €	2013 €
Salamanca Capital Services Ltd	Finance	69.466.268	57.980.659
Peridot SL	Finance	191.803.930	234.042.009
Ghelamco Poland Sp.z.o.o. sp.K (ex. SKA)	Finance gain	1.183.370	578.424
Ghelamco GP3 Sp.z.o.o.	Trade	267	267
Ghelamco Warsaw Spire Sp.z.o.o.	Finance /Trade	121	121
Signal Bud Sp.z.o.o.	Finance /Trade	1.712.846	1.655.091
Ghelamco GP5 Sp.z.o.o. (ex. Fusion Invest)	Finance	119	119
Ghelamco GP7 Sp.z.o.o.	Trade	205	205
Ghelamco Warsaw Spire Sp.z.o.o. WS SKA	Finance	54.350.816	-
Ghelamco GP3 Sp.z.o.o. Wronia SKA	Finance	15.668.580	-
Ghelamco GP4 Sp.z.o.o. M12 SKA	Finance	3.410.328	-
Ghelamco GP1 Sp.z.o.o. Vogla SKA	Finance	1.951.912	-
Ghelamco GP5 Sp.z.o.o. Sienna Towers SKA	Finance	36.741.861	-
Ghelamco GP7 Sp.z.o.o. Postepu SKA	Finance	5.451.257	-
Ghelamco GP1 Sp.z.o.o. Port Zeranski SKA	Finance	1.162.144	-
Tallink Investments Limited	Trade	3.000.000	-
CC26 Redemption value of certificates receivable	Trade	70.384.532	-
CC28 Redemption value of certificates receivable	Trade	51.615.307	-
		507.903.863	294.256.895

16.4 Payables to related parties (Note 14)

<u>Name</u>	<u>Nature of transactions</u>	2014 €	2013 €
Finaris S.A	Professional services	4.101	4.001
Creditero Holdings Limited	Trade	5.693.747	-
Signal Bud Sp.z.o.o.	Finance	13.406.092	12.960.042
Ghelamco GP2 Sp.z.o.o. Primula S.K.A	Finance	-	4.734.306
Ghelamco GP2 Sp.z.o.o.	Trade	602	602
Elzenwalle NV	Trade	-	4.495.831
Ghelamco GP6 Sp.z.o.o.HQ S.K.A	Finance	28.041.949	27.450.768
Salamanca Capital Services Limited	Finance	14.296	1.039
Ghelamco GP2 Sp.z.o.o.Kalea S.K.A	Finance	311.096	21.182.101
Tallink Investments Limited	Trade	24.238	24.238
Ghelamco Warsaw Spire Sp.z.o.o. SKA	Finance	53.599.724	-
Ghelamco GP3 Sp.z.o.o. Logistika SKA	Finance	903.349	-
Ghelamco GP4 Sp.z.o.o. Kappa SKA	Finance	267.638	-
Ghelamco GP1 Sp.z.o.o. Callista SKA	Finance	164.701	-
Ghelamco GP5 Sp.z.o.o. Capital SKA	Finance	2.048.463	-
Ghelamco GP7 Sp.z.o.o. Business Bud SKA	Finance	82.270	-
Ghelamco GP1 Sp.z.o.o. Dystryvest SKA	Finance	72.045	-
CC26 Closed - End Investment Fund	Trade	179.944	-
CC28 Closed - End Investment Fund	Trade	1.629.147	-
CC26 Closed - End Investment Fund	Finance	62.593.112	-
CC28 Closed - End Investment Fund	Finance	47.142.083	-
		216.178.597	70.852.928

GRANBERO HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

16. Related party transactions (continued)

16.5 Parent company - current account debit balances (Note 12)

	2014	2013
	€	€
Ghelamco Group Comm. VA	<u>73.562.273</u>	<u>14.077.540</u>
	<u>73.562.273</u>	<u>14.077.540</u>

17. Contingent liabilities

Ghelamco Invest Sp.z.o.o., subsidiary of Granbero Holdings Ltd, has in years 2011 - 2014 issued Polish bearer bonds for a total amount of PLN546.600.000 and €6.320.000 which are outstanding as at 31 December 2014. These bonds, which have been underwritten by a select group of investors and have been listed for trading on the alternative trading system Catalyst run by BondSpot S.A., are secured by a redemption surety granted by Granbero Holdings Ltd. The redemption surety covers also all documented expenses related with the enforcement of the issuer's or guarantor's financial obligations from the bonds issued and also an agreed statutory interest on the bonds.

18. Commitments

The Company had no capital or other commitments as at 31 December 2014.

19. 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

GRANBERO HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2014

	Page	2014 €	2013 €
Return on investments			
Profit on redemption of investment certificates		12.155.730	-
(Loss) / Profit from sale of investments in subsidiaries		-	(1.458.250)
Other operating income			
Sundry operating income		-	12.250
		12.155.730	(1.446.000)
Operating expenses			
Administration expenses	23	(552.828)	(510.373)
Operating profit/(loss)		11.602.902	(1.956.373)
Finance income	24	16.956.116	12.190.474
Finance costs	24	(6.525.895)	(1.415.887)
Net profit for the year before tax		22.033.123	8.818.214

GRANBERO HOLDINGS LIMITED

OPERATING EXPENSES

Year ended 31 December 2014

	2014 €	2013 €
Administration expenses		
Rent	14.619	14.410
Licenses and taxes	350	350
Insurance	43.986	51.262
Telephone and postage	393	321
Courier expenses	819	793
Auditors' remuneration	16.660	14.280
Accounting fees	5.058	4.463
Other professional fees	191.195	178.549
Overseas travelling and accommodation	216.476	190.000
Management and consulting fees	-	31.072
Stamp and other duties	63.272	24.873
	<u>552.828</u>	<u>510.373</u>

GRANBERO HOLDINGS LIMITED

FINANCE INCOME/COST

Year ended 31 December 2014

	2014 €	2013 €
Finance income		
Bank interest	108.152	30.204
Group interest	8.519.014	7.446.493
Interest on bank current accounts	132	2.947
Interest receivable on back to back bonds	5.544.898	-
Profit from hedging operations	2.747.846	4.710.830
Realised exchange profit	36.074	-
	<u>16.956.116</u>	<u>12.190.474</u>
 Finance costs		
Interest expense		
Group interest	2.632.105	1.364.573
Interest payable on back to back bonds	3.864.957	-
Interest on taxes	-	769
 Sundry finance expenses		
Bank charges	17.971	6.488
 Net foreign exchange transaction losses		
Exchange loss	<u>10.862</u>	<u>44.057</u>
	<u>6.525.895</u>	<u>1.415.887</u>

GRANBERO HOLDINGS LIMITED

COMPUTATION OF DEFENCE CONTRIBUTION

Year ended 31 December 2014

	Income €	Rate	Defence € c
INTEREST			
Interest that was subject to deduction at source	<u>108.152</u>		
	<u>108.152</u>	30%	<u>32.445,60</u>
			32.445,60
Double tax credit claimed			<u>(4,69)</u>
DEFENCE CONTRIBUTION DUE TO IRD			<u><u>32.440,91</u></u>

GRANBERO HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2014

	Page	€	€
Net profit per income statement	22		22.033.123
<u>Add:</u>			
Disallowed professional fees connected with non taxable activities		46.574	
Disallowed overseas travelling and accommodation connected with non taxable activities		216.476	
Disallowed bank charges connected with non taxable activities		6.763	
Disallowed exchange loss connected with non taxable activities		1.083	
Disallowed group interest connected with non taxable activities		2.632.105	
Disallowed legal fees connected with non taxable activities		46.038	
Disallowed courier expenses connected with non taxable activities		508	
Stamp and other duties		63.272	
Insurance		43.986	
Annual levy fee		350	
			<u>3.057.155</u>
			25.090.278
<u>Less:</u>			
Profit from redemption of investment certificates		12.155.730	
Profit from permanent establishment abroad exempted from income tax computation – article 36(3) - Luxembourg		10.638.373	
Interest income		108.152	
Exchange difference profit connected with non taxable activities		4.354	
			<u>(22.906.609)</u>
Chargeable income for the year			<u><u>2.183.669</u></u>

Calculation of corporation tax

	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	<u>2.183.669</u>	12,5	272.958,63
10% additional charge			<u>27.295,86</u>
TAX PAYABLE			<u><u>300.254,49</u></u>