

**ORIGINAL**

**VIRDEN HOLDINGS LIMITED**

REPORT AND FINANCIAL STATEMENTS  
31 December 2013

# **VIRDEN HOLDINGS LIMITED**

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## **REPORT AND FINANCIAL STATEMENTS**

31 December 2013

| <b>CONTENTS</b>  | <b>PAGE</b> |
|--|-------------|
| Board of Directors and other Officers  | 1           |
| Report of the Board of Directors   | 2 - 3       |
| Independent auditor's report   | 4 - 5       |
| Statement of profit or loss and other comprehensive income                               | 6           |
| Statement of financial position  | 7           |
| Statement of changes in equity   | 8           |
| Cash flow statement  | 9           |
| Notes to the financial statements  | 10          |
| Additional information to the Statement of profit or loss and other comprehensive income | 21 - 25     |

# **VIRDEN HOLDINGS LIMITED**

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

|                              |   |
|------------------------------|---|
| <b>Board of Directors:</b>   | Demos Demou<br>Marie Kameri<br>Peter Badik<br>Juraj Ulehla  |
| <b>Company Secretary:</b>    | Fidelius Management Services Ltd  |
| <b>Independent Auditors:</b> | Audtacon Ltd<br>Certified Public Accountants and Registered Auditors<br>Nicolaou Pentadromos Centre<br>6th Floor, Office 604B, Block B<br>3025 Limassol<br>Cyprus |
| <b>Registered office:</b>    | Spyrou Kyprianou 27, Mesa Geitonia<br>Ernst & Young House<br>4001 Limassol<br>Cyprus  |
| <b>Bankers:</b>              | UniCredit Bank Slovakia a.s.<br>Erste Bank der Oesterreichischen Sparkassen A.G.  |
| <b>Registration number:</b>  | HE289567  |

# **VIRDEN HOLDINGS 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.

### **Incorporation**

The Company Virden Holdings Limited was incorporated in Cyprus on 28 June 2011 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

### **Principal activity**

The principal activity of the Company, which is unchanged from last year, is the holding of investments

### **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.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 14 of the financial statements.

### **Results**

The Company's results for the year are set out on page 6.

### **Dividends**

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

### **Share capital**

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

### **Board of Directors**

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

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

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

### **Operating Environment of the Company**

Any significant events that relate to the operating environment of the Company are described in note 14 to the financial statements.

### **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.

# VIRDEN HOLDINGS LIMITED

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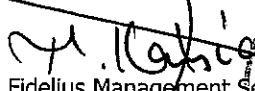
## REPORT OF THE BOARD OF DIRECTORS

### Independent Auditors

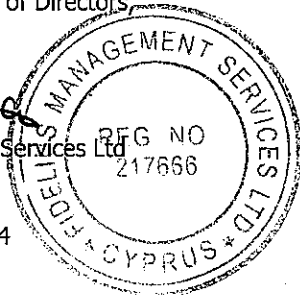
During the year the Independent Auditors of the Company, Ernst & Young Cyprus Limited, resigned and Audtacon Ltd was appointed in their place.

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

By order of the Board of Directors

  
Fidelius Management Services Ltd  
Secretary

Limassol, 19 May 2014



## **Independent auditor's report**

### **To the Members of Virden Holdings Limited**

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

We have audited the financial statements of the parent company Virden Holdings Limited (the "Company") on page 6 which comprise the statement of financial position as at 31 December 2013, 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.

#### *Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of parent company Virden Holdings 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 Virden 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.



A handwritten signature in black ink, appearing to read 'ANDREAS CONSTANTINOU', is written over a circular stamp. The stamp contains the text 'AUDTACON LTD' in a bold, sans-serif font.

Andreas Constantinou  
Certified Public Accountant and Registered Auditor  
for and on behalf of  
**Audtacon Ltd**  
**Certified Public Accountants and Registered Auditors**

Limassol, 19 May 2014

# VIRDEN HOLDINGS LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2013

|  | Note | 2013<br>€            | 2012<br>€            |
|--|------|----------------------|----------------------|
| Dividend income                                |      | -                    | 10,777               |
| Administration expenses                        |      | <u>(8,594)</u>       | <u>(16,638)</u>      |
| <b>Operating loss</b>                          | 5    | <b>(8,594)</b>       | <b>(5,861)</b>       |
| Finance income                                 | 6    | <b>47,965</b>        | 34,824               |
| Finance costs                                  | 6    | <u>(334)</u>         | <u>(792)</u>         |
| <b>Profit before tax</b>                       |      | <b>39,037</b>        | 28,171               |
| Tax  | 7    | <u>(5,100)</u>       | <u>(1,141)</u>       |
| <b>Net profit for the year</b>                 |      | <b>33,937</b>        | 27,030               |
| <b>Other comprehensive income</b>              |      | -                    | -                    |
| <b>Total comprehensive income for the year</b> |      | <b><u>33,937</u></b> | <b><u>27,030</u></b> |

The notes on page 10 form an integral part of these financial statements.



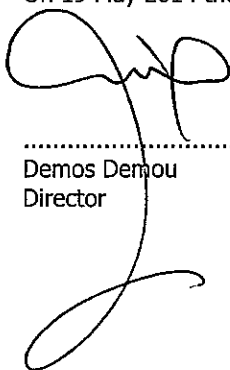
# VIRDEN HOLDINGS LIMITED

## STATEMENT OF FINANCIAL POSITION

31 December 2013

|                                     | Note | 2013<br>€      | 2012<br>€ |
|-------------------------------------|------|----------------|-----------|
| <b>ASSETS</b>                       |      |                |           |
| <b>Non-current assets</b>           |      |                |           |
| Investments in subsidiaries         | 8    | <b>164,027</b> | 164,027   |
| Non-current loans receivable        | 9    | <b>51,315</b>  | 417,144   |
|                                     |      | <b>215,342</b> | 581,171   |
| <b>Current assets</b>               |      |                |           |
| Loans receivable                    | 9    | <b>463,344</b> | 45,282    |
| Cash at bank and in hand            | 10   | <b>268,721</b> | 288,344   |
|                                     |      | <b>732,065</b> | 333,626   |
| <b>Total assets</b>                 |      | <b>947,407</b> | 914,797   |
| <b>EQUITY AND LIABILITIES</b>       |      |                |           |
| <b>Equity</b>                       |      |                |           |
| Share capital                       | 11   | <b>10,000</b>  | 10,000    |
| Retained earnings                   |      | <b>932,353</b> | 898,416   |
| <b>Total equity</b>                 |      | <b>942,353</b> | 908,416   |
| <b>Current liabilities</b>          |      |                |           |
| Trade and other payables            | 12   | <b>3,494</b>   | 5,240     |
| Current tax liabilities             | 13   | <b>1,560</b>   | 1,141     |
|                                     |      | <b>5,054</b>   | 6,381     |
| <b>Total equity and liabilities</b> |      | <b>947,407</b> | 914,797   |

On 19 May 2014 the Board of Directors of Virden Holdings Limited authorised these financial statements for issue.



.....  
Demos Demou  
Director



.....  
Marie Kamari  
Director

The notes on page 10 form an integral part of these financial statements.

# VIRDEN HOLDINGS LIMITED

## STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2013

|  | Note | Share capital<br>€ | Retained<br>earnings<br>€ | Total<br>€     |
|--|------|--------------------|---------------------------|----------------|
| <b>Balance at 1 January 2012</b>                   |      | <b>6,000</b>       | <b>871,386</b>            | <b>877,386</b> |
| Net profit for the year                            |      | -                  | 27,030                    | 27,030         |
| Issue of share capital                             | 11   | 4,000              | -                         | 4,000          |
| <b>Balance at 31 December 2012/ 1 January 2013</b> |      | <b>10,000</b>      | <b>898,416</b>            | <b>908,416</b> |
| Net profit for the year                            |      | -                  | 33,937                    | 33,937         |
| <b>Balance at 31 December 2013</b>                 |      | <b>10,000</b>      | <b>932,353</b>            | <b>942,353</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 page 10 form an integral part of these financial statements.

# VIRDEN HOLDINGS LIMITED

## CASH FLOW STATEMENT

Year ended 31 December 2013

|   | 2013                     | 2012             |
|---|--------------------------|------------------|
|   | €                        | €                |
| <b>CASH FLOWS FROM OPERATING ACTIVITIES</b>                         |                          |                  |
| <b>Profit before tax</b>  | <b>39,037</b>            | 28,171           |
| Adjustments for:  |                          |                  |
| Dividend income   | -                        | (10,777)         |
| Interest income   | 6 <u>(47,965)</u>        | <u>(34,824)</u>  |
| <b>Cash flows used in operations before working capital changes</b> | <b>(8,928)</b>           | (17,430)         |
| Decrease in trade and other payables                                | <u>(1,746)</u>           | <u>(115,457)</u> |
| <b>Cash flows used in operations</b>                                | <b>(10,674)</b>          | (132,887)        |
| Dividends received  | -                        | 10,777           |
| Tax paid  | <u>(4,681)</u>           | <u>-</u>         |
| <b>Net cash flows used in operating activities</b>                  | <b>(15,355)</b>          | (122,110)        |
| <b>CASH FLOWS FROM INVESTING ACTIVITIES</b>                         |                          |                  |
| Payment for purchase of investments in subsidiaries                 | 8 -                      | (164,027)        |
| Loans granted   | <b>(50,000)</b>          | (586,125)        |
| Interest received   | <u>313</u>               | <u>567</u>       |
| <b>Net cash flows used in investing activities</b>                  | <b>(49,687)</b>          | (749,585)        |
| <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>                         |                          |                  |
| Proceeds from issue of share capital                                | -                        | 4,000            |
| Repayment of loans from subsidiary companies                        | <b>45,419</b>            | <u>157,956</u>   |
| <b>Net cash flows from financing activities</b>                     | <b>45,419</b>            | 161,956          |
| <b>Net decrease in cash and cash equivalents</b>                    | <b>(19,623)</b>          | (709,739)        |
| Cash and cash equivalents:  |                          |                  |
| At beginning of the year  | <u>288,344</u>           | 998,083          |
| <b>At end of the year</b>   | 10 <b><u>268,721</u></b> | <u>288,344</u>   |

The notes on page 10 form an integral part of these financial statements.

# **VIRDEN HOLDINGS 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 Virden Holdings Limited (the "Company") was incorporated in Cyprus on 28 June 2011 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at Spyrou Kyprianou 27, Mesa Geitonia, Ernst & Young House, 4001 Limassol, Cyprus.

#### **Principal activity**

The principal activity of the Company, which is unchanged from last year, is the holding of investments

### **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 has prepared these separate financial statements because all its subsidiaries would be excluded from inclusion in consolidated financial statements because the necessary information for inclusion of the subsidiaries in the consolidated financial statements cannot be obtained without disproportionate expense or undue delay in accordance with Article 142A(5)(b) of the Cyprus Companies Law, Cap. 113.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, the provisions of International 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.

# VIRDEN HOLDINGS 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:

- **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 2013 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.

(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.

# VIRDEN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### 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.

#### Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

#### Cash and cash equivalents

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

#### Trade payables

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

#### **Derecognition of financial assets and liabilities**

#### Financial assets

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

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

# VIRDEN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 2. Accounting policies (continued)

#### Derecognition of financial assets and liabilities (continued)

##### Financial liabilities

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

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

#### Impairment of assets

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

#### Offsetting financial instruments

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

#### Share capital

Ordinary shares are classified as equity.

#### 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 interest rate risk, credit risk, liquidity risk, share ownership risk, capital risk management and other risks 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.

# VIRDEN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 3. Financial risk management (continued)

#### 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. 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.

#### 3.3 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 Share ownership risk

The risk of share ownership arises from the investment in shares/participation of The Company and is a combination of credit, price and operational risk as well as the risk of compliance and loss of reputation. The Company applies procedures of analysis, measurement and evaluation of this risk in order to minimize it.

#### 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.

#### 3.6 Other risks

The general economic environment prevailing in Cyprus and internationally may affect the Company's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company.

#### Fair value estimation

The fair values of the Company's financial assets and liabilities approximate to their carrying amounts at the reporting date except as disclosed in note 9.

### 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:

- **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.



# VIRDEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

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

#### • Impairment of investments in subsidiaries

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

### 5. Operating (loss)

|  | 2013         | 2012         |
|--|--------------|--------------|
|  | €            | €            |
| Operating loss is stated after charging the following items: |              |              |
| Auditors' remuneration                                       | <u>1,785</u> | <u>4,130</u> |

### 6. Finance income/cost

|                           | 2013          | 2012          |
|---------------------------|---------------|---------------|
|                           | €             | €             |
| Interest income           | <u>47,965</u> | 34,824        |
| <b>Finance income</b>     | <u>47,965</u> | 34,824        |
| Sundry finance expenses   | <u>(334)</u>  | (792)         |
| <b>Finance costs</b>      | <u>(334)</u>  | (792)         |
| <b>Net finance income</b> | <u>47,631</u> | <u>34,032</u> |

Interest revenue is analysed as follows:

|   | 2013          | 2012          |
|---|---------------|---------------|
|   | €             | €             |
| Bank deposits                                   | 313           | 567           |
| Loan interest receivable from related companies | <u>47,652</u> | <u>34,257</u> |
|   | <u>47,965</u> | <u>34,824</u> |

### 7. Tax

|                                     | 2013         | 2012         |
|-------------------------------------|--------------|--------------|
|                                     | €            | €            |
| Corporation tax - current year      | 5,019        | 1,056        |
| Defence contribution - current year | <u>81</u>    | <u>85</u>    |
| <b>Charge for the year</b>          | <u>5,100</u> | <u>1,141</u> |

# VIRDEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 7. Tax (continued)

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

|  | 2013          | 2012         |
|--|---------------|--------------|
|  | €             | €            |
| Profit before tax                                      | <b>39,037</b> | 28,171       |
| Tax calculated at the applicable tax rates             | <b>4,880</b>  | 2,817        |
| Tax effect of expenses not deductible for tax purposes | <b>52</b>     | 60           |
| Tax effect of allowances and income not subject to tax | <b>(39)</b>   | (1,135)      |
| Tax effect of tax losses brought forward               | -             | (782)        |
| 10% additional charge                                  | <b>127</b>    | 96           |
| Defence contribution current year                      | <b>81</b>     | 85           |
| <b>Tax charge</b>                                      | <b>5,100</b>  | <b>1,141</b> |

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

Under certain conditions interest income may be subject to defence contribution at the rate of 30% (2012:15%). In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

### 8. Investments in subsidiaries

|                               | 2013           | 2012           |
|-------------------------------|----------------|----------------|
|                               | €              | €              |
| Balance at 1 January          | <b>164,027</b> | -              |
| Additions                     | -              | 164,027        |
| <b>Balance at 31 December</b> | <b>164,027</b> | <b>164,027</b> |

The details of the subsidiaries are as follows:

| <u>Name</u>              | <u>Country of incorporation</u> | <u>Principal activities</u>  | <u>Holding %</u> | 2013           | 2012           |
|--------------------------|---------------------------------|--|------------------|----------------|----------------|
|                          |                                 |  |                  | €              | €              |
| MyEnergy Services s.r.o. | Slovakia                        | Providing of non technical service for photovoltaic power plants               | <b>100</b>       | <b>16,277</b>  | 16,277         |
| Green Classics s.r.o.    | Slovakia                        | Performing complete conversion of regulare Porsche sport car into EV sport car | <b>100</b>       | <b>5,000</b>   | 5,000          |
| GreenWay Operator a.s.   | Slovakia                        | Providing service of e-mobility  | <b>60.4</b>      | <b>142,750</b> | 142,750        |
|                          |                                 |  |                  | <b>164,027</b> | <b>164,027</b> |

# VIRDEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 9. Non-current loans receivable

|                                     | 2013           | 2012           |
|-------------------------------------|----------------|----------------|
|                                     | €              | €              |
| Loans to own subsidiaries (Note 16) | 110,934        | 98,901         |
| Loans to shareholders (Note 16)     | 403,725        | 363,525        |
|                                     | <u>514,659</u> | 462,426        |
| Less current portion                | (463,344)      | (45,282)       |
| Non-current portion                 | <u>51,315</u>  | <u>417,144</u> |

The loans are repayable as follows:

|                            | 2013           | 2012           |
|----------------------------|----------------|----------------|
|                            | €              | €              |
| Within one year            | 463,344        | 45,282         |
| Between one and five years | 51,315         | 417,144        |
|                            | <u>514,659</u> | <u>462,426</u> |

The exposure of the Company to credit risk is reported in note 3 of the financial statements.

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

### 10. Cash at bank and in hand

Cash balances are analysed as follows:

|                          | 2013           | 2012           |
|--------------------------|----------------|----------------|
|                          | €              | €              |
| Cash at bank and in hand | 268,721        | 288,344        |
|                          | <u>268,721</u> | <u>288,344</u> |

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

### 11. Share capital

|                               | 2013             | 2013          | 2012             | 2012          |
|-------------------------------|------------------|---------------|------------------|---------------|
|                               | Number of shares | €             | Number of shares | €             |
| <b>Authorised</b>             |                  |               |                  |               |
| Ordinary shares of €1 each    | 10,000           | 10,000        | 10,000           | 10,000        |
| <b>Issued and fully paid</b>  |                  |               |                  |               |
| Balance at 1 January          | 10,000           | 10,000        | 6,000            | 6,000         |
| Issue of shares               | -                | -             | 4,000            | 4,000         |
| <b>Balance at 31 December</b> | <u>10,000</u>    | <u>10,000</u> | <u>10,000</u>    | <u>10,000</u> |

# VIRDEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 12. Trade and other payables

|          | 2013                | 2012                |
|----------|---------------------|---------------------|
|          | €                   | €                   |
| Accruals | <u>3,494</u>        | <u>5,240</u>        |
|          | <u><b>3,494</b></u> | <u><b>5,240</b></u> |

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

### 13. Current tax liabilities

|                                  | 2013                | 2012                |
|----------------------------------|---------------------|---------------------|
|                                  | €                   | €                   |
| Corporation tax                  | <u>1,394</u>        | <u>1,056</u>        |
| Special contribution for defence | <u>166</u>          | <u>85</u>           |
|                                  | <u><b>1,560</b></u> | <u><b>1,141</b></u> |

### 14. Operating Environment of the Company

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

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

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, have affected:

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

The economic conditions disclosed above together with the impact of the results of the Eurogroup decision of 25 March 2013 for Cyprus had an adverse impact on the Company's debtors (inability to meet their obligations towards the Company), suppliers (inability to continue trading), valuation of real estate, bankers (inability to provide adequate finance), revenue (decreased demand for the Company's products or services due to decreased purchasing power by consumers).

The Company's management has assessed:

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

# VIRDEN HOLDINGS LIMITED

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## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

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

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

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

The Company's management believes that it is taking all the necessary measures to maintain the viability of the Company and the development of its business in the current business and economic environment.

### 15. 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.

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.

# VIRDEN HOLDINGS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2013

### 16. Related party transactions

The following transactions were carried out with related parties:

#### 16.1 Interest on loans

|   | 2013          | 2012          |
|---|---------------|---------------|
|   | €             | €             |
| Loan interest receivable from shareholder                                 | 40,200        | 28,525        |
| Loan interest receivable from Greenway Operator a.s. (subsidiary company) | 1,452         | 2,113         |
| Loan interest receivable from Green Classics s.r.o. (subsidiary company)  | 6,000         | 3,619         |
|   | <u>47,652</u> | <u>34,257</u> |

#### 16.2 Loan receivable from shareholder (Note 9)

|               | Interest rate | Maturity date | 2013           | 2012           |
|---------------|---------------|---------------|----------------|----------------|
|               |               |               | €              | €              |
| MyEnergy a.s. | 12%           | 16/4/2014     | 403,725        | 363,525        |
|               |               |               | <u>403,725</u> | <u>363,525</u> |

On 16 April, 2012 the Company granted a loan to the shareholder amounting to €335.000. The loan bears interest at the rate of 12% per annum and it is repayable on 16 April, 2014. The interest charge for the year amounted to €40.200

#### 16.3 Loans receivable from subsidiaries

|                            | Interest rate | Maturity date | 2013           | 2012          |
|----------------------------|---------------|---------------|----------------|---------------|
|                            |               |               | €              | €             |
| GreenWay Operator a.s.     | 3%            | 29/8/2013     | -              | 45,282        |
| GreenWay Operator a.s. (1) | 3%            | 14/2/2015     | 51,315         | -             |
| Green Classics s.r.o. (2)  | 12%           | 16/4/2014     | 16,947         | 15,254        |
| Green Classics s.r.o. (2)  | 12%           | 30/5/2014     | 19,056         | 17,137        |
| Green Classics s.r.o. (2)  | 12%           | 04/6/2014     | 23,616         | 21,228        |
|                            |               |               | <u>110,934</u> | <u>98,901</u> |

(1) On 14 February, 2013 the Company granted a loan to GreenWay Operator a.s. amounting to €50.000. The loan bears interest at the rate of 3% per annum and is repayable two years after the date of the loan granted. The interest charge for the year amounted to €1.315

(2) The total loans granted to Green Classics s.r.o during 2012 amounting to €50.000. The loans bearing interest at the rate of 12% per annum and are repayable two years following the date of the loans granted. The interest charge for the year amounted to €6.000.

### 17. Contingent liabilities

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

### 18. Commitments

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

### 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 4 and 5**

# VIRDEN HOLDINGS LIMITED

## DETAILED INCOME STATEMENT

Year ended 31 December 2013

|   | Page | 2013<br>€            | 2012<br>€            |
|---|------|----------------------|----------------------|
| <b>Revenue</b>                            |      |                      |                      |
| Dividend income                           |      | -                    | 10,777               |
| <b>Operating expenses</b>                 |      |                      |                      |
| Administration expenses                   | 22   | <u>(8,594)</u>       | <u>(16,638)</u>      |
| <b>Operating loss</b>                     |      | <b>(8,594)</b>       | <b>(5,861)</b>       |
| Finance income                            | 23   | <b>47,965</b>        | 34,824               |
| Finance costs                             | 23   | <u>(334)</u>         | <u>(792)</u>         |
| <b>Net profit for the year before tax</b> |      | <b><u>39,037</u></b> | <b><u>28,171</u></b> |

## VIRDEN HOLDINGS LIMITED

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### OPERATING EXPENSES

Year ended 31 December 2013

|                                | 2013         | 2012          |
|--------------------------------|--------------|---------------|
|                                | €            | €             |
| <b>Administration expenses</b> |              |               |
| Annual levy                    | 350          | 350           |
| Courier expenses               | -            | 112           |
| Auditors' remuneration         | 1,785        | 4,130         |
| Accounting fees                | 2,360        | 6,995         |
| Other professional fees        | 4,033        | 5,051         |
| Fines                          | 66           | -             |
|                                | <u>8,594</u> | <u>16,638</u> |



# VIRDEN HOLDINGS LIMITED

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## FINANCE INCOME/COST

Year ended 31 December 2013

|                                | 2013<br>€            | 2012<br>€            |
|--------------------------------|----------------------|----------------------|
| <b>Finance income</b>          |                      |                      |
| Interest on loans              | 47,652               | 34,257               |
| Interest from overseas         | <u>313</u>           | <u>567</u>           |
|                                | <u><b>47,965</b></u> | <u><b>34,824</b></u> |
| <br>                           |                      |                      |
| <b>Finance costs</b>           |                      |                      |
| <b>Sundry finance expenses</b> |                      |                      |
| Bank charges                   | <u>334</u>           | <u>792</u>           |
|                                | <u><b>334</b></u>    | <u><b>792</b></u>    |

# VIRDEN HOLDINGS LIMITED

## COMPUTATION OF DEFENCE CONTRIBUTION

Year ended 31 December 2013

|  | Income<br>€ | Rate | Defence<br>€ c      |
|--|-------------|------|---------------------|
| INTEREST                                     |             |      |                     |
| Interest from overseas                       | <u>313</u>  |      |                     |
|  | <u>313</u>  |      |                     |
| Interest that was earned up to 29 April 2013 | 88          | 15%  | 13.20               |
| Interest that was earned after 29 April 2013 | <u>225</u>  | 30%  | <u>67.50</u>        |
|  | <u>313</u>  |      |                     |
| <b>DEFENCE CONTRIBUTION DUE TO IRD</b>       |             |      | <u><u>80.70</u></u> |

# VIRDEN HOLDINGS LIMITED

## COMPUTATION OF CORPORATION TAX

Year ended 31 December 2013

|                                       | Page | €          | €                    |
|---------------------------------------|------|------------|----------------------|
| Net profit per income statement       | 21   |            | 39,037               |
| <u>Add:</u>                           |      |            |                      |
| Annual levy                           |      | 350        |                      |
| Fines                                 |      | <u>66</u>  |                      |
|                                       |      |            | <u>416</u>           |
|                                       |      |            | 39,453               |
| <u>Less:</u>                          |      |            |                      |
| Interest income                       |      | <u>313</u> |                      |
|                                       |      |            | <u>(313)</u>         |
| <b>Chargeable income for the year</b> |      |            | <u><u>39,140</u></u> |

### Calculation of corporation tax

|                             | Income<br>€   | Rate<br>% | Total<br>€ c           |
|-----------------------------|---------------|-----------|------------------------|
| <b>Tax at normal rates:</b> |               |           |                        |
| Chargeable income as above  | <u>39,140</u> | 12.50     | 4,892.50               |
| Tax paid provisionally      | <u>29,000</u> |           | <u>(3,625.00)</u>      |
|                             |               |           | 1,267.50               |
| 10% additional charge       |               |           | <u>126.75</u>          |
| <b>TAX PAYABLE</b>          |               |           | <u><u>1,394.25</u></u> |