

## **ELLAKTOR VENTURES LIMITED**

### **REPORT AND FINANCIAL STATEMENTS** 31 December 2013

# ELLAKTOR VENTURES LIMITED

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## REPORT AND FINANCIAL STATEMENTS

31 December 2013

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# ELLAKTOR VENTURES LIMITED

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## BOARD OF DIRECTORS AND OTHER OFFICERS

**Board of Directors:**

Andreas Mavromatis  
Leonidas Bobolas  
Emmanouil Petousis

**Company Secretary:**

Brena Services Limited  
8 Zinonos Kitieos,  
2322 Kato Lakatamia, Nicosia,  
Cyprus

**Independent Auditors:**

Horwath DSP Limited  
Certified Public Accountants and Registered Auditors  
Photiades Business Centre  
1st floor, 8 Stassinou Avenue  
P.O. Box 22545  
1522 Nicosia

**Registered office:**

33 Vas. Freiderikis Palais D'Ivoire  
1 floor, office/flat 403 & 404  
1066 Nicosia  
Cyprus

# ELLAKTOR VENTURES 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 activities**

The principal activities of the Company, are the holding of investments and provision of finance.

### **Review of current position, future developments and significant risks**

The Company has incurred losses during the year. however the Board of Directors expects that the appreciation of the value of the subsidiary in the following years will outweigh the losses incurred.

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 the date of this report are presented on page 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.

### **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 Auditors**

The Independent Auditors, Horwath DSP 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,



Andreas Mavromatis  
Director

Nicosia, 22 January 2014

## **Independent auditor's report**

### **To the Members of Ellaktor Ventures Limited**

#### **Report on the financial statements**

We have audited the financial statements of parent company Ellaktor Ventures Limited (the "Company") on pages 5 to 15 which comprise the statement of financial position as at 31 December 2013, and the statements of 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.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of parent company Ellaktor Ventures 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 Ellaktor Ventures Limited**

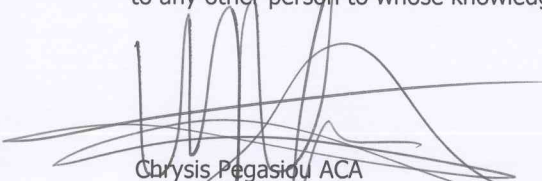
#### **Report on other legal requirements**

Pursuant to the requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, 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.
- 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 Law of 2009 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.



Chrysis Pegasidou ACA  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Horwath DSP Limited**  
**Certified Public Accountants and Registered Auditors**

Nicosia, 22 January 2014

# ELLAKTOR VENTURES LIMITED

## STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2013

	Note	2013 €	2012 €
Loan interest income		<u>27.826</u>	8.858
		<b>27.826</b>	8.858
Administration expenses		<b>(5.611)</b>	(22.650)
Other expenses	5	<u>-</u>	(1.000)
<b>Operating profit/(loss)</b>		<b>22.215</b>	(14.792)
Net finance costs	7	<u>(47.053)</u>	(5.906)
<b>Loss before tax</b>		<b>(24.838)</b>	(20.698)
Tax	8	<u>(2.447)</u>	-
<b>Net loss for the year/period</b>		<b>(27.285)</b>	(20.698)
<b>Other comprehensive income</b>		<u>-</u>	-
<b>Total comprehensive expense for the year/period</b>		<b><u>(27.285)</u></b>	<b>(20.698)</b>

The notes on pages 9 to 15 form an integral part of these financial statements.

# ELLAKTOR VENTURES LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2013

	Note	2013 €	2012 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment in subsidiary	9	<u>42.242</u>	42.242
		<u>42.242</u>	42.242
<b>Current assets</b>			
Loans receivable	10	<u>375.956</u>	304.339
Cash at bank	11	<u>2.573</u>	31.061
		<u>378.529</u>	335.400
<b>Total assets</b>		<u><u>420.771</u></u>	<u>377.642</u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	12	<u>1.000</u>	1.000
Accumulated losses		<u>(47.983)</u>	(20.698)
<b>Total equity</b>		<u>(46.983)</u>	(19.698)
<b>Current liabilities</b>			
Trade and other payables	13	<u>465.307</u>	397.340
Current tax liabilities	14	<u>2.447</u>	-
		<u>467.754</u>	397.340
<b>Total equity and liabilities</b>		<u><u>420.771</u></u>	<u>377.642</u>

On 22 January 2014 the Board of Directors of Ellaktor Ventures Limited authorised these financial statements for issue.



Andreas Mavromatis  
Director



Leonidas Bobolas  
Director

The notes on pages 9 to 15 form an integral part of these financial statements.



# ELLAKTOR VENTURES LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

	Note	Share capital €	Accumulated (losses) €	Total €
Total comprehensive expense for the period		-	(20.698)	(20.698)
Issue of share capital	12	1.000	-	1.000
<b>Balance at 31 December 2012 / 1 January 2013</b>		<b>1.000</b>	<b>(20.698)</b>	<b>(19.698)</b>
Total comprehensive expense for the year		-	(27.285)	(27.285)
<b>Balance at 31 December 2013</b>		<b>1.000</b>	<b>(47.983)</b>	<b>(46.983)</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.

The notes on pages 9 to 15 form an integral part of these financial statements.

# ELLAKTOR VENTURES LIMITED

## CASH FLOW STATEMENT

Year ended 31 December 2013

	Note	2013 €	2012 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
<b>Loss before tax</b>		<b>(24.838)</b>	(20.698)
Adjustments for:			
Interest income		<b>(27.826)</b>	(8.858)
Interest expense	7	-	500
<b>Cash flows used in operations before working capital changes</b>		<b>(52.664)</b>	(29.056)
Decrease in receivables		-	1.000
Increase in trade and other payables		<b>67.967</b>	397.340
<b>Cash flows from operations</b>		<b>15.303</b>	369.284
Interest received		<b>27.826</b>	(283)
<b>Net cash flows from operating activities</b>		<b>43.129</b>	369.001
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Payment for purchase of investments in subsidiaries	9	-	(42.242)
Loans granted		<b>(71.617)</b>	(295.198)
<b>Net cash flows used in investing activities</b>		<b>(71.617)</b>	(337.440)
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Interest paid		-	(500)
<b>Net cash flows used in financing activities</b>		-	(500)
<b>Net (decrease) /increase in cash and cash equivalents</b>		<b>(28.488)</b>	31.061
Cash and cash equivalents:			
At beginning of the year/period		<b>31.061</b>	-
<b>At end of the year/period</b>	11	<b>2.573</b>	31.061

The notes on pages 9 to 15 form an integral part of these financial statements.

# ELLAKTOR VENTURES 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 Ellaktor Ventures Limited (the "Company") was incorporated in Cyprus on 27 October 2011 as a private limited liability Company under the Cyprus Companies Law, Cap. 113. Its registered office is at 33 Vas. Freiderikis Palais D'Ivoire, 1 floor, office/flat 403 & 404, 1066 Nicosia, Cyprus.

#### Principal activities

The principal activities of the Company, are the holding of investments and provision of finance.

### 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 of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the ultimate parent company publishes consolidated financial statements in accordance with Generally Accepted Accounting Principles in Greece and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2013.

Since the 7th Directive of the European Union permits the preparation of consolidated financial statements in accordance with the Directive or in a manner equivalent to the Directive, and since the Cyprus Companies Law, Cap. 113, provides the aforementioned exemption, the provisions of International Accounting Standard 27 "Consolidated and separate financial statements" that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

The financial statements have been prepared under the historical cost convention.

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, 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.

# ELLAKTOR VENTURES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 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.

#### Revenue recognition

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

- **Interest income**

Interest income is recognised on a time-proportion basis using the effective interest method.

#### 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.

(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.

#### 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.

#### Cash and cash equivalents

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

#### Share capital

Ordinary shares are classified as equity.

# ELLAKTOR VENTURES LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 3. Financial risk management

#### Financial risk factors

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

#### 3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. 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.

#### 3.2 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.

#### 3.3 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.

#### 3.4 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. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

#### 3.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

#### 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.

# ELLAKTOR VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 4. Critical accounting estimates and judgments (continued)

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:

- **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 undiscounted 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. Other expenses

	2013	2012
	€	€
Incorporation expenses	-	1.000
	<u>-</u>	<u>1.000</u>

### 6. Expenses by nature

	2013	2012
	€	€
Auditors' remuneration	1.180	2.058
Accounting Fees	944	761
Administration Expenses	1.180	1.150
Other professional fees	1.607	9.134
Consultancy expenses	-	9.547
Annual company levy	700	-
<b>Total expenses</b>	<b><u>5.611</u></b>	<b><u>22.650</u></b>

# ELLAKTOR VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 7. Finance income/cost

	2013	2012
	€	€
Exchange profit	<u>4.626</u>	363
<b>Finance income</b>	<b>4.626</b>	363
Net foreign exchange transaction losses	(50.660)	(4.115)
Interest expense	-	(500)
Sundry finance expenses	<u>(1.019)</u>	(1.654)
<b>Finance costs</b>	<b>(51.679)</b>	(6.269)
<b>Net finance costs</b>	<b>(47.053)</b>	(5.906)

### 8. Tax

	2013	2012
	€	€
Corporation tax - current year/period	<u>2.447</u>	-

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 before tax	<u>(24.838)</u>	(20.698)
Tax calculated at the applicable tax rates	(3.105)	(2.070)
Tax effect of expenses not deductible for tax purposes	6.495	1.637
Tax effect of allowances and income not subject to tax	(578)	(36)
Tax effect of tax losses brought forward	(587)	-
Tax effect of tax loss for the year/period	-	469
10% additional charge	<u>222</u>	-
<b>Tax charge</b>	<b>2.447</b>	-

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

### 9. Investment in subsidiary

	2013	2012
	€	€
Balance at 1 January	42.242	-
Additions	-	42.242
<b>Balance at 31 December</b>	<b>42.242</b>	42.242

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
Levashovo Waste Management Project Limited Liability Company	Russia	Construction and operation of waste plant in Saint-Petersburg	<b>100</b>

# ELLAKTOR VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 10. Loan receivable

	2013	2012
	€	€
Loan to own subsidiary (Note 15)	<u>375.956</u>	304.339
	<u>375.956</u>	<u>304.339</u>

The fair values of non-current receivables approximate to their carrying amounts as presented above.

### 11. Cash at bank

Cash balances are analysed as follows:

	2013	2012
	€	€
Cash at bank	<u>2.573</u>	31.061
	<u>2.573</u>	<u>31.061</u>

### 12. Share capital

	2013	2013	2012	2012
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>	5.000	5.000
<b>Issued and fully paid</b>				
Balance at 1 January	1.000	1.000	-	-
Issue of shares	<u>-</u>	<u>-</u>	1.000	1.000
<b>Balance at 31 December</b>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>

### 13. Trade and other payables

	2013	2012
	€	€
Shareholders' current accounts - credit balances (Note 15)	462.187	394.603
Accruals	1.652	1.180
Other creditors	<u>1.468</u>	1.557
	<u>465.307</u>	<u>397.340</u>

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

### 14. Current tax liabilities

	2013	2012
	€	€
Corporation tax	<u>2.447</u>	-
	<u>2.447</u>	<u>-</u>



# ELLAKTOR VENTURES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS Year ended 31 December 2013

### 15. Related party transactions

The following transactions were carried out with related parties:

#### 15.1 Loan interest income

	2013	2012
	€	€
Levashovo Waste Management Project Limited Liability Company	<u>27.826</u>	<u>8.858</u>
	<u>27.826</u>	<u>8.858</u>

#### 15.2 Loan to subsidiary (Note 10)

	2013	2012
	€	€
Levashovo Waste Management Project Limited Liability Company	<u>375.956</u>	<u>304.339</u>
	<u>375.956</u>	<u>304.339</u>

The loan bears interest at the rate of 8% per annum and is repayable on demand.

#### 15.3 Shareholders' current accounts - credit balances (Note 13)

	2013	2012
	€	€
As at 31 December	<u>462.187</u>	<u>394.603</u>
	<u>462.187</u>	<u>394.603</u>

The shareholders' current accounts are interest free, and have no specified repayment date.

### 16. 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**