

CORREA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2014

CORREA HOLDINGS LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2014

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CORREA HOLDINGS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Andreas Mavromatis

Company Secretary:

Brena Services Limited
8 Zinonos Kitieos street
Kato Lakatamia
2322, 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:

Falirou 9A, Pallouriotissa
Nicosia
1046
Cyprus

CORREA 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 Correa Holdings Limited was incorporated in Cyprus on 27 February 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investment and provision of finance. The Board of Directors will call for an extraordinary shareholders' meeting to resolve by special resolution that the Company be wound up voluntarily.

Going concern basis

The financial statements have not been prepared on a going concern basis since it is the intention of the Board of Directors to liquidate the Company as soon as arrangements can be made.

Results

The Company's results for the year are set out on page 5. The net loss for the year is carried forward.

Share capital

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

Board of Directors

The member of the Company's Board of Directors as at the date of this report is presented on page 1. The sole director was a member of the Board of Directors throughout the year ended 31 December 2014.

In accordance with the Company's Articles of Association the sole director presently member of the Board continues in office.

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

Independent Auditors

A resolution giving authority to the Board of Directors to fix the Independent auditors remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Andreas Mavromatis
Director

Nicosia, 5 January 2015

Independent auditor's report

To the Members of Correa Holdings Limited

Report on the financial statements

We have audited the financial statements of the parent company Correa Holdings Limited (the "Company") on pages 5 to 16 which comprise the statement of financial position as at 31 December 2014, 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 Correa 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.

Emphasis of matter

We draw attention to note 2 to the financial statements where it is indicated that the financial statements have not been prepared on a going concern basis since it is the intention of the Management to liquidate the Company as soon as arrangements can be made. Our opinion is not qualified in respect of this matter.

Independent auditor's report (continued)

To the Members of Correa Holdings 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.

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

Nicosia, 5 January 2015

CORREA HOLDINGS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 €	2013 €
Loan interest income		-	588.000
Loan interest expense		-	(423.800)
		-	164.200
Administration expenses		(6.632)	(7.566)
Other expenses	3	(3.570)	-
Operating (loss)/profit		(10.202)	156.634
Net finance costs	5	(1.266)	(621)
(Loss)/profit before tax		(11.468)	156.013
Tax	6	-	(1)
Net (loss)/profit for the year		(11.468)	156.012
Other comprehensive income		-	-
Total comprehensive (expense) / income for the year		(11.468)	156.012

The notes on pages 9 to 16 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

STATEMENT OF FINANCIAL POSITION 31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Investment in subsidiary	7	<u>19.867.421</u>	19.867.421
		19.867.421	19.867.421
Current assets			
Receivables	8	<u>19.041</u>	12.441
Cash at bank and in hand	9	<u>72.260</u>	108.169
		91.301	120.610
Total assets		<u>19.958.722</u>	<u>19.988.031</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	10	<u>2.000</u>	2.000
Share premium		<u>20.537.000</u>	20.537.000
Accumulated losses		<u>(580.278)</u>	(568.810)
Total equity		<u>19.958.722</u>	<u>19.970.190</u>
Current liabilities			
Trade and other payables	11	-	17.804
Current tax liabilities	12	-	37
		-	<u>17.841</u>
Total equity and liabilities		<u>19.958.722</u>	<u>19.988.031</u>

On 5 January 2015 the Board of Directors of Correa Holdings Limited authorised these financial statements for issue.

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Andreas Mavromatis
Director

The notes on pages 9 to 16 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

		Share capital	Share premium	Accumulated losses	Total
	Note	€	€	€	€
Balance at 1 January 2013		1.000	-	(724.822)	(723.822)
Total comprehensive income for the year		-	-	156.012	156.012
Issue of share capital	10	1.000	20.537.000	-	20.538.000
Balance at 31 December 2013/ 1 January 2014		2.000	20.537.000	(568.810)	19.970.190
Total comprehensive expense for the year		-	-	(11.468)	(11.468)
Balance at 31 December 2014		2.000	20.537.000	(580.278)	19.958.722

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 16 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2014

	Note	2014 €	2013 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(11.468)	156.013
Adjustments for:			
Interest income	5	-	(588.003)
Cash flows used in operations before working capital changes		(11.468)	(431.990)
Increase in receivables		(6.600)	-
(Decrease)/increase in trade and other payables		(17.804)	7.136
Cash flows used in operations		(35.872)	(424.854)
Interest received		-	588.000
Tax paid		(37)	(1)
Net cash flows (used in)/from operating activities		(35.909)	163.145
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of investments in subsidiaries	7	-	(15.322.533)
Loans repayments received		-	14.734.533
Interest received		-	3
Net cash flows used in investing activities		-	(587.997)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	20.538.000
Repayments of borrowings		-	(20.114.200)
Net cash flows from financing activities		-	423.800
Net decrease in cash and cash equivalents		(35.909)	(1.052)
Cash and cash equivalents:			
At beginning of the year		108.169	109.221
At end of the year	9	72.260	108.169

The notes on pages 9 to 16 form an integral part of these financial statements.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. Incorporation and principal activities

Country of incorporation

The Company Correa Holdings Limited (the "Company") was incorporated in Cyprus on 27 February 2007 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Falirou 9A, Pallouriotissa, Nicosia, 1046, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investment and provision of finance. The Board of Directors will call for an extraordinary shareholders' meeting to resolve by special resolution that the Company be wound up voluntarily.

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.

Going concern basis

The financial statements have not been prepared on a going concern basis since it is the intention of the management to liquidate the Company as soon as arrangements can be made.

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 2014.

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 2014. This adoption did not have a material effect on the accounting policies of the Company.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Adoption of new and revised IFRSs (continued)

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.

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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Financial instruments (continued)

Investments

(1) Classification

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

- 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.

(2) Recognition and measurement

Regular way purchases and sales of investments 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 investments not carried at fair value through profit or loss. Investments carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "investments at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from investments 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.

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on available-for-sale financial assets.

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss. Dividends on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Financial instruments (continued)

Investments (continued)

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of investments 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 investments 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.

For investments measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available for sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available for sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Cash and cash equivalents

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

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

3. Other expenses

	2014	2013
	€	€
Liquidation expenses	3.570	-
	3.570	-

4. Expenses by nature

	2014	2013
	€	€
Auditors' remuneration - current year	2.023	1.770
Auditors' remuneration - prior years	256	-

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4. Expenses by nature (continued)

Administration expenses	1.190	1.180
Other professional fees	1.101	2.260
Accounting fees	1.012	2.006
Annual levy	385	350
Legal fees	665	-
Total expenses	6.632	7.566

5. Finance income/cost

	2014	2013
	€	€
Interest income	-	3
Exchange profit	5	102
Finance income	5	105
Net foreign exchange transaction losses	(716)	(217)
Sundry finance expenses	(555)	(509)
Finance costs	(1.271)	(726)
Net finance costs	(1.266)	(621)

6. Tax

	2014	2013
	€	€
Defence contribution - current year	-	1
Charge for the year	-	1

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

	2014	2013
	€	€
(Loss)/profit before tax	(11.468)	156.013
Tax calculated at the applicable tax rates	(1.434)	19.502
Tax effect of expenses not deductible for tax purposes	1.434	54.005
Tax effect of allowances and income not subject to tax	-	(73.513)
Tax effect of tax loss for the year	-	6
Defence contribution current year	-	1
Tax charge	-	1

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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

7. Investments in subsidiaries

	2014	2013
	€	€
Balance at 1 January	19.867.421	4.544.888
Additions	-	15.322.533
Balance at 31 December	<u>19.867.421</u>	<u>19.867.421</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2014 Holding %	2013 Holding %
Profit Construct S.A.	Romania	Investment property	99,99	99,99

8. Receivables

	2014	2013
	€	€
Receivables from related companies (Note 14)	-	12.441
Shareholders' current accounts - debit balances (Note 14)	19.041	-
	<u>19.041</u>	<u>12.441</u>

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

9. Cash at bank and in hand

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

	2014	2013
	€	€
Cash at bank	72.260	108.169
	<u>72.260</u>	<u>108.169</u>

10. Share capital

	2014 Number of shares	2014 €	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	5.000	5.000	5.000	5.000
Issued and fully paid				
Balance at 1 January	2.000	2.000	1.000	1.000
Issue of shares	-	-	1.000	1.000
Balance at 31 December	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>	<u>2.000</u>

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

11. Trade and other payables

	2014	2013
	€	€
Accruals	-	2.124
Other creditors	-	15.680
	<u>-</u>	<u>17.804</u>

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

12. Current tax liabilities

	2014	2013
	€	€
Special contribution for defence	-	37
	<u>-</u>	<u>37</u>

13. 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.

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.

CORREA HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

13. General events (continued)

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.

14. Related party transactions

The following transactions were carried out with related parties:

14.1 Interest income

	2014	2013
	€	€
Profit Construct SRL	-	588.000
	<u>-</u>	<u>588.000</u>

14.2 Interest expense

	2014	2013
	€	€
Shareholder	-	423.800
	<u>-</u>	<u>423.800</u>

14.3 Receivables from related parties (Note 8)

<u>Name</u>	<u>Nature of transactions</u>	2014	2013
		€	€
Kartereda Holdings Limited	Finance	-	12.441
		<u>-</u>	<u>12.441</u>

14.4 Shareholders' current accounts - debit balances (Note 8)

	2014	2013
	€	€
As at 31 December	19.041	-
	<u>19.041</u>	<u>-</u>

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

15. 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

CORREA HOLDINGS LIMITED

DETAILED INCOME STATEMENT

Year ended 31 December 2014

	Page	2014 €	2013 €
Loan interest income		-	588.000
Loan interest expense		-	(423.800)
		-	164.200
Operating expenses			
Administration expenses	18	(6.632)	(7.566)
		(6.632)	156.634
Other operating expenses			
Liquidation expenses		(3.570)	-
Operating (loss)/profit		(10.202)	156.634
Finance income	19	5	105
Finance costs	19	(1.271)	(726)
Net (loss)/profit for the year before tax		(11.468)	156.013

CORREA HOLDINGS LIMITED

OPERATING EXPENSES

Year ended 31 December 2014

	2014	2013
	€	€
Administration expenses		
Annual levy	385	350
Auditors' remuneration - current year	2.023	1.770
Auditors' remuneration - prior years	256	-
Accounting fees	1.012	2.006
Legal fees	665	-
Other professional fees	1.101	2.260
Administration expenses	1.190	1.180
	6.632	7.566

CORREA HOLDINGS LIMITED

FINANCE INCOME/COST

Year ended 31 December 2014

	2014 €	2013 €
Finance income		
Bank interest	-	3
Unrealised exchange profit	<u>5</u>	<u>102</u>
	<u>5</u>	<u>105</u>
 Finance costs		
Sundry finance expenses		
Bank charges	555	509
Net foreign exchange transaction losses		
Realised exchange loss	716	-
Unrealised exchange loss	<u>-</u>	<u>217</u>
	<u>1.271</u>	<u>726</u>

CORREA HOLDINGS LIMITED

COMPUTATION OF CORPORATION TAX
 Year ended 31 December 2014

	Page	€	€
Net loss per income statement	17		(11.468)
<u>Add:</u>			
Annual levy		385	
Liquidation expenses		3.570	
Administration expenses disallowed		6.802	
Realised exchange loss		<u>716</u>	
			<u>11.473</u>
			5
<u>Less:</u>			
Unrealised exchange profit		<u>5</u>	
			<u>(5)</u>
Chargeable income for the year			<u><u>-</u></u>

CORREA HOLDINGS LIMITED

**Falirou 9A, Pallouriotissa
Nicosia
1046
Cyprus**

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

5 January 2015

Management representation letter for the audit of the year ended 31 December 2014

Dear Sirs

This representation letter is provided in connection with your audit of the financial statements of Correa Holdings Limited (the "Company") for the year ended 31 December 2014 for the purpose of expressing an opinion as to whether the financial statements give a true and fair view of the financial position of the Company 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.

By a resolution of the Board of Directors, passed today, we are directed to confirm to you, in respect of the financial statements of the Company for the year ended 31 December 2014, the following:

We confirm, to the best of our knowledge and belief and having made appropriate inquiries of other Directors and officials and staff of the Company as we considered necessary for the purpose of appropriately informing ourselves, that we can make the following representations to you.

We acknowledge our legal responsibilities regarding disclosure of information to you as auditors and confirm that so far as we are aware, there is no relevant audit information needed by you in connection with preparing your audit report of which you are unaware. Each Director has taken all the steps that he ought to have taken as a Director in order to make himself aware of any relevant audit information and to establish that you are aware of that information.

I. Financial statements

- 1) We have fulfilled our responsibilities, for the preparation of the financial statements in accordance with IFRSs as adopted by the EU and the requirements of the Cyprus Companies Law, Cap. 113, which give a true and fair view in accordance therewith, and for making accurate representations to you. We have approved the financial statements.
- 2) We confirm that we have reviewed the Company's accounting policies and estimation techniques and, having regard to the possible alternative policies and techniques, the accounting policies and estimation techniques selected for use in the preparation of the financial statements are the most appropriate to give a true and fair view for the Company's particular circumstances, as required by International Accounting Standard IAS1: Presentation of financial statements.
- 3) Significant assumptions used by us in making accounting estimates, including those measured at fair value, are reasonable.
- 4) We have no plans or intentions that may materially alter the carrying value and where relevant the fair value measurements or classification of assets and liabilities reflected in the financial statements.
- 5) Related party relationships and transactions have been appropriately accounted for and disclosed in accordance with the requirements of IFRSs as adopted by the EU.

6) **Litigation**

- i) We confirm that all known, actual or possible litigation and claims whose effects should be considered when preparing the financial statements have been disclosed to you and accounted for and disclosed in the financial statements in accordance with IFRSs as adopted by the EU.
- ii) We are not aware of any pending or threatened litigation, proceedings, hearing or claims negotiations, which may result in significant loss to the Company

7) **Events after the reporting period**

All events subsequent to the date of the financial statements and for which IFRSs as adopted by the EU require adjustment or disclosure have been adjusted or disclosed in the financial statements. Other than as described in the financial statements, there have been no circumstances or events subsequent to the period end, which require adjustment of or disclosure in the financial statements or in the notes thereto.

8) **Uncorrected misstatements**

We confirm that the financial statements are free of material misstatements, including omissions. We believe that the effects of uncorrected misstatements identified during the audit are immaterial, both individually and in the aggregate, to the financial statements as a whole.

9) **Going concern**

We confirm that the financial statements should be drawn up on the non going concern basis.

II. Information provided

10) **Accounting records**

- i) All the accounting records have been made available to you for the purpose of your audit and all the transactions undertaken have been properly reflected and recorded in the accounting records. All other records and related information which might affect the truth and fairness of, or necessary disclosure in, the financial statements, including minutes of directors, shareholders and relevant management meetings, have been made available to you and no such information has been withheld. We have also provided unrestricted access to persons within the entity from whom you determined it necessary to obtain audit evidence.
- ii) All transactions undertaken by the Company have been properly reflected in the accounting records and the financial statements.

11) **Related parties**

We confirm, that we have disclosed to you the identity of the Company's related parties and all the related party relationships and transactions of which we are aware. We also confirm that we have appropriately accounted for and disclosed in the financial statements all related party transactions relevant to the Company and that we are not aware of any other such matters required to be disclosed in the financial statements under International Accounting Standard 24 'Related Party Disclosures'.

12) **Fraud**

- i) We acknowledge as Directors that we are responsible for the design, implementation and maintenance of internal controls to prevent and detect fraud and error.
- ii) We have disclosed to you the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.

- iii) We have disclosed to you all information relating to any fraud or suspected fraud known to us that may have affected the Company (regardless of the source or form and including, without limitation, allegations by “whistle-blowers”), and involves management, employees who have significant roles in internal control or others where fraud could have a material effect on the financial statements. We have also disclosed any allegations of fraud or suspected fraud communicated by employees, former employees, analysts, regulators or others, that could affect the Company's financial statements.

13) **Laws and regulations**

- i) We confirm that we are not aware of any instances of actual or potential breaches of or non-compliance with laws and regulations that are central to the Company's ability to conduct its business or that could have a material effect on the financial statements.
- ii) We confirm that we are not aware of any irregularities, or allegations of irregularities including fraud, involving management or employees who have a significant role in the accounting and internal control systems, or that could have a material effect on the financial statements.

14) **Contractual arrangements / agreements**

- i) All contractual arrangements entered into by the Company with third parties have been properly reflected in the accounting records or, where material (or potentially material) to the financial statements, have been disclosed to you.
 - ii) The Company has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance.
 - iii) There are no other agreements not in the ordinary course of business.
- 15) The Company has satisfactory title to all assets and there are no liens or encumbrances on the Company's assets, except for those disclosed in the financial statements.

16) **Investments**

We have disclosed to you our plans regarding long term investments (investments in subsidiary undertakings, associate undertaking and available for sale investments) that are material to the financial statements, in particular whether the Company has the ability to continue to hold the investments on a long-term basis.

III. Other representations

Assets and liabilities

- 17) We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements.
- 18) In our opinion on realization in the ordinary course of business, the current assets in statement of financial position are expected to produce no less than the net book amounts at which they are stated.

Provisions

- 19) Full provision has been made for all liabilities at the reporting date including guarantees, commitments and contingencies where the items are expected to result in significant loss to the Company. Other such items, where in our opinion provision is unnecessary, have been appropriately disclosed in the financial statements.

Disclosures

- 20) We have recorded or disclosed, as appropriate, all capital stock repurchase options or agreements, and capital stock reserved for options, warrants, conversions and other requirements.

- 21) We have recorded or disclosed, as appropriate, all arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances and lines of credit or similar arrangements.
- 22) We have recorded or disclosed, as appropriate, all liabilities, both actual and contingent, and have disclosed in the notes to the financial statements all guarantees that we have given to third parties, including oral guarantees made by the Company on behalf of an affiliate, director, officer or any other third party.

23) **Taxation**

We have provided you with all information related to all significant income tax uncertainties of which we are aware. We have also provided you with access to all opinions and analyses that relate to positions we have taken in regard to significant income tax matters.

24) **Retirement benefits**

- i) All settlements and curtailments in respect of retirement benefit schemes have been identified and properly accounted for.

25) **Transactions with Directors/officers**

Except as disclosed in the financial statements, no other transactions involving Directors, officers and others requiring disclosure in the financial statements under the Companies Law, Cap. 113 have been entered into.

Yours faithfully,
For and on behalf of the Board of Directors

.....
Andreas Mavromatis
Director