

EMMA ALPHA HOLDING LTD
Auditor's report
and consolidated financial statements
31 December 2015

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Officers and Professional Advisors

Board of Directors	Radka Fiserova Demetrios Aletraris Andri Pangalou
Secretary	Cyproman Services Limited 12 Esperidon Street 4th floor 1087 Nicosia
Independent Auditors	KPMG Limited Certified Public Accountants and Registered Auditors 14 Esperidon Street 1087 Nicosia Cyprus
Bankers	PPF Banka a.s. Hellenic Bank Public Company Ltd Piraeus Bank Romania RaiffeisenBank Banca Comercială Română (BCR)
Registered Office	12 Esperidon Street 4th Floor 1087 Nicosia Cyprus
Registration number	HE313347

Board of Directors' report

The Board of Directors of EMMA ALPHA HOLDING LTD (the "Company") present to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the years ended 31 December 2015 and 31 December 2014.

INCORPORATION

EMMA ALPHA HOLDING LTD (the "Company") was incorporated in Cyprus on 12 October 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113.

PRINCIPAL ACTIVITIES

The principal activities of the Group are the holding of investments and trading of securities.

FINANCIAL RESULTS

The Group's financial results for the years ended 31 December 2015 and 31 December 2014 are set out on page 9 in the consolidated financial statements. The net loss attributable to equity holders of the Group for the year 2015 amounted to TEUR 19,165 (2014 – loss of TEUR 10,051).

EXAMINATION OF THE DEVELOPMENT, POSITION AND PERFORMANCE OF THE ACTIVITIES OF THE GROUP

The results of this year are still not considered satisfactory. The Board of Directors is making an effort to reduce the Group's losses. Despite the current year's loss the Group's development to date and the financial position as reflected in the consolidated financial statements is satisfactory.

REVENUE

The Group's revenue (including finance income and excluding dividend income and share of profit from associates) for the year ended 31 December 2015 amounted to TEUR 34,641 (2014 - TEUR 39,882).

DIVIDENDS

The Board of Directors does not recommend the payment of a dividend.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and the steps taken to manage these risks are described in Note 4 of the Notes to the consolidated financial statements.

FUTURE DEVELOPMENTS

The Board of Directors does not expect major changes in the principal activities of the Group in the foreseeable future.

SHARE CAPITAL

On 16th January 2015, the Group issued and allotted 52 redeemable preference shares of EUR 1. At the same date, an additional issue was made of 1 redeemable preference share of EUR 1 at a premium of EUR 4,647,460 for a total subscription of EUR 4,647,461. On 17th June 2015 an additional issue was made of 1 redeemable preference share of EUR 1 at a premium of EUR 28,055,999 for a total subscription of EUR 28,056,000.

BRANCHES

During the year ended 31 December 2015 and 31 December 2014 the Group did not operate any branches.

Board of Directors' report (continued)

BOARD OF DIRECTORS

The members of the Company's Board of Directors as at 31 December 2015 and at the date of this report are presented on page 3. All were members of the Board of Directors during the year ended 31 December 2015.

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

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

ACCOUNTING RECORDS

The books of the Group for the year 2015 were maintained internally.

RECENT VOLATILITY IN GLOBAL FINANCIAL MARKETS

Any significant events that relate to the operating environment of the Group are described in Note 5 of the Notes to the consolidated financial statements.

EVENTS AFTER THE REPORTING PERIOD

Any significant events that occurred after the end of the reporting period are described in Note 29 of the Notes to the consolidated financial statements.

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in Note 28 of the Notes to the consolidated financial statements.

INDEPENDENT AUDITORS

The independent auditors of the Company, KPMG Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be submitted at the forthcoming Annual General Meeting.

By order of the Board of Directors,

Demetrios Aletraris

Director

Nicosia, 27 July 2016



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Chartered Accountants
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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
EMMA ALPHA HOLDING LTD**

Report on the consolidated financial statements

We have audited the consolidated financial statements of EMMA ALPHA HOLDING LTD (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 9 to 52 which comprise the consolidated statement of financial position as at 31 December 2015, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2015, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

The Board of Directors is responsible for the preparation of consolidated 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 as amended from time to time (the "Companies Law, Cap. 113"), and for such internal control as the Board of Directors determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Independent Auditors' responsibility

Our responsibility is to express an opinion on these consolidated 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 consolidated financial statements are free from material misstatement.

Board Members:

N.G. Syllimis, A.K. Christofides, P.G. Loizou, A.M. Gregoriades, A.A. Demetriou,
D.S. Vakis, A.A. Apostoiou, S.A. Loizides, M.A. Loizides, S.G. Sofocleous,
M.M. Antoniadis, C.V. Vasiliou, P.E. Antoniadis, M.J. Haliotis, M.P. Michael,
P.A. Peletides, G.V. Markides, M.A. Papacosta, K.A. Papanicolaou, A.I. Shiammpouris,
G.N. Tziortzis, H.S. Charalambous, C.P. Anayiotos, I.P. Ghalanos, M.G. Gregoriades,
H.A. Katoullis, G.P. Savva, C.A. Kalias, C.N. Kallis, M.H. Zavrou, P.S. Elias,
M.G. Lazarou, Z.E. Hadjizacharias, P.S. Theophanous, M.A. Karantoni, C.A. Markides,
G.V. Andreou, J.C. Nicolaeou, G.S. Prodromou, A.S. Sofocleous, G.M. Syllimis, T.J. Yiasemides

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F: +357 26 322722



An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements give a true and fair view of the financial position of the Company as at 31 December 2015, and of its financial performance and its cash flows for the year ended 31 December 2015 in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Companies Law, Cap. 113.

Report on other legal requirements

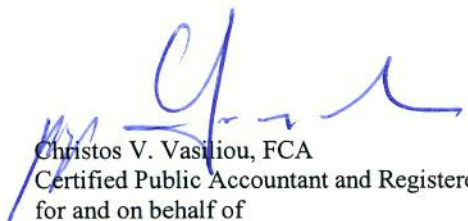
Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Law of 2009, L.42(I)/2009, as amended from time to time ("Law 42(I)/2009"), we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of these books.
- The consolidated 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 consolidated financial statements give the information required by the Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 4 to 5 is consistent with the consolidated 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 Law 42(I)/2009 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.



Christos V. Vasilou, FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

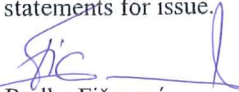
27 July 2016

EMMA ALPHA HOLDING LTD
Consolidated Statement of Financial Position
as at 31 December 2015

		2015 TEUR	2014 TEUR (as restated)*
ASSETS	Note		
Non-current assets			
Intangible assets	7	198	306
Property, plant and equipment	8	36,536	38,483
Investments in associates	14	370,451	447,106
Loans receivable	11	108,483	89,194
Financial assets available-for-sale	10	7,747	32,627
Financial assets at fair value through profit or loss	10	2,353	2,750
Total non-current assets		<u>525,768</u>	<u>610,466</u>
Current assets			
Loans receivable	11	27,585	25,319
Current tax assets		--	42
Trade and other receivables	12	8,991	7,943
Inventories		389	409
Other assets	13	933	2,421
Cash and cash equivalents	9	2,949	1,839
Financial assets available-for-sale	10	97,947	--
Total current assets		<u>138,794</u>	<u>37,973</u>
Total assets		<u>664,562</u>	<u>648,439</u>
EQUITY			
Share capital	19	10	10
Redeemable preference shares	19	414,941	382,237
Revaluation reserves	19	9,025	15,064
Translation reserves	19	(49,789)	(45,901)
Other reserves	19	(10,796)	1,933
Retained earnings		(30,989)	(19,044)
Profit for the period		(19,628)	(9,993)
Equity attributable to owners of the Company		<u>312,774</u>	<u>324,306</u>
Non-controlling interests		<u>3,204</u>	<u>694</u>
Total equity		<u>315,978</u>	<u>325,000</u>
LIABILITIES			
Non-current liabilities			
Non-current provisions		111	104
Due to non-banks	15	311,380	273,729
Due to banks and other financial institutions	16	2,583	508
Other liabilities	18	4,592	5,486
Deferred tax liabilities		2,537	2,561
Total non-current liabilities		<u>321,203</u>	<u>282,388</u>
Current liabilities			
Current provisions		128	984
Due to non-banks	15	9,280	15,528
Due to banks and other financial institutions	16	7,824	12,592
Current income tax liabilities		50	--
Trade and other payables	17	2,819	4,653
Other liabilities	18	7,280	7,294
Total current liabilities		<u>27,381</u>	<u>41,051</u>
Total liabilities and equity		<u>664,562</u>	<u>648,439</u>

* see Note 2d.

On 27 July 2016 the Board of Directors of EMMA ALPHA HOLDING LTD authorised these consolidated financial statements for issue.


Radka Fišerová
Director


Demetrios Aletraris
Director

The notes on pages 13 to 52 are an integral part of these consolidated financial statements.

EMMA ALPHA HOLDING LTD
Consolidated Statement of Profit or Loss and Other Comprehensive Income
for the year ended 31 December 2015

	Note	2015 TEUR	2014 TEUR
Trading profit	20	6,869	1,128
Net retail income	23	13,264	6,850
Administrative expenses	22	(10,987)	(14,262)
Other operating income	24	7,667	26,142
Other operating expenses	25	(17,060)	(8,906)
Profit/(loss) from operations		(247)	10,952
Finance income	26	6,841	5,762
Finance expense	26	(19,442)	(22,680)
Net finance expense		(12,601)	(16,918)
Dividends from associates and available-for-sale investments		--	3,700
Associates – share of loss	14	(6,246)	(7,638)
Loss before tax		(19,094)	(9,904)
Income tax expense	27	(71)	(147)
Loss after tax from continuing operations		(19,165)	(10,051)
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Revaluation gains on available-for-sale financial assets	10	526	3,449
Foreign currency translation differences		(543)	(185)
Associates – share of OCI	14	(7,661)	(38,555)
Items that will not be reclassified to profit or loss:			
Associates – share of OCI (Remeasurements of the defined benefit liability)	14	60	--
Other comprehensive income for the year		(7,618)	(35,291)
Total comprehensive income for the year		(26,783)	(45,342)
Total comprehensive income attributable to:			
Owners of the Company		(27,176)	(45,281)
Non-controlling interests		393	(61)
		(26,783)	(45,342)

The notes on pages 13 to 52 are an integral part of these consolidated financial statements.

EMMA ALPHA HOLDING LTD
*Consolidated Statement of Changes in Equity attributable to holders of the parent Company
for the year ended 31 December 2015*

	Share capital TEUR	10	382,237	Redeemable shares TEUR	5,479	Revaluation reserves TEUR	6,061	Translation reserves TEUR	189	Other reserves TEUR	Retained earnings TEUR	Owners of the Company TEUR	Total – Company TEUR	Non- controlling interest TEUR	Total TEUR
Balance as at 1 January 2014															
Comprehensive income															
Profit (loss) for the period	--	--	--	--	--	--	--	--	--	--	(9,993)	(9,993)	(9,993)	(58)	(10,051)
Revaluation gains/(losses) on available-for-sale financial assets	--	--	--	--	3,449	--	--	--	--	--	--	--	3,449	--	3,449
Translation reserve changes	--	--	--	--	--	(182)	--	--	--	--	--	--	(182)	(3)	(185)
Associates – share of OCI	--	--	--	--	(641)	(39,658)	1,744	--	--	--	--	--	(38,555)	--	(38,555)
Total comprehensive income as at 31 December 2014					2,808	(39,840)	1,744	(9,993)					(45,281)	(61)	(45,342)
Transactions with owners recognized directly in equity															
Contributions by and distributions to owners															
Issue of share capital	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Share premium	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Total transactions with owners															755
Other movements															
Balance as at 31 December 2014															6,780
Balance as at 1 January 2015															324,306
Comprehensive income															
Profit (loss) for the period	--	--	--	--	--	--	--	--	--	--	(23,582)	(23,582)	(23,582)	462	(23,120)
Items reclassified from OCI to profit/(loss)	--	--	--	--	--	--	--	--	--	--	3,954	3,954	3,954	--	3,954
Revaluation gains/(losses) on available-for-sale financial assets	--	--	--	--	526	--	--	--	--	--	--	--	526	--	526
Translation reserve changes	--	--	--	--	--	(474)	--	--	--	--	--	--	(474)	(69)	(543)
Associates – share of OCI	--	--	--	--	1,608	(8,036)	(1,172)	--	--	--	--	--	(7,600)	--	(7,600)
Total comprehensive income as at 31 December 2015					2,134	(8,510)	(1,172)	(19,628)					(27,176)	393	(26,783)
Transactions with owners recognized directly in equity															
Contributions by and distributions to owners															
Share premium	--	--	32,704	--	--	--	--	--	--	--	--	--	32,704	--	32,704
Transfers	--	--	--	--	--	--	29	--	--	--	(29)	--	--	--	--
Items reclassified from OCI to profit/(loss)	--	--	--	--	(8,456)	4,622	(120)	--	--	--	--	--	(3,954)	--	(3,954)
Acquisition of NCI without a change in control	--	--	--	--	--	--	--	--	--	--	(1,923)	--	(1,923)	2,117	194
Total transactions with owners															28,944
Other movements															
Balance as at 31 December 2015															312,774
															3,204
															315,978

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. 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 dividend to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the owners.

EMMA ALPHA HOLDING LTD
Consolidated Statement of Cash Flows
for the year ended 31 December 2015

	Note	2015 TEUR	2014 TEUR
Cash flows from operating activities			
Loss for the period after tax		(19,165)	(10,051)
Adjustment for:			
Depreciation and Amortisation	7,8	2,270	1,486
(Reversal of) Impairment losses	14	2,954	1,110
Revaluation of assets at fair value through profit and loss	10	397	(1,189)
Share of (profit)/loss of associates, net of tax	14	6,246	7,638
(Gain) / loss on sale of property, plant and equipment		--	(2)
(Gain) / loss on the sale of investments	14	(7,196)	--
Gain on bargain purchase	24	--	(21,345)
Dividend income		--	(739)
Net interest (income)/expense	26	12,593	16,926
Unrealised foreign exchange (gains) / losses		175	--
Tax expense	27	72	147
Items reclassified from other comprehensive income to (profit) / loss		(3,954)	--
Operating profit before changes in working capital and provisions		(5,608)	(6,019)
(Increase) / Decrease in inventories		20	--
(Increase) / Decrease in trade and other receivables		467	(4,434)
Increase / (Decrease) in trade and other payables		(2,742)	6,517
Increase / (Decrease) in provisions and employee benefits		(850)	(284)
Cash generated from operating activities		(8,713)	(4,220)
Interest paid		(10,376)	(3,911)
Interest received		69	3,111
Income tax paid		(4)	(53)
Net cash used in operating activities		(19,024)	(5,073)
Cash flows from investing activities			
Proceeds from associates (reduced share premium)	14	3,834	--
Proceeds from sale of assets available-for-sale	10	3,838	--
Proceeds from sale of associates	14	74,000	--
Proceeds from sale of property, plant and equipment and intangible assets		--	276
Dividends received		--	739
Acquisition of subsidiary, net of cash acquired	1	--	949
Acquisitions of investments in associates	14	(353)	(4,300)
Acquisitions of assets available-for-sale	10	(97,947)	--
Loans (provided) / repaid	11	(14,791)	(42,632)
Acquisitions of intangible assets	7	(3)	(438)
Acquisitions of property, plant and equipment	8	(957)	(706)
Acquisitions of assets at fair value through profit and loss	10	--	(1,561)
Net cash used in investing activities		(32,379)	(47,673)
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings	15,16	19,660	53,016
Proceeds from redeemable shares issued	19	32,704	--
Disposal for the benefit of non-controlling interest	1	195	--
Net cash from financing activities		52,559	53,016
Net movement in cash and cash equivalents		1,156	270
At the beginning of the year		1,839	1,569
<i>Effect of movements in exchange rates on cash held</i>		<i>(46)</i>	<i>--</i>
At the end of the year		2,949	1,839

The notes on pages 12 to 52 are an integral part of these consolidated financial statements

1. Description of the Group

EMMA ALPHA HOLDING LTD (the “Company”) was incorporated in Cyprus on 12 October 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its Registered Office is at 12 Esperidon Street, 4th Floor, 1087 Nicosia, Cyprus.

The consolidated financial statements of the Company as at and for the year ended 31 December 2015 comprise the Company and its subsidiaries (together referred to as “the Group”) and the Group’s interest in associates.

Shareholders

The owners of the Company are as follows:

Shareholders	Country of incorporation	Type of shares	Ownership interest (%)	
			2015	2014
MEF HOLDINGS LIMITED	Cyprus	Redeemable preference shares	99.87	99.87
TOMAŠ KOČKA	--	Redeemable preference shares	0.13	0.13
EMMA CAPITAL LIMITED	Cyprus	Ordinary shares	100.00	100.00

Principal activities

The principal activities of the Company are the holding of investments and trading of securities.

Description of the Ownership Structure

The Company controls, directly or indirectly, other companies in Cyprus, The British Virgin Islands, Netherlands and Romania. Subsidiary companies are controlled by the Company and they are fully consolidated, whereas the results of the associated companies are included in the consolidated financial statements using the equity method.

Consolidated subsidiaries	Country of incorporation	Effective ownership interest (%)	
		2015	2014
BELLVILLE SERVICES LIMITED	The British Virgin Islands	100.00	100.00
TONALA LIMITED	Cyprus	100.00	100.00
MARJOLENDO LIMITED	Cyprus	100.00	100.00
SPRINGROCK LIMITED	Cyprus	100.00	100.00
PARESTA LIMITED	Cyprus	100.00	100.00
QUIVERDA LIMITED	Cyprus	100.00	100.00
CHAPALACO LIMITED	Cyprus	100.00	100.00
EMMA OMEGA LTD	Cyprus	100.00	100.00
SERENITY RESOURCES LIMITED ¹⁾²⁾	The British Virgin Islands	90.85	100.00
- LIGATNE LIMITED ¹⁾²⁾	Cyprus	90.85	100.00
- GRUP DEZVOLTARE RETELE S.A. ¹⁾²⁾	Romania	86.3075	95.00
- GAZ SUD S.A. ¹⁾²⁾	Romania	86.3046	94.9968
- LIGATNE SRL ¹⁾²⁾³⁾	Romania	--	100.00
- PREMIER ENERGY SRL ¹⁾²⁾	Romania	90.85	100.00
EMMA GAMMA LIMITED ⁴⁾	Cyprus	100.00	--

¹⁾ subsidiaries acquired in 2014

²⁾ forms part of SERENITY RESOURCES LIMITED GROUP

³⁾ LIGANTE SRL merged with its subsidiary PREMIER ENERGY SRL in September 2015

⁴⁾ a subsidiary founded by the Group in 2015

1. Description of the Group (continued)

Equity-accounted investees (associates)	Country of incorporation	Ownership interest (%)	
		2015	2014
MESTROLIO INVESTMENT LTD	Cyprus	25.00	25.00
HOME CREDIT B.V	Netherlands	11.38	13.38
KKCG Turkey B.V. ¹⁾	Netherlands	50.00	50.00
AMESELO LIMITED ¹⁾	Cyprus	33.34	33.34
Austrian Gaming Holding a.s. ²⁾	Czech republic	25.00	--

¹⁾ included in associates in 2014

²⁾ participation acquired in 2015

Acquisitions and disposals in 2015

On 16th January 2015 the Group agreed to sell 183 shares corresponding to 9.15% of Serenity Resources Limited share capital for the sum of TUSD 226 (equiv. TEUR 195).

On 17th June 2015 the Group sold 2% share in Home Credit B.V. (HCBV) for TEUR 74,000 resulting in gain of TEUR 3,865.

On 17th June 2015, the Group sold 2% share in the registered capital and the identical share in the voting rights in Air Bank a.s to PPF Group N.V for the price of TEUR 3,800.

On 30th June 2015, PPF Group N.V. (PPFGNV), Emma Omega Limited (the Company) and HCBV entered into a Contribution Agreement (CA), on the basis of which PPFGNV's share of 88.62% and the Company's share of 11.38% in Air Bank A.S. should be contributed to HCBV. In the CA the parties contractually agreed that the contributions will be considered as non-stipulated share premium, without issuance of any new shares in the share capital of HCBV.

On 16th September 2015 the Group incorporated Emma Gamma Limited, having 1.200 issued ordinary shares of EUR 1 each.

During 2015 the Group acquired the following investments:

- Facipero Investments Limited – acquired on 17th June 2015.
- Austrian Gaming Holding a.s. – acquired on 3rd September 2015.

On 17th June 2015 the Group acquired 20% holding in Facipero Investments Limited for a total purchase price of TEUR 97,947 with a view to its subsequent sale. Based on a letter of intent between the owners and potential buyer it appears that the sale is highly probable. The shares of Facipero Investments Limited, which are expected to be sold within twelve months, have been classified as short term financial assets available-for-sale and are presented separately in the statement of financial position.

On 3rd September 2015 the Group acquired 25% in Austrian Gaming Holdings A.S. for a consideration of TEUR 353. It is a Group strategic investment targeting lottery business in Austria. The investment was classified as an investment in associates and has been accounted for using the equity method since the significant influence in the associate was acquired.

Acquisitions and disposals in 2014

During 2014, the Group acquired the following subsidiaries:

- SERENITY RESOURCES LIMITED GROUP - acquired on 16 April 2014, ownership 100%

On 16th April 2014 the Company acquired 100% of the share capital of Serenity Resources Limited, a company incorporated in the British Virgin Islands on 18 February 2013, with registration number 1760126.

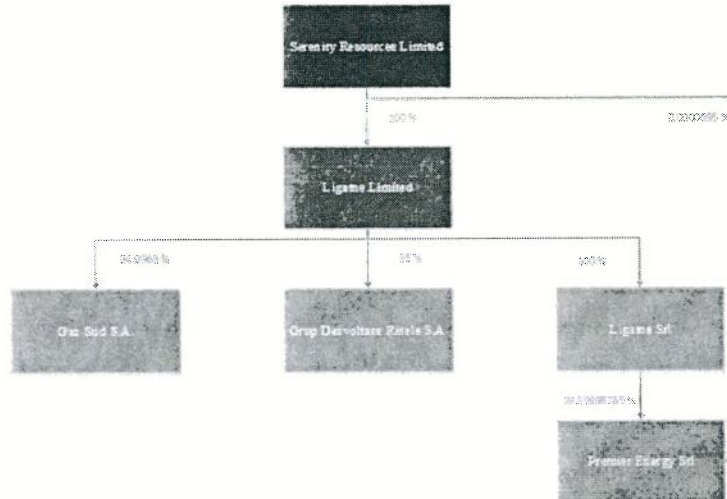
1. Description of the Group (continued)

On 16th May 2014, the Group acquired a 50% share in KKCG Turkey B.V. (“KKCG Turkey”) for a consideration of EUR 1. It is a Group’s strategic investment targeting lottery business in Turkey. The investment in KKCG Turkey was classified as an investment in associates and has been accounted for using the equity method since the significant influence in the associate was acquired.

On 23rd December 2014, the Group acquired an additional share of 16.68% in AMESELO LIMITED (“AMESELO”) for a consideration of TEUR 4,300 and therefore holds a 33.34% share as at 31st December 2014. AMESELO is principally engaged in the holding and trading of investments and financing of related parties. The investment in AMESELO was classified as financial assets available for sale in 2013. The Group has determined that the increase in the share from 16.66% to 33.34% give rise to acquisition of significant influence according to IAS 28. Therefore the investment in AMESELO LIMITED was classified as an investment in associates, in 2014, and has been accounted for using the equity method since the significant influence in the associate was acquired.

Effect of acquisition of SERENITY RESOURCES LIMITED GROUP

On 16th April 2014, the Group acquired a 100% share in SERENITY RESOURCES LIMITED GROUP. The group acquired had the following structure at the date of acquisition:



SERENITY RESOURCES LIMITED is the sole shareholder in LIGATNE LIMITED. LIGATNE LIMITED is a majority shareholder in multiple companies operating on the Romanian market of gas distribution. The acquisition primarily includes the acquisition of gas distribution network and administrative buildings, installations and equipment for gas distribution. The acquisition price of the share in SERENITY RESOURCES LIMITED GROUP was TEUR 0.7. Non-controlling interests in Gaz Sud S.A. and Grup Dezvoltare Retele S.A. companies amounting to TEUR 755 were determined as their proportionate interests in the recognized amount of the assets and liabilities of the respective companies at the acquisition date of the group.

1. Description of the Group (continued)

The acquisition date fair values of identifiable assets acquired and liabilities assumed of SERENITY RESOURCES LIMITED GROUP are presented below:

ASSETS	TEUR (as previously reported)	Adjustment	TEUR (as restated)**
Intangible assets	28,671	(28,331)	340
Property, plant and equipment	11,734	28,331	40,065
Other assets	6,744		6,744
Loans and receivables due from customers/third parties	2,853		2,853
Loans and receivables due from banks and other financial institutions	1,769		1,769
Cash and cash equivalents	950		950
Identifiable acquired assets	52,721	--	52,721
LIABILITIES			
Liabilities due to non-banks	7,972		7,972
Liabilities due to banks and other financial institutions	8,690		8,690
Provisions	1,372		1,372
Deferred tax liability	2,462		2,462
Other liabilities	10,349		10,349
Identifiable acquired liabilities	30,845	--	30,845
Net identifiable assets of SRLG* acquired	21,876		21,876
Consideration paid	(1)		(1)
Non-controlling interests	(755)		(755)
Goodwill / (Bargain purchase)	(21,120)	--	(21,120)
Cash and cash equivalents acquired	950		950
Cash outflow / (inflow)	(949)		(949)
POST-acquisition profit / (loss)	(2,630)		(2,630)
POST-acquisition operating income	9,121		9,121

*SERENITY RESOURCES LIMITED GROUP

**For more details refer to Note 2d.

If the acquisition had occurred on 1st January 2014 with all other variables held constant, the Group's operating income for 2014 would have been TEUR 30,665 and net loss from continuing operations would have been TEUR 11,355.

The bargain purchase resulting from the above acquisition is primarily attributable to the higher indebtedness and the fact the sub-group acquired is loss making in terms of net result. Despite these facts the Group identified a business opportunity on the Romanian market and expects advantages from the synergy with the sub-group.

2. Basis of preparation

The consolidated financial statements for the year ended 31 December 2015 comprise the Company and its subsidiaries.

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs), including International Accounting Standards (IASs), promulgated by the International Accounting Standards Board (IASB) and interpretations issued by the International Financial Reporting Interpretations Committee (IFRIC) of IASB as endorsed by the European Union and the requirements of the Cyprus Companies Law, Cap.113 as amended from time to time.

(b) Basis of measurement

These consolidated financial statements have been prepared under the historic cost convention basis except in the case of financial instruments at fair value through profit or loss, financial assets available-for-sale, property, plant and equipment which are measured at fair value and investments in associates which are accounted for using the equity method. Financial assets and liabilities and non-financial assets and liabilities which are valued at historic cost are stated at amortized cost or historic cost, as appropriate, net of any relevant impairment.

(c) Presentation and functional currency

The consolidated financial statements are presented in Euro (EUR), which is the Company's functional currency and Group's presentation currency. Financial information presented in EUR has been rounded to the nearest thousand (TEUR).

(d) Changes in comparative numbers

Items of property, plant and equipment (gas distribution network) were previously presented as intangible assets. In the previous period the nature of these items was understood to be fully complying with IFRIC12 – Service Concession Agreements as “intangible assets on gas distribution network”. The service concession arrangements generally follow IFRIC 12 (if meeting the relevant conditions) which is a very complex pronouncement and the interpretation of its scope requirements is a matter of judgment in a gas distribution industry.

During 2015, a number of transactions that were completed in the specific industry, initiated an extensive analysis regarding the applicability of IFRIC 12 following the specific context of the relevant market and legal conditions, and the reassessment of the nature of these assets. It was concluded by management that the distribution network infrastructure is not within the scope of IFRIC 12 and was hence recorded and presented as property, plant and equipment under historic cost model.

The impact on the financial statements is as follows:

Statement of financial position	31 December 2014 TEUR (as previously reported)	Adjustment TEUR	31 December 2014 TEUR (as restated)
<i>Non-current assets</i>			
Intangible assets	28,447	(28,141)	306
Property, plant and equipment	10,342	28,141	38,483
Total	38,789	--	38,789

As the above-mentioned items were acquired through the acquisition of SERENITY RESOURCES LIMITED GROUP on 16th April 2014, the presentation of identifiable assets acquired was restated accordingly as well (see Note 1).

In connection with the restatement the comparative numbers in Note 25 – Other operating expenses were restated accordingly:

Note 25 – Other operating expenses	31 December 2014 TEUR (as previously reported)	Adjustment TEUR	31 December 2014 TEUR (as restated)
<i>Non-current assets</i>			
Depreciation on property, plant and equipment	774	650	1,424
Amortisation of intangible assets	712	(650)	62
Total	1,486	--	1,486

The above reclassification corrections had no impact on profit or loss, other comprehensive income, cash flows or equity either in 2014 or in 2015.

2. Basis of preparation (continued)

(e) Use of estimates and judgments

The preparation of the consolidated financial statements in accordance with IFRS requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amounts of assets and liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised, if the estimate affects only that period, or in the period of the revision and future periods, if the revision affects the present as well as future periods.

In particular, information about significant areas of estimation, uncertainty and critical judgments made by management in preparing these consolidated financial statements in respect of impairment recognition is described in Note 3(c)(vii),(e) and Note 21.

(f) Basis of consolidation

The Group consolidated financial statements comprise the financial statements of the parent company EMMA ALPHA HOLDING LTD and the financial statements of its subsidiaries as stated in Note 1. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by other members of the Group.

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. Control exists when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. The financial statements of subsidiaries acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date on which control effectively commences until the date on which control effectively ceases.

Legal restructuring and mergers involving companies under common control are accounted for using consolidated net book values, consequently no adjustment is made to carrying amounts in the consolidated accounts and no goodwill arises on such transactions.

(ii) Associates

Associates are enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognized gains and losses of associates on an equity accounted basis, from the date on which significant influence effectively commences until the date on which significant influence effectively ceases. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealized gains arising from intra-group transactions, are eliminated in the consolidated financial statements. Unrealized gains arising from transactions with associates are eliminated against the investment in the associate to the extent of the Group's interest in the enterprise. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no evidence of impairment.

(iv) Changes in the Company's ownership interests in existing subsidiaries

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.

2. Basis of preparation (continued)

Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

When the Company loses control of a subsidiary, the profit or loss on disposal is calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests. When assets of the subsidiary are carried at revalued amounts or fair values and the related cumulative gain or loss has been recognised in other comprehensive income and accumulated in equity, the amounts previously recognised in other comprehensive income and accumulated in equity are accounted for as if the Company had directly disposed of the relevant assets (i.e. reclassified to profit or loss or transferred directly to retained earnings as specified by applicable IFRSs). The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under IAS 39 Financial Instruments: Recognition and Measurement or, when applicable, the cost on initial recognition of an investment in an associate or a jointly controlled entity.

(v) Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities are recognised and measured in accordance with IAS 12 Income Taxes; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a gain on bargain purchase.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Company in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

2. Basis of preparation (continued)

When a business combination is achieved in stages, the Company's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Company obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Company reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements and in stating the financial position of the Company. The accounting policies have been consistently applied by all Group entities.

(a) Foreign currency

(i) Foreign currency transactions

A foreign currency transaction is a transaction that is denominated in or requires settlement in a currency other than the functional currency. The functional currency is the currency of the primary economic environment in which an entity operates. For initial recognition purposes, a foreign currency transaction is translated into the functional currency using the foreign currency exchange rate ruling at the date of the transaction. The exchange rate as published by the European Central Bank has been used.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate ruling at the date on which the fair value was determined. Non-monetary assets and liabilities denominated in foreign currencies that are measured in terms of historical cost are retranslated using the exchange rate ruling at the date of the transaction.

Foreign currency differences arising on retranslation are recognized in profit or loss, except for the differences arising on the retranslation of available-for-sale equity investments which are recognised in other comprehensive income (except on impairment in which case foreign currency differences that have been recognised in other comprehensive income are reclassified to profit or loss).

(ii) Financial information of foreign operations

Assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to EUR at exchange rates ruling at the reporting date. Income and expenses of foreign operations, excluding foreign operations in hyperinflationary economies, are translated to EUR at rates approximating the foreign exchange rates ruling at the dates of the transactions.

Income and expenses of foreign operations in hyperinflationary economies are translated to EUR at exchange rates ruling at the reporting date. Prior to translation, their financial statements for the current year are restated to account for changes in the general purchasing power of the local currency. The restatement is based on relevant price indices at the reporting date.

Foreign currency differences arising on translation are recognized in other comprehensive income, and presented in the foreign currency translation reserve in equity. However, if the foreign operation is a non-wholly owned subsidiary, the relevant proportion of the translation difference is allocated to non-controlling interests.

When a foreign operation is disposed of so that control, significant influence or joint control is lost, the cumulative amount in the foreign currency translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal.

(b) Cash and cash equivalents

The Group considers cash in hand, unrestricted balances with banks and other financial institutions due within one month to be cash and cash equivalents.

3. Significant accounting policies (continued)

(c) Financial assets and liabilities

(i) Classification

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market, other than those that the Group intends to sell immediately or in the near term, those that the Group upon initial recognition designates as at fair value through profit or loss, or those where its initial investment may not be substantially recovered, other than because of credit deterioration.

When the Group is a lessor in a lease agreement that transfers substantially all of the risk and rewards incidental to ownership of an asset to the lessee, the arrangement is presented within loans and receivables.

Financial assets and liabilities at fair value through profit or loss are financial assets or liabilities that are classified as held for trading or those which are upon initial recognition designated by the entity as at fair value through profit or loss. Trading instruments include those that the Group principally holds for the purpose of short-term profit taking and derivative contracts that are not designated as effective hedging instruments. The Group designates financial assets and liabilities at fair value through profit or loss where either the assets or liabilities are managed, evaluated and reported internally on a fair value basis or the designation eliminates or significantly reduces an accounting mismatch which would otherwise arise or the asset or liability contains an embedded derivative that significantly modifies the cash flows that would otherwise be required under the contract. Financial assets and liabilities at fair value through profit or loss are not reclassified subsequent to initial recognition.

All trading derivatives in a net receivable position (positive fair value), as well as options purchased, are reported as an asset. All trading derivatives in a net payable position (negative fair value), as well as options written, are reported as a liability.

Financial assets held-to-maturity are those non-derivative financial assets with fixed or determinable payments and fixed maturity that the Group has the positive intention and ability to hold to maturity, other than loans and receivables and instruments designated as at fair value through profit or loss or as available-for-sale.

Financial assets available-for-sale are those financial assets that are designated as available-for-sale or are not classified as loans and receivables, financial instruments at fair value through profit or loss or held-to-maturity investments.

(ii) Recognition

Financial assets and liabilities are recognized in the statement of financial position when the Group becomes a party to the contractual provisions of the instrument. For regular purchases and sales of financial assets, the Group's policy is to recognize them using settlement date accounting. Any change in the fair value of an asset to be received during the period between the trade date and the settlement date is accounted for in the same way as if the Group used trade date accounting.

(iii) Measurement

A financial asset or liability is initially measured at its fair value plus, in the case of a financial asset or liability not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition or issue of the financial asset or liability.

Subsequent to initial recognition, financial assets, including derivatives that are assets, are measured at their fair values, without any deduction for transaction costs that may be incurred on sale or other disposal, except for loans and receivables and held-to-maturity investments, which are measured at amortized cost less impairment losses, and investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured, which are measured at cost less impairment losses.

All financial liabilities, other than those designated at fair value through profit or loss and financial liabilities that arise when a transfer of a financial asset carried at fair value does not qualify for derecognition, are measured at amortized cost.

3. Significant accounting policies (continued)

(iv) Fair value measurement

The Group measures fair values using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements.

Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.

Level 2: Valuation techniques based on observable inputs, either directly (such as prices) or indirectly (i.e. derived from prices). This category includes instruments valued using: quoted market prices in active markets for similar instruments; quoted prices for identical or similar instruments in markets that are considered less than active; or other valuation techniques where all significant inputs are directly or indirectly observable from market data.

Level 3: Valuation techniques using significant unobservable inputs. This category includes all instruments where the valuation technique includes inputs not based on observable data and the unobservable inputs have a significant effect on the instrument's valuation. This category includes instruments that are valued based on quoted prices for similar instruments where significant unobservable adjustments or assumptions are required to reflect differences between the instruments.

Fair values of financial assets and financial liabilities that are traded in active markets are based on quoted market prices or dealer price quotations. For all other financial instruments the Group determines fair values using valuation techniques.

Valuation techniques include net present value and comparison to similar instruments for which market observable prices exist. Assumptions and inputs used in valuation techniques include risk-free and benchmark interest rates, credit spreads and other parameters used in estimating discount rates, bond and equity prices, foreign currency exchange rates, equity and equity index prices and expected price volatilities and correlations. The objective of valuation techniques is to arrive at a fair value determination that reflects the price of the financial instrument at the reporting date that would have been determined by market participants acting at arm's length.

The fair value of debt and equity securities available-for-sale is based on their quoted market price.

(v) Amortized cost measurement principles

The amortized cost of a financial asset or liability is the amount in which the financial asset or liability 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 recognized and the maturity amount, net of any relevant impairment.

(vi) Gains and losses on subsequent measurement

Gains and losses on financial instruments classified as at fair value through profit or loss are recognized in statement of profit or loss.

Gains and losses on available-for-sale financial assets are recognized in other comprehensive income (except for impairment losses and foreign exchange gains and losses) until the asset is derecognized, at which time the cumulative gain or loss previously recognized in other comprehensive income is reclassified to profit or loss.

For financial assets and liabilities carried at amortized cost, a gain or loss is recognized in profit or loss when the financial asset or liability is derecognized or impaired, and through the amortization process.

3. Significant accounting policies (continued)

(vii) Identification and measurement of impairment

The Group has developed a provisioning policy, which describes in detail the procedures and methodology of the impairment measurement, and a write-off policy. The impairment measurement is dealt with as follows:

The Group assesses on a regular basis whether there is objective evidence that financial assets not carried at fair value through profit or loss are impaired. Financial assets are impaired when objective evidence demonstrates that a loss event has occurred after the initial recognition of the assets, and that the loss event has an impact on the future cash flows on the asset that can be estimated reliably.

The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial assets, whether significant or not, it includes the assets in a group of financial assets with similar risk characteristics and collectively assesses them for impairment. Financial assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on a financial asset has been incurred, the amount of the loss is measured as the difference between the carrying amount of the financial asset and the present value of estimated future cash flows including amounts recoverable from guarantees and collateral discounted at the financial asset's original effective interest rate. Contractual cash flows and historical loss experience adjusted on the basis of relevant observable data that reflect current economic conditions provide the basis for estimating expected cash flows. Financial assets with a short duration are not discounted.

In some cases the observable data required to estimate the amount of an impairment loss on a financial asset may be limited or no longer fully relevant to current circumstances. This may be the case when a borrower is in financial difficulties and there is little available historical data relating to similar borrowers. In such cases, the Group uses its experience and judgment to estimate the amount of any impairment loss.

All impairment losses in respect of financial assets are recognized in the statement of comprehensive income and are only reversed if a subsequent increase in recoverable amount can be related objectively to an event occurring after the impairment loss was recognized. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount of the asset that would have been determined, net of amortization, if no impairment loss had been recognized.

The write-off policy of the Group requires that the outstanding amount of a loan shall be written off if there is any instalment overdue for 361 or more days. However, the loan shall remain in the Company's statement of financial position even after 361 days of non-payment if it is probable that the loan will be sold in a near future, or significant recoveries are expected. In such case, the loan outstanding amount shall be derecognized at the moment of the sale or later as soon as no significant recoveries are expected.

(viii) Derecognition

The Group derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognized separately as asset or liability.

The Group derecognizes a financial liability when its contractual obligations are discharged or cancelled or expire.

3. Significant accounting policies (continued)

(ix) Offsetting

Financial assets and liabilities are off set and the net amount presented in the statement of financial position when there is a legally enforceable right to set off the recognized amounts and there is an intention to settle on a net basis, or realize the asset and settle the liability simultaneously.

Income and expenses are presented on a net basis only when permitted by the accounting standards, or for gains and losses arising from a group of similar transactions.

(d) Intangible assets

Goodwill and gain on bargain purchase

Goodwill arising on an acquisition represents the excess of the cost of the acquisition over the Group's interest in the fair value of the net identifiable assets and liabilities of the acquiree. When the excess is negative (gain on a bargain purchase), it is recognized immediately in profit and loss. Goodwill is stated at cost less accumulated impairment losses (refer to Note 21).

In respect of associates, the carrying amount of any goodwill is included in the carrying amount of the investment in the associate.

Software and other intangible assets

Software and other intangible assets that have finite useful lives are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is calculated over the cost of the asset, or other amount substituted for cost, less its residual value. Amortization is recognized in profit or loss (as a part of "Other operating expenses") on a straight line basis over their estimated useful lives (1 - 3 years), from the date that they are available for use. Amortization method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate. Subsequent expenditure is capitalized only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognized in profit or loss as incurred.

(e) Property, plant and equipment

The property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment losses.

The cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for its intended use.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to the income statement during the financial period in which they are incurred.

A significant part of lands and buildings is represented by the gas distribution network. The gas distribution network is operated based on the service concession arrangements. The service concession arrangements generally follows IFRIC 12 (if meeting the relevant conditions) which is a very complex pronouncement and the interpretation of its scope requirements is a matter of judgement in a gas distribution industry. In 2015, the management carried out an extensive analysis regarding the applicability of IFRIC 12 following the specific context of the relevant market and legal conditions. As a result of this analysis, the management's view was that IFRIC 12 is not applicable as the relevant conditions have not been met (see Note 2d).

The gas distribution network is depreciated on a straight-line basis for a 35-year period

3. Significant accounting policies (continued)

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognised in profit or loss.

Depreciation on assets is calculated using the straight-line method to allocate their cost less their residual values over their estimated economic useful lives, as follows:

	<u>Years</u>
Other tangible assets	1 - 16

The items of property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term. Land is not depreciated.

Items of property, plant and equipment are depreciated from the date that they are installed and are ready for use, or in respect of internally constructed assets, from the date that the asset is completed and ready for use.

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

The depreciation and impairment losses are charged to profit or loss (as a part of "Other operating expenses").

(f) Other payables

Accounts payable arise when the Group has a contractual obligation to deliver cash or another financial asset. Accounts payable are measured at amortized cost, which is normally equal to their nominal or repayment value.

(g) Equity

Share capital represents the nominal value of shares issued by the Company. To the extent such shares remain unpaid as of the end of the reporting period a corresponding receivable is presented in other assets.

Dividends on share capital are recognized as a liability provided they are declared before the end of the reporting period. Dividends declared after the end of the reporting period are not recognized as a liability but are disclosed in the notes.

Non-controlling interests consist of the minority shareholders' proportion of the fair values of a subsidiary's net assets, at the date of the original combination, plus or minus their share of changes in the subsidiary's equity since that date.

(i) Translation reserves

The translation reserves include exchange differences relating to the translation of the results and net assets of the Group's foreign operations from functional to the Group's presentation currency. Exchange differences previously accumulated in the translation reserves are reclassified to profit or loss on the disposal of the foreign assets and operations.

(ii) Redeemable preference shares

The redeemable shares are classified as equity. Any dividends are discretionary only at the Company's option.

(h) Interest income and expense

Interest income and expense are recognized in the statement of comprehensive income using the effective interest method. The effective interest rate is the rate that exactly discounts the estimated future cash payments and receipts through the expected life of the financial asset or liability (or, where appropriate, a shorter period) to the carrying amount of the financial asset or liability. The effective interest rate is established on initial recognition and is not revised subsequently.

3. Significant accounting policies (continued)

The calculation of the effective interest rate includes all fees and points paid or received, transaction costs and discounts or premiums that are an integral part of the effective interest rate. Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or liability.

(i) Fee and commission income and expenses

Fees and commission income and expenses that are integral to the effective interest rate on a financial asset or liability are included in the measurement of the effective interest rate.

Other fees and commission income and expense relate mainly to transaction and service fees, which are recognized as the services are rendered or received.

The Group acts as an agent for insurance providers offering their insurance products to consumer loan borrowers. Commission income from insurance represents commissions for such agency services received by the Group from such partners. It is not considered to be integral to the overall profitability of consumer loans because it is determined and recognized based on the Group's contractual arrangements with the insurance provider rather than with the borrower, the borrowers have a choice whether to purchase the policy, the interest rates for customers with and without the insurance are the same. The Group does not participate on the insurance risk, which is entirely borne by the partner. Commission income from insurance is recognized in profit or loss when the Group provides the agency service to the insurance company.

(j) Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognized in the statement of comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the end of the reporting period, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes, the initial recognition of assets or liabilities that affect neither accounting nor taxable profit and temporary differences related to investments in subsidiaries, branches and associates where the parent is able to control the timing of the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantially enacted at the end of the reporting period.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the temporary differences, unused tax losses and credits can be utilized. Deferred tax assets are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Changes in accounting policies and accounting pronouncements effective for the current financial period

For the current financial period, the Group adopted all changes to International Financial Reporting Standards (IFRSs), effective from 1st January 2015, which are mandatory and relevant to the Group's operations.

Annual Improvements 2010-2012 Cycle and 2011-2013 Cycle (effective from 1st July 2014)

In December 2013 the IASB published two Cycles of the Annual Improvements to IFRSs: "2010-2012 Cycle" and "2011-2013 Cycle". Annual Improvements "2010-2012 Cycle" have been adopted by the EU on 1st February 2015, with early adoption possible. Annual Improvements "2011-2013 Cycle" have been adopted by the EU on 1st January 2015.

The Annual Improvements to IFRSs are part of the annual improvements process to make non-urgent but necessary amendments to IFRS. The new cycles of improvements contain amendments to IFRS 1, IFRS 2, IFRS 3, IFRS 8, IFRS 13, IAS 16, IAS 24, IAS 38 and IAS 40, with consequential amendments to other standards and interpretations.

3. Significant accounting policies (continued)

Given the nature of the Group's operations, this standard did not have significant impact on the Group's financial statements.

(I) Standards, interpretations and amendments to published standards that are not yet effective and are relevant for the Group's financial statements

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 31 December 2015, and have not been applied in preparing these consolidated financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its consolidated financial statements.

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7: (effective for annual periods beginning on or after January 1, 2018)

IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. It also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The standard has not yet been endorsed by the EU.

The group is assessing the potential impact on its consolidated financial statements resulting from the application of this standard.

IFRS 15 "Revenue from Contracts with Customers" and Clarifications to IFRS 15 (effective for annual periods beginning on or after January 1, 2018)

The objective of the Standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this standard.

IFRS 10 and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (deferred indefinitely by amendments made in December 2015.)

These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments have not yet been endorsed by the EU.

The Group is assessing the potential impact on its consolidated financial statements resulting from the application of these amendments.

IFRS 16 Leases (effective from January 1, 2019)

In January 2016 IASB issued a new Standard on leases. The standard requires companies to bring most leases on-balance sheet, recognising new assets and liabilities. IFRS 16 eliminates the classification of leases as either operating or finance for lessees and, instead, introduces a single lessee accounting model. This model reflects that leases result in a company obtaining the right to use an asset (the 'lease asset') at the start of the lease and, because most lease payments are made over time, also obtaining financing. As a result, the new Standard requires lessees to account for all of their leases in a manner similar to how finance leases were treated applying IAS 17. IFRS 16 includes two exemptions from recognising assets and liabilities for (a) short-term leases (i.e. leases of 12 months or less) and (b) leases of low-value items (such as personal computers).

Applying IFRS 16, a lessee will:

- recognise lease assets (as a separate line item or together with property, plant and equipment) and lease liabilities in the balance sheet;
- recognise depreciation of lease assets and interest on lease liabilities in the income statement; and
- present the amount of cash paid for the principal portion of the lease liability within financing activities, and the amount paid for the interest portion within either operating or financing activities, in the cash flow statement.

IFRS 16 has not yet been adopted by the EU. The Group is assessing the potential impact on its consolidated financial statements resulting from the application of this standard.

Amendments to IAS 1 Presentation of Financial Statements (effective from January 1, 2016)

The Amendments to IAS 1 include the following five, narrow-focus improvements to the disclosure requirements contained in the standard.

The guidance on materiality in IAS 1 has been amended to clarify that:

- immaterial information can detract from useful information;
- materiality applies to the whole of the financial statements; and
- materiality applies to each disclosure requirement in an IFRS.

The guidance on the order of the notes (including the accounting policies) have been amended, to:

- remove language from IAS 1 that has been interpreted as prescribing the order of notes to the financial statements; and
- clarify that entities have flexibility about where they disclose accounting policies in the financial statements.

This amendment is not expected to have significant impact on the Group's consolidated financial statements.

Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after January 1, 2016)

The amendments (those set out below are relevant for the Group) describe the key changes to four IFRSs, following the publication of the results of the IASB's 2012-2014 cycle of the annual improvements project.

- *IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"*

The amendment clarifies that, when an asset (or disposal group) is reclassified from "held for sale" to "held for distribution", or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

- *IFRS 7 "Financial Instruments: Disclosures"*

The amendment adds specific guidance to help management determine whether the terms of an arrangement to service a financial asset which has been transferred constitute continuing involvement and clarifies that the additional disclosure required by the amendments to IFRS 7, "Disclosure – Offsetting financial assets and financial liabilities" is not specifically required for all interim periods, unless required by IAS 34.

These amendments are not expected to have significant impact on the Group's consolidated financial statements.

Amendments to IAS 7 Statement of Cash Flows (effective from January 1, 2017)

The amendments are part of the IASB's disclosure initiative project and introduce additional disclosure requirements intended to address investors' concerns that financial statements do not currently enable them to understand the entity's cash flows; particularly in respect to the management of financing activities.

These Amendments have not yet been adopted by the EU and are not expected to have significant impact on the Group's consolidated financial statements.

Amendments to IAS 12 Recognition of Deferred Tax Assets for Unrealised Losses (effective from January 1, 2017)

In January 2016 IASB issued amendments to IAS 12 Income Taxes. The amendments clarify how to account for deferred tax assets related to debt instruments measured at fair value.

These Amendments have not yet been adopted by the EU and are not expected to have significant impact on the Group's consolidated financial statements.

4. Financial risk management

The risk management function within the Group is carried out in respect of financial risks (credit, market and liquidity risk), operational risks and legal risks. The primary objectives of the financial risk management function are to establish risk limits, and then ensure that exposure to risks stays within these limits. The operational and legal risk management functions are intended to ensure proper functioning of internal policies and procedures to minimise operational and legal risks.

The Group has exposure to the following risks from its use of financial instruments:

- credit risk
- liquidity risk
- market risks
- operational risk
- legal risks

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework and are responsible for developing and monitoring risk management policies in their specified areas.

The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions, products and services offered. The Group, through its training and management standards and procedures, aims to develop a disciplined and constructive control environment, in which all employees understand their roles and obligations

(a) Credit risk

Credit risk is the risk of financial loss occurring as a result of default by a borrower or counterparty on their obligation to the Group. The majority of the Group's exposure to credit risk arises in connection with the provided loans and financial assets which is the Group's principal business. The remaining part of the Group's exposures to credit risk is related to due from banks and other financial institutions, financial assets available-for-sale and other assets.

Credit risk results from business transactions (receivables from counterparties) and from the transactions in financial markets (money market, currency exchange, derivatives transactions, etc.). Several criteria are applied when assessing the level of credit risk.

Credit terms for individual transactions are assessed by the Group's specialists, including middle and top management of the Group. Experts from both law firms and financial institutions were also consulted on the risks related to the transactions. Publicly available information and information from external agencies were used for ongoing monitoring of the credit quality of the counterparties.

The receivables are divided by counterparties and are allocated to the responsible person overseeing each case. The counterparties are allocated to category classes based on allocation criteria such that the first class included low risk counterparties and the third class included higher risk counterparties.

The Group has a credit limit policy including new credit terms and credit limits. The Group has continued in a process of monitoring counterparties and their payment morale on regular basis.

The Group also continuously monitors the performance of individual credit exposures using a number of criteria. The Group has an active fraud prevention and detection program. Credit risk developments are reported by the Group Credit Risk Department to the Board of Directors on a regular basis.

As a result of recent negative development on financial markets, the credit environment in certain countries in which the Group operates has deteriorated. The Group has taken strict measures in its underwriting and collection policies in order to limit the negative impact of such market changes.

4. Financial risk management (continued)

Exposure to credit risk

The group has provided loans in amount of TEUR 136,068. The tables below provide a detailed analysis of the Group's exposure to credit risk.

	Loans - Due from non-banks		Loans - Due from banks and other financial institutions	
	2015	2014	2015	2014
	TEUR	TEUR	TEUR	TEUR
Individually impaired	--	--	--	--
Collectively impaired	--	--	--	--
Past due but not impaired	--	--	--	--
Neither past due nor impaired – carrying amount	134,327	112,778	1,741	1,735
Total carrying amount	134,327	112,778	1,741	1,735

Credit quality of financial assets

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings of Moody's (if applicable):

	2015	2014
	TEUR	TEUR
Cash at bank and short term bank deposits		
A2	--	10
Ba1	250	213
Ba2	--	8
Baa2	--	443
Caa2	9	--
Caa3	1,697	391
Non-rated	982	753
Total	2,938	1,818

(b) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting obligations from its financial liabilities. Liquidity risk is managed by ensuring that there are sufficient financial resources to meet the obligations associated with financial liabilities. Cautious liquidity risk management assumes maintenance of a sufficient amount of cash and the availability of required external financing in terms of loans and borrowings.

The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

The Group's Treasury collects information regarding the liquidity profile of the financial assets and liabilities and details of other projected cash flows arising from projected future business. Portfolio of short-term liquid assets is maintained to ensure sufficient liquidity. The daily liquidity position is monitored and regular liquidity stress testing is conducted under a variety of scenarios covering both normal and more severe market conditions.

In order to monitor the current trends in liquidity and to manage other associated risks (exchange rate risk, interest rate risk, foreign exchange risk, payment conditions, tax legislation, etc.), a meeting is held on a monthly basis in attendance with representatives of the Finance Department and with specialists and managers from other departments, if needed. In regular meetings, the Finance Director then reports to the Group management on the liquidity status and its developments. When the amount payable is not fixed, the amount disclosed is determined by reference to the conditions existing as at the reporting date. Foreign currency payments are translated using the spot exchange rate as at the balance sheet date.

4. Financial risk management (continued)

Contractual maturity analysis

The following table shows financial assets and liabilities by remaining maturity dates.

2015						
TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Cash and cash equivalents	2,949	--	--	--	--	2,949
Financial assets at fair value through profit or loss	--	--	--	--	2,353	2,353
Loans - Due from non-banks	--	25,846	108,483	--	--	134,329
Loans - Due from banks and other financial institutions	1,739	--	--	--	--	1,739
Trade and other receivables	8,991	--	--	--	--	8,991
Financial assets available-for-sale	--	97,947	--	--	7,747	105,694
Total financial assets	13,679	123,793	108,483	--	10,100	256,055
Due to non-banks	--	9,280	311,380	--	--	320,660
Due to banks and other financial institutions	4,327	3,497	2,583	--	--	10,407
Trade and other payables	2,819	--	--	--	--	2,819
Total financial liabilities	7,146	12,777	313,963	--	--	333,886
Net position	6,533	111,016	(205,480)	--	10,100	(77,831)

2014						
TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Cash and cash equivalents	1,839	--	--	--	--	1,839
Financial assets at fair value through profit or loss	--	--	--	--	2,750	2,750
Loans - Due from non-banks	3	23,581	89,194	--	--	112,778
Loans - Due from banks and other financial institutions	1,735	--	--	--	--	1,735
Trade and other receivables	7,943	--	--	--	--	7,943
Financial assets available-for-sale	--	--	--	--	32,627	32,627
Total financial assets	11,520	23,581	89,194	--	35,377	159,672
Due to non-banks	--	15,528	273,729	--	--	289,257
Due to banks and other financial institutions	11,165	1,427	508	--	--	13,100
Trade and other payables	4,653	--	--	--	--	4,653
Total financial liabilities	15,818	16,955	274,237	--	--	307,010
Net position	(4,298)	6,626	(185,043)	--	(35,377)	(147,338)

4. Financial risk management (continued)

Contractual cash flows of financial liabilities (gross undiscounted cash flows)

The following table shows gross undiscounted cash flows including estimated interest payments and therefore may not agree with the carrying amounts in the statement of financial position.

2015 TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Due to non-banks	1,436	15,172	403,812	--	420,420
Due to banks and other financial institutions	4,341	3,577	2,698	--	10,616
Trade and other payables	2,819	--	--	--	2,819
Total	8,596	18,749	406,510	--	433,855

2014 TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	Total
Due to non-banks	--	22,522	405,456	--	427,978
Due to banks and other financial institutions	11,305	2,967	1,398	--	15,670
Trade and other payables	4,653	--	--	--	4,653
Total	15,958	25,489	406,854	--	448,301

(c) Market risk

Market risk is the risk that changes in market prices, such as interest rates or foreign exchange rates will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters.

The majority of the Group's exposure to market risk arises in connection with the funding of the Group's operations with liabilities denominated in foreign currencies and to the extent the term structure of interest bearing assets differs from that of liabilities.

Market risk includes currency risk and interest rate risk. Management's objectives are to use natural hedging only. The borrowings are secured by the majority of the Group's receivables.

Interest rate risk

The principal risk to which the Group is exposed is the risk of loss from fluctuations in the future cash flows or fair values of financial instruments because of a change in market interest rates. Interest rate risk is managed principally through monitoring interest rate gaps. As part of its management of this position, the Group may use interest rate derivatives.

The management of interest rate risk against interest rate gap limits is supplemented by monitoring the sensitivity of the Group's financial assets and liabilities to various standard and non-standard interest rate scenarios.

Foreign currency risk

The Group has assets and liabilities denominated in several foreign currencies. It invests in financial instruments and enters into transactions that are denominated in currencies other than its functional currency, primarily in USD and CZK.

Foreign currency risk arises when the actual or forecast assets in a foreign currency are either greater or less than the liabilities in that currency. Foreign currency risk is managed principally through monitoring foreign currency mismatches in the structure of assets and liabilities in the individual Group's country operations.

Net investments in foreign operations are not hedged. As a result, the Group's financial position is adequately sensitive on movements of the relevant foreign exchange rates. Impact of such exchange rate changes on the Group's net investment in foreign operations is presented as currency translation in the consolidated statement of changes in equity.

4. Financial risk management (continued)

Interest rate gap position based on re-pricing dates

2015

TEUR	Effective interest rate	Floating interest rate			Fixed interest rate or Non specified	Total
		Less than 3 months	3 months to 1 year	1 to 5 years		
Interest bearing financial assets						
Cash and cash equivalents	0.00%	2,949	--	--	--	2,949
Loans - Due from banks and other financial institutions	0.00%	--	--	--	1,739	1,739
Loans - Due from non-banks	5.74%	--	--	--	134,329	134,329
Total interest bearing financial assets	--	2,949	--	--	136,068	139,017
Interest bearing financial liabilities						
Due to non-banks	5.52%	--	94,869	--	225,791	320,660
Due to banks and other financial institutions	1.46%	4,327	1,657	--	4,423	10,407
Total interest bearing financial liabilities	--	4,327	96,526	--	230,214	331,067

2014

TEUR	Effective interest rate	Floating interest rate			Fixed interest rate or Non specified	Total
		Less than 3 months	3 months to 1 year	1 to 5 years		
Interest bearing financial assets						
Cash and cash equivalents	0.00%	1,078	759	--	2	1,839
Loans - Due from banks and other financial institutions	0.00%	--	--	--	1,735	1,735
Loans - Due from non-banks	5.44%	--	--	--	112,778	112,778
Total interest bearing financial assets	--	1,078	759	--	114,515	116,352
Interest bearing financial liabilities						
Due to non-banks	8.42%	--	15,528	84,986	188,743	289,257
Due to banks and other financial institutions	1.24%	4,645	1,427	508	6,520	13,100
Total interest bearing financial liabilities	--	4,645	16,955	85,494	195,263	302,357

Interest rate sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in interest rates based on positions existing as at 31 December 2015 and 31 December 2014 and a simplified scenario of a 10 % change in interest rates is shown below:

	Total effect on equity 2015 TEUR	Total effect on equity 2014 TEUR
Effect of 10% decrease in interest rate	499	1,838
Effect of 10% increase in interest rate	(499)	(1,838)

4. Financial risk management (continued)

Foreign currency position

2015

TEUR	EUR	USD	CZK	RON	Other currencies	Total
Cash and cash equivalents	42	408	1	2,494	4	2,949
Financial assets at fair value through profit or loss	2,353	--	--	--	--	2,353
Financial assets available-for-sale	--	97,947	--	--	7,747	105,694
Loans - Due from banks and other financial institutions	1,469	--	--	270	--	1,739
Loans - Due from non-banks	375	107,943	16,214	--	9,799	134,331
Trade and other receivables	--	--	--	8,991	--	8,991
Other assets	822	--	--	110	1	933
Total financial assets	5,061	206,298	16,215	11,865	17,551	256,990
Due to non-banks	64,884	248,223	7,553	--	--	320,660
Due to banks and other financial institutions	2,058	--	--	4,022	4,327	10,407
Deferred tax liabilities	--	--	--	2,537	--	2,537
Trade and other payables	--	--	--	2,819	--	2,819
Other liabilities	1,882	276	--	9,714	--	11,872
Current tax liability	50	--	--	--	--	50
Total financial liabilities	68,874	248,499	7,553	19,092	4,327	348,345
Net position	(63,813)	(42,201)	8,662	(7,227)	13,224	(91,355)

2014

TEUR	EUR	USD	CZK	RON	Other currencies	Total
Cash and cash equivalents	159	101	1	816	762	1,839
Financial assets at fair value through profit or loss	2,750	--	--	--	--	2,750
Financial assets available-for-sale	25,440	--	--	--	7,187	32,627
Loans - Due from banks and other financial institutions	1,465	--	--	270	--	1,735
Loans - Due from non-banks	(3,432)	98,859	13,117	3	4,231	112,778
Trade and other receivables	--	--	--	7,943	--	7,943
Other assets	2,421	--	--	--	--	2,421
Current tax asset	(16)	--	--	58	--	42
Total financial assets	28,787	98,960	13,118	9,090	12,180	162,135
Due to non-banks	133,055	149,424	6,778	--	--	289,257
Due to banks and other financial institutions	6,520	--	--	873	5,707	13,100
Deferred tax liabilities	--	--	--	2,561	--	2,561
Trade and other payables	--	--	--	4,653	--	4,653
Other liabilities	4,412	6	--	8,362	--	12,780
Total financial liabilities	143,987	149,430	6,778	16,449	5,707	322,351
Net position	(115,200)	(50,470)	6,340	(7,359)	6,473	(160,216)

4. Financial risk management (continued)

Foreign currency risk sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in currency exchange rates based on positions existing as at 31 December 2015 and 31 December 2014 and a simplified scenario of a 5% change in USD, CZK and RON to EUR exchange rates is shown below:

	Total effect on equity 2015 TEUR	Total effect on equity 2014 TEUR
Effect of 5% USD depreciation against EUR	2,110	2,524
Effect of 5% USD appreciation against EUR	(2,110)	(2,524)
Effect of 5% CZK depreciation against EUR	(433)	(317)
Effect of 5% CZK appreciation against EUR	433	317
Effect of 5% RON depreciation against EUR	361	359
Effect of 5% RON appreciation against EUR	(361)	(359)

(d) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the Group's processes, personnel, technology and infrastructure supporting the activities with financial instruments, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of investment management behaviour. Operational risks arise from all of the Group's operations and are faced by all business entities.

The Group's objective is to manage operational risk so as to balance the limiting of financial losses and damage to the Group's reputation with achieving its investment objective of generating returns to investors.

The primary responsibility for the development and implementation of controls over operational risk is assigned to senior management of the Group. This responsibility is supported by the development of standards for the management of operational risk in the following areas:

- requirements for appropriate segregation of duties between various functions, roles and responsibilities
- requirements for the reconciliation and monitoring of transactions;
- compliance with regulatory and other legal requirements;
- documentation of controls and procedures;
- requirements for the periodic assessment of operational risks faced, and the adequacy of controls and procedures to address the risks identified;
- development of contingency plans;
- training and professional development;
- ethical and business standards;
- risk mitigation, including insurance where this is effective.

(e) Legal risk

Legal risk is the risk of financial loss, interruption of the Group's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Group to execute its operations.

Capital Management

The Company manages its capital to ensure that it will be able to continue as a going concern while increasing the return to owners through strive for improving the debt to equity ratio.

5. Operating environment

Volatility in global financial markets

The ongoing global liquidity crisis which commenced in the middle of 2007 and is still continuing, resulted in, among other things, a lower level of capital market funding, lower liquidity levels across the banking sector, and higher interbank lending rates. The uncertainties in the global financial markets have also led to bank failures and bank rescues in the United States of America, Western Europe, Russia and elsewhere. Such circumstances could affect the ability of the Group to obtain borrowings or re-finance its existing operations at terms and conditions similar to those applied to earlier transactions. Indeed the full extent of the impact of the ongoing financial crisis is proving to be impossible to anticipate or completely guard against.

The debtors or borrowers of the Group may also be affected by the lower liquidity situation which could in turn impact their ability to repay their amounts owed. Deteriorating operating conditions for debtors or borrowers may also have an impact on Management's cash flow forecasts and assessment of the impairment of financial and non-financial assets.

To the extent that information is available, Management has reflected revised estimates of expected future cash flows in its impairment assessments. Management is unable to reliably estimate the effects on the Group's financial position of any further deterioration in the liquidity of the financial markets and the increased volatility in the currency and equity markets. Management believes it is taking all the necessary measures to support the sustainability and growth of the Group's business in the current circumstances.

Operating environment of the Group

The Cyprus Government has successfully completed earlier than anticipated the Economic Adjustments Program and exited the IMF program on 7 March 2016, after having recovered in the international markets and having only used EUR 7.25 of the total EUR 10 billion earmarked in the financial bailout. Under the new Euro area rules, Cyprus will continue to be under surveillance by its lenders with bi-annual post programme visits until it repays 75% of the economic assistance it received.

Although there are signs of improvement, especially in the macroeconomic environment of the country's economy, significant challenges remain that could affect the estimates of the Company's cash flows and its assessment of impairment of financial and non-financial assets.

The uncertain economic conditions in Cyprus as described above, as well as the anaemic economic growth and/or economic recession in many Eurozone countries and other business partners, could affect:

- 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 cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets.

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.

6. Critical accounting estimates and judgements

Fair values of financial instruments

The Group has performed an assessment of fair values of its financial instruments to determine whether it is practicable within the constraints of timeliness and cost to determine their fair values with sufficient reliability.

The fair value of financial instruments traded in active markets, such as publicly traded trading and available-for-sale financial assets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price.

The following table shows an analysis of financial instruments recorded at fair value, between those whose fair value is based on quoted market prices (Level 1) or calculated using valuation techniques where all the model inputs are observable in the market, typically interest rates and foreign exchange rates, (Level 2) or calculated using valuation techniques where significant model inputs are not observable in the market (Level 3):

	Note	Level 1 TEUR	Level 2 TEUR	Level 3 TEUR	Total TEUR
2015					
Financial assets available-for-sale **	10	7,747	--	97,947	105,694
Financial assets at fair value through profit or loss	10	--	2,353	--	2,353
2014					
Financial assets available-for-sale	10	7,187	--	25,440	32,627
Financial assets at fair value through profit or loss	10	--	2,750	--	2,750

Reconciliation of movements in Level 3:

	2015 TEUR	2014 TEUR
Financial assets		
Balance as at 1 January	25,440	25,171
Acquisition of financial assets available-for-sale (Level 3)	97,947	--
Disposals of financial assets available-for-sale (Level 3)*	(25,440)	(2,702)*
Revaluation of financial assets available-for-sale (Level 3)	--	2,971
Balance as at 31 December	97,947	25,440

* In 2014, the amount represents a deemed disposal resulting from an increased share in AMESELO to 33.34% that has been classified as associate since the increase in the share. For more details see Note 1.

** In 2015, the Group acquired 20% holding in Facipero Investments Limited for a total purchase price of USD 110,475 thousand (EUR 97,947 thousand). The selling price, currently a subject to negotiation with the purchasing counterparty, approaches the original purchase price for which acquired the share.

7. Intangible assets

2014	Software	Land lease rights	Intangible assets not yet in use	Intangible assets on gas distribution network	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition cost					
Balance as at 1 January 2014	--	--	--	--	--
Additions through business combinations (as previously reported)	245	104	518	27,814	28,681
Adjustment	--	--	(518)	(27,814)	(28,332)
Additions through business combinations (as restated)	245	104	--	--	349
Additions	34	--	--	--	34
Disposals	--	--	--	--	--
Translation difference	(4)	(1)	--	--	(5)
Balance as at 31 December 2014 (as restated)	275	103	--	--	378
2015					
Balance as at 1 January 2015	275	103	--	--	378
Additions	3	--	--	--	3
Disposals	--	--	--	--	--
Translation difference	(2)	(1)	--	--	(3)
Balance as at 31 December 2015	276	102	--	--	378
2014					
Accumulated amortization					
Balance as at 1 January 2014	--	--	--	--	--
Charge for the year	(72)	(2)	--	--	(74)
Translation difference	2	--	--	--	2
Balance as at 31 December 2014 (as restated)	(70)	(2)	--	--	(72)
2015					
Balance as at 1 January 2015	(70)	(2)	--	--	(72)
Charge for the year	(101)	(3)	--	--	(104)
Translation difference	(4)	--	--	--	(4)
Balance as at 31 December 2015	(175)	(5)	--	--	(180)
Carrying amount					
As at 31 December 2014 (as previously reported)	205	101	516	27,625	28,447
Adjustment	--	--	(516)	(27,625)	(28,141)
As at 31 December 2014 (as restated)	205	101	--	--	306
As at 31 December 2015	101	97	--	--	198

On 16 April 2014 the Group acquired the intangible assets through the acquisition of SERENITY RESOURCES LIMITED GROUP as described in Note 1. Intangible assets notably include acquired computer and software licenses.

During 2015, and following a number of transactions completed in the specific industry, the Group recognised its gas distribution network assets as Property, Plant and Equipment and reflected this change in the current year's financial statements. For more details refer to Note 2d.

8. Property, plant and equipment

2014	Land, buildings and infrastructure	Vehicles	Other tangible assets and equipment	Tangible assets not in use	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition cost					
Balance as at 1 January 2014	--	--	--	--	--
<i>Additions through business combinations (as previously reported)</i>	8,482	510	2,737	9	11,738
Adjustment	27,814	--	--	518	28,332
<i>Additions through business combination (as restated)</i>	36,296	510	2,737	527	40,070
Additions	603	1	502	5	1,111
Disposals	--	--	(305)	(2)	(307)
Transfers	251	--	--	(9)	242
Translation difference	(259)	(6)	(34)	(5)	(304)
Balance as at 31 December 2014 (as restated)	36,891	505	2,900	516	40,812
2015					
Balance as at 1 January 2015	36,891	505	2,900	516	40,812
Additions	--	--	483	395	878
Disposals	(1)	--	(5)	--	(6)
Transfers	746	68	(422)	(392)	--
Translation differences	(702)	(3)	(14)	(3)	(723)
Balance as at 31 December 2015	36,934	570	2,942	516	40,961
2014					
Accumulated depreciation					
Balance as at 1 January 2014	--	--	--	--	--
Charge for the year	(1,113)	(104)	(195)	--	(1,412)
Impairment loss	--	--	(967)	--	(967)
Disposals	--	--	32	--	32
Translation difference	4	2	12	--	18
Balance as at 31 December 2014 (as restated)	(1,109)	(102)	(1,118)	--	(2,329)
2015					
Balance as at 1 January 2015	(1,109)	(102)	(1,118)	--	(2,329)
Charge for the year	(1,690)	(157)	(319)	--	(2,166)
Disposals	--	--	--	--	--
Translation difference	65	1	4	--	70
Balance as at 31 December 2015	(2,734)	(258)	(1,433)	--	(4,425)

8. Property, plant and equipment (continued)

	Land, buildings and infrastructure	Vehicles	Other tangible assets and equipment	Tangible assets not in use	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Carrying amount					
As at 31 December 2014 (as previously reported)	8,158	403	1,781	--	10,342
Adjustment	27,625	--	--	516	28,141
As at 31 December 2014 (as restated)	35,782	403	1,781	516	38,483
As at 31 December 2015	34,200	312	1,508	516	36,536

On 16 April 2014 the Group acquired the property, plant and equipment through the acquisition of SERENITY RESOURCES LIMITED GROUP as described in Note 1. Land and buildings acquired represent gas distribution network.

During 2015, and following a number of transactions completed in the specific industry, the Group recognised its gas distribution network assets as Property, Plant and Equipment and reflected this change in the current year's financial statements. For more details refer to Note 2d.

9. Cash and cash equivalents

	2015 TEUR	2014 TEUR
Current accounts	2,938	1,818
Cash on hand	11	21
	<u>2,949</u>	<u>1,839</u>

The exposure of the Group to credit risk in relation to cash and cash equivalents is reported in note 4 of the consolidated financial statements.

10. Financial assets

(a) Financial assets available-for-sale

The Group has the following investments considered as financial assets available-for-sale:

2015	Country of incorporation	Ownership interest (%)		Carrying amount (TEUR)	
		2015	2014	2015	2014
Non – current portion					
AIR BANK A.S. ¹⁾	Czech Republic	--	13.38	--	25,440
BEST BASE HOLDING LIMITED ²⁾	Hong Kong	--	25.00	--	--
POLYMETAL INTERNATIONAL PLC ³⁾	Channel Islands	0.25	0.25	7,747	7,187
Current portion					
FACIPERO INVESTMENTS LIMITED ⁴⁾	Cyprus	20.00		97,947	--
				<u>105,694</u>	<u>32,627</u>

10. Financial assets (continued)

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

1. As at 31st December 2014 the Group held a 13.38% share in AIR BANK A.S. The financial investment was revalued based on its net asset value to TEUR 25,440. In 2014, an unrealised gain of TEUR 5,932 was recognised in other comprehensive income. The share was acquired on 25th March 2013 for a consideration of TEUR 16,990.

On 17th June 2015 EMMA OMEGA LTD sold 2% in AIR BANK A.S. for the price of TEUR 3,800 to PPF Group N.V.

On 30th June 2015 EMMA OMEGA LTD, the minority direct shareholder of the AIR BANK A.S. participated in a legal restructuring of PPF Group N.V. EMMA OMEGA LTD contributed its whole shareholding in AIR BANK (corresponding to 11.376%) to an authorized share capital of HOME CREDIT, B.V., a company in which the EMMA OMEGA LTD holds a direct shareholding corresponding to 11.376%. As a result the EMMA OMEGA LTD became an indirect shareholder of the AIR BANK A.S. PPF Group N.V. contributed its shareholding in AIR BANK A.S. to share capital of HOME CREDIT B.V. as well. As a result both EMMA OMEGA LTD and PPF Group N.V. became indirect shareholders of AIR BANK A.S. and AIR BANK A.S. became 100% subsidiary of HOME CREDIT B.V.

2. As 31st December 2014 the Group held a 25.00% share in BEST BASE HOLDING LIMITED. The financial investment was acquired on 18th January 2013 for a consideration of TEUR 12,132. A cumulative impairment loss as at 31st December 2014 amounted to TEUR 12,132 and the investment was disposed during 2015.
3. As at 31st December 2015 the Group held shares traded on London Stock Exchange of POLYMETAL INTERNATIONAL PLC where their fair value, using quoted market prices, was TEUR 7,747 (2014 – TEUR 7,187). In 2015, an unrealised gain of TEUR 526 was recognised in other comprehensive income. The acquisition price of the shares is TEUR 9,813 (2014 – TEUR 9,909).
4. On 17 June 2015 Emma Omega acquired 20% holding in Facipero Investments Limited for a total purchase price of TEUR 97,947, with a view to its subsequent disposal. Based on a letter of intent between the owners and potential buyer it appears that the sale is highly probable. The shares of Facipero Investments Limited, which are expected to be sold within twelve months, have been classified as financial assets available-for-sale and are presented separately in the statement of financial position. The proceeds of disposal are expected to exceed the net carrying amount of the relevant assets and liabilities and, accordingly, no impairment loss has been recognised on the classification of these operations as financial assets available-for-sale. The exposure of the Company to market risk in relation to financial assets is reported in note 4 to the financial statements.

(b) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss of The Group are represented by financial derivatives from BELLVILLE SERVICES LIMITED - total return swaps in carrying amount of TEUR 2,353 (2014 – TEUR 2,750). The financial derivatives are marketable securities and are valued at market value at the balance sheet date by reference to Stock Exchange quoted bid prices. The financial derivatives are classified as current assets because they are expected to be realised within twelve months from the reporting date.

10. Financial assets (continued)

In the statement of cash-flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

	2015	2014
At 1 st January	2,750	--
Additions	--	1,561
Change in fair value (Note 21)	(397)	1,189
Disposal	--	--
Balance at 31st December	2,353	2,750

11. Loans receivable

The Group has provided loans to its related parties of TEUR 136,068 (2014 - TEUR 114,513) which are repayable as follows:

2015	Average interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	Total TEUR
Loans receivable	5.74%	1,739	25,846	108,483	<u>136,068</u>
2014	Average interest rate	Less than 3 months	3 months to 1 year	1 to 5 years	Total TEUR
Loans receivable	5.44%	1,738	23,581	89,194	<u>114,513</u>

The exposure of the Group to credit risk in relation to loan receivables is reported in note 4 of the consolidated financial statements.

The fair value of loan receivables approximates to their carrying amounts as presented above.

12. Trade and other receivables

The trade receivables amounted to TEUR 8,991 as at 31 December 2015 (2014 - TEUR 7,943). The trade receivables refer mainly to distribution and sales of gas and workings performed (connections, utility installations and network extension partially financed by customers) by the Romanian companies.

The fair value of trade and other receivables approximates to their carrying amounts as presented above.

13. Other assets

Other assets include other tax receivables of TEUR 89 (2014 – TEUR 171), prepaid expenses, sundry debtors, down-payments to suppliers, investment grants, inventories and other current assets in aggregate amount TEUR 844 (2014 - TEUR 2,250).

14. Investments in associates

The Group has the following investments which were accounted for using the equity method:

	Type of equity method investment	Country of incorporation	Ownership interest		Carrying amount	
			(%)		TEUR	
			2015	2014	2015	2014
MESTROLIO INVESTMENTS LTD	associate	Cyprus	25.00	25.00	3,294	3,251
HOME CREDIT B.V.	associate	Netherlands	11.38	13.38	366,399	436,712
AMESELO LIMITED ²⁾	associate	Cyprus	33.34	33.34	264	7,002
KKCG Turkey B.V. ²⁾	associate	Netherlands	50.00	50.00	141	141
Austrian Gaming Holding a.s. ¹⁾	associate	Czech republic	25.00	--	353	--
					370,451	447,106

1) included in equity-accounted investees in 2015

2) included in equity-accounted investees in 2014

The Group's share of loss and other comprehensive income of the above equity-accounted investees recognised in 2015 amounts to TEUR 6,246 (2014 – loss of TEUR 7,638), negative TEUR 7,601 (2014 – negative TEUR 38,555) respectively. The Group's share of Other comprehensive income in 2015 was negatively influenced notably by the negative change in HOME CREDIT B.V.'s translation reserve. This translation reserve represents foreign exchange differences arising from translation of the financial statements of the companies forming a group in which the associate (HOME CREDIT B.V.) is the parent company. The negative change in the translation reserve is primarily caused by the continuing macroeconomic situation in the Russian Federation.

On 17th June 2015 the Group sold its 2% share in Home Credit B.V. and realised a gain of TEUR 3,865. This gain was recognised in the Group's profit or loss for the current period.

Further in 2015, HOME CREDIT B.V. increased its share premium in connection with the acquisitions of subsidiaries during the period. The Group contributed its 11.38% share in AIR BANK, a.s. into the share premium of HOME CREDIT B.V. As the majority shareholder of HOME CREDIT B.V. contributed its 88.62% share in AIR BANK, a.s. in the share premium as well, the Group's percentage share did not change in connection with the share premium increase.

On 14th January 2015 the share premium of AMESELO LIMITED was reduced to zero. The Group's proceeds from this reduction totalled TEUR 3,834. As the associate's management intend to liquidate the company as soon as arrangements can be made an impairment loss on goodwill on this associate of TEUR 2,981 was recognised in the Group's profit or loss in the current period.

	2015	2014
At 1 st January	447,106	479,295
Additions	20,829	7,002
Disposal	(69,473)	--
Impairment loss on associates	(2,981)	--
Gain on bargain purchase	--	225
Group's share of profit / (loss)	(6,246)	(7,638)
Group's share of Other comprehensive income – translation reserve	(8,036)	(39,658)
Group's share of Other comprehensive income – other components of OCI	436	1,103
Group's share of other net assets changes (share premium)	--	15,449
Group's share of other net assets changes (other)	(11,184)	(8,672)
At 31st December	370,451	447,106

14. Investments in associates (continued)

The financial information relating to investments in associates is summarised below:

TEUR	MESTROLIO INVESTMENTS LTD		HOME CREDIT B.V.		AMESELO LIMITED ¹⁾		Other associates ²⁾	
	associate (25.00%)	associate (25.00%)	associate (11.38%)	associate (13.38%)	associate (33.34%)	associate (33.34%)	2015	2014
	2015	2014	2015	2014	2015	2014		
Summarised balance sheet								
Non-current assets	10,802	12,445	2,983,297	2,315,751	--	11,624	--	--
Current assets (incl. cash and cash equivalents)	2,524	670	6,672,666	4,720,831	883	454	282	283
Non-current liabilities	--	--	(1,563,109)	(1,341,202)	--	--	--	--
Current liabilities	(150)	(113)	(6,897,116)	(4,456,503)	(91)	(20)	--	--
Net assets (100%)	13,176	13,002	1,195,738	1,238,877	792	12,058	282	283
Summarised income statement								
Revenues	210	290	2,286,431	1,987,116	340	328	--	--
Operating profit/(loss)	204	278	1,618,660	1,943,060	271	303	(855)	(167)
Profit/(loss) before tax	204	278	8,502	(37,310)	270	305	(855)	(167)
Income tax	(30)	(41)	(50,103)	(23,147)	(38)	(36)	--	--
Profit/(loss) for the year	174	237	(41,601)	(60,457)	232	269	(855)	(167)
- out of which profit/ (loss) attributable to equity holders	174	237	(40,355)	(56,933)	232	269	(855)	(167)
Other comprehensive income	--	--	(83,687)	(283,894)	--	--	--	--
Total comprehensive income	174	237	(125,288)	(344,351)	232	269	(855)	(167)

1) Included in associates in 2014, additional share was acquired on 23rd December 2014. Group structure is described in Note 1.

2) Participation acquired in 2014 and in 2015. Group structure is described in Note 1.

15. Liabilities due to non-banks

The contractual terms of the Group's non-bank loans are summarised below. For more information about the Group's exposure to interest rate and foreign currency risk, please refer to Note 4.

	2015 TEUR	2014 TEUR
Loans from related parties	320,660	289,257
	320,660	289,257

15. Liabilities due to non-banks (continued)

Non-bank loans are payable as follows:

TEUR	Amount as at 31 December 2015	Payable in 1 year	Payable in 1 to 5 years	Payable in more than 5 years
Loans from related parties	320,660	9,280	311,380	--
Total	320,660	9,280	311,380	--

TEUR	Amount as at 31 December 2014	Payable in 1 year	Payable in 1 to 5 years	Payable in more than 5 years
Loans from related parties	289,257	15,528	273,729	--
Total	289,257	15,528	273,729	--

Loans granted from PPF Group N.V. of TEUR 129,214 (2014 – TEUR 188,756) are secured by Financial assets available-for-sale (refer to Note 10) and investments in associates (refer to Note 14).

The fair value of liabilities due to non-banks approximates to their carrying amounts as presented above.

16. Liabilities due to banks and other financial institutions

The Group current liabilities due to banks and other financial institutions are represented mostly by received bank loan under repo operation of TEUR 4,327 due on 14th January 2016 (2014 - TEUR 4,650 due on 12 January 2015). The bank loan is secured by traded shares of Polymetal International plc (refer to Note 10).

The Group non-current liabilities due to banks and other financial institutions are in both years represented mostly by bank loan consisting of three loan facilities received by GAZ SUD S.A. with maturity in 2017.

The fair value of liabilities due to banks and other financial institutions approximates to their carrying amounts as presented above.

17. Trade and other payables

The Group's trade payables as of 31 December 2015 amounting to TEUR 2,819 (2014 - TEUR 4,653) payables of gas supply of Romanian companies Gaz Sud S.A., Grup Dezvoltare Retele S.A., Premier Energy Srl.

The fair value of trade and other payables approximates to their carrying amounts as presented above.

18. Other liabilities

	2015 TEUR	2014 TEUR
Deferred income and prepayments	5,865	5,630
Accrued expenses	1,761	2,612
Other tax payable	1,332	914
Finance lease liabilities	300	390
Advances received	602	317
Wages and salaries	181	210
Social security and health insurance	134	60
Other liabilities	1,697	2,647
	11,872	12,780

18. Other liabilities (continued)

As at 31st December 2015 and 31st December 2014, the balance of other liabilities is notably represented by other liabilities borne by the Romanian companies acquired through the acquisition of SERENITY RESOURCES LIMITED GROUP as described in Note 1.

The fair value of other liabilities approximates to their carrying amounts as presented above.

19. Equity

Share capital

At 31st December 2015 the share capital of the Group comprised 10,000 ordinary shares with nominal value of EUR 1, shares were issued and fully paid.

The Ordinary Shares shall confer on their holders the following rights:

- a) The right to receive notice, attend and vote at any proposed General Meeting and/or proposed resolution of the General Meeting and/or any proposed unanimous written resolution of the General Meeting.
- b) The right to receive dividends in accordance with Regulations 112-114A.
- c) On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive assets corresponding to (i) the nominal value of the Ordinary Shares and (ii) to the amount remaining payable as provided for in Regulation 114A (c).

Upon incorporation on 12th October 2012 the Company issued to the subscribers of its Memorandum of Association 10,000 ordinary shares of EUR 1 each at par and 9,900 redeemable preference shares of EUR 1 each at par.

Redeemable shares

	2015	2015	2014	2014
	Number of shares	EUR	Number of shares	EUR
Authorised				
Redeemable shares of EUR 1 each	<u>10,054</u>	<u>10,054</u>	<u>10,000</u>	<u>10,000</u>
Issued and fully paid (Total)				
Opening balance	10,000	382,237,234	10,000	382,237,234
Issue of shares (including premium)	54	32,703,513	--	--
Balance as at 31 December	<u>10,054</u>	<u>414,940,747</u>	<u>10,000</u>	<u>382,237,234</u>

On 16th January 2015, the Group issued and allotted 52 redeemable preference shares of EUR 1. At the same date, an additional issue was made of 1 redeemable preference share of EUR 1 at a premium of EUR 4,647,460 for a total subscription of EUR 4,647,461. On 17th June 2015 an additional issue was made of 1 redeemable preference share of EUR 1 at a premium of EUR 28,055,999 for a total subscription of EUR 28,056,000.

The Redeemable Preference Shares shall confer on their holders the following rights:

- a. The right to redeem such shares in accordance with the procedure set out in the present Regulations.
- b. The right to receive dividends in accordance with Regulations 112- 114A.
- c. On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive any surplus assets remaining after the distribution to the holders of Ordinary Shares as provided for in Regulation 5A (c)

19. Equity (continued)

Translation reserve

The translation reserve balance as at 31 December 2015 of negative TEUR 49,789 (2014 – negative TEUR 45,901) represents notably foreign exchange differences arising from translation of the financial statements of the companies forming a group in which the associate (HOME CREDIT B.V.) is the parent company. The negative change of TEUR 8,036 in 2015 (2014 – TEUR 39,658) in the translation reserve is primarily caused by the continuing macroeconomic situation in the Russian Federation (see Note 14).

Revaluation reserve

The revaluation reserve represents effects of revaluation gains/(losses) of available-for-sale financial assets held by the Group and the Group's share on revaluation gains/(losses) from associates.

	Note	TEUR
On 1 st January 2015		15,064
Current-year revaluation gain on AFS (POLYMETAL INTERNATIONAL PLC)	10	526
Accumulated revaluation gains on AFS reclassified from OCI to profit or loss (Air Bank a.s.)	10, 14	(8,450)
Current-year share on revaluation gains from associates (HOME CREDIT B.V.)	14	1,608
Share on accumulated revaluation gains from associates reclassified from OCI to profit or loss (HOME CREDIT B.V.)	14	(6)
Other movements		283
On 31st December 2015		9,025

Other reserves

The balance of other reserves as at 31st December 2015 of negative TEUR 10,796 (2014 – positive TEUR 1,933) represents notably the Group's share on associate's (HOME CREDIT B.V.) changes in net assets other than associates' profit or loss or associates' other comprehensive income (see Note 10 and 14).

20. Trading Profit

Net gain ("trading profit") on financial assets amounting to TEUR 6,869 (2014 – TEUR 1,128) consists of loss on other financial assets at fair value through profit or loss not held for trading at amount of TEUR 397 (2014 – gain TEUR 1,189), of a loss on FX Trading amounting to TEUR 20 (2014 – TEUR 61) and of a gain on financial instruments available-for-sale TEUR 7,286 (2014 – TEUR 0) comprising gain on Air Bank shares (2% disposed and 11.38% contributed to HCBV).

21. Impairment losses on financial assets

In 2015, the Group has recognised in impairment loss of TEUR 2,981 for AMESELO LIMITED – associates (2014 – impairment loss of TEUR 0). As the entity is planned to be liquidated, indication of impairment on the associate's goodwill was identified. Impairment loss is presented in Other operating expenses (Note 25). For more details on the Group's cumulative impairment losses recognised in the previous periods refer to Notes 10 and 14 above.

22. Administrative expense

	2015	2014
	TEUR	TEUR
Professional services	(1,609)	(2,358)
Independent auditor's remuneration for statutory audit	(117)	(109)
Payroll related taxes	(3,160)	(3,100)
Employee compensation	(1,877)	(1,159)
Taxes other than income tax	(335)	(779)
Rental, maintenance and repair expenses	(610)	(487)
Other	(3,279)	(6,270)
	<u>(10,987)</u>	<u>(14,262)</u>

Professional services expense represents Administration expense, Accounting services expense, Advisory expense, Professional and Management fees and Incorporation expense.

Amount paid for Audit services totals TEUR 117 (2014 - TEUR 85), other services provided by auditors were of TEUR 4 (2014 - TEUR 54).

The average number of employees in the Group for the year 2015 was 338 employees (2014 – 408 employees).

23. Net retail income

	2015	2014
	TEUR	TEUR
Sales of goods	30,756	17,430
Cost of goods sold	(17,492)	(10,580)
	<u>13,264</u>	<u>6,850</u>

In 2015, the net retail income is generated by the Romanian companies acquired through the acquisition of SERENITY RESOURCES LIMITED GROUP as described in Note 1. The sales of goods represent the revenues from the supply and distribution of gas. The selling price of gas sold on the regulated market as well as the distribution tariff are controlled by ANRE (Romanian Energy Regulatory Authority). The costs of gas sold comprise the acquisition price of the gas sold and the transportation tariffs charged by Transgaz.

Costs of gas sold comprise the acquisition price of the gas sold and the transportation tariffs charged by Transgaz.

24. Other operating income

	2015	2014
	TEUR	TEUR
Gain on bargain purchase	--	21,345
Net foreign currency gains	--	--
Other income	3,802	4,795
Gain on disposal of intangible assets	--	2
Net gain from sale of investments in associates	3,865	--
	<u>7,667</u>	<u>26,142</u>

In, 2014, the gain on bargain purchase resulted primarily through the acquisition of SERENITY RESOURCES LIMITED GROUP TEUR 21,120 described in Note 1. TEUR 225 resulted from the acquisition of KKCG Turkey.

Other income consists of consultancy fees paid by external agencies. The highest fee in 2015 paid to BELLVILLE SERVICES LIMITED amounted to TEUR 85 (2014 – TEUR 2,600).

Net gain from sale of investments in associates in amount of TEUR 3,865 comprise gain on sale of 2% share in Home Credit B.V.

25. Other operating expenses

	2015	2014
	TEUR	TEUR
		(as restated)*
Depreciation on property, plant and equipment	2,166	1,424
Amortisation of intangible assets	104	62
Net impairment losses on other assets	2,954	1,110
Net foreign currency losses	11,836	6,310
	<u>17,060</u>	<u>8,906</u>

* regarding the restatement explained in Note 2d) depreciation and amortisation charges were reclassified appropriately

The other operating expenses are incurred from the Romanian companies' operations. The Romanian companies were acquired through the acquisition of SERENITY RESOURCES LIMITED GROUP in 2014 as described in Note 1.

Net foreign currency losses consist of realised and unrealised FX gains and losses. The most significant loss originates from EMMA OMEGA LTD of TEUR 13,393 (2014 – loss of TEUR 7,469) and the biggest gain in amount of TEUR 1,500 relates to BELLVILLE SERVICES LIMITED (2014 – biggest gain of TEUR 1,242 related to BELLVILLE SERVICES LIMITED).

Net impairment losses on other assets charged to profit or loss in 2015 include notably an impairment loss on goodwill on AMESELO LIMITED of TEUR 2,981 (2014 – impairment on overdue trade receivables amounting to TEUR 143).

26. Net finance income/expense

	2015	2014
	TEUR	TEUR
Finance income		
Interest income	6,834	5,741
Other	7	21
Total finance income	<u>6,841</u>	<u>5,762</u>
Finance costs		
Interests expense	(19,437)	(22,677)
Fee and commission expense	(5)	(3)
Total finance expense	<u>(19,442)</u>	<u>(22,680)</u>
Net finance income/expense	<u>(12,601)</u>	<u>(16,918)</u>
	2015	2014
	TEUR	TEUR
Interest income		
Loans receivable	6,385	4,692
Financial assets available-for-sale	449	274
Due from banks, other financial institutions and holding companies	--	775
	<u>6,834</u>	<u>5,741</u>
Interest expense		
Due to non-banks	(18,766)	(22,046)
Due to banks and other financial institutions	(661)	(621)
Other	(10)	(10)
	<u>(19,437)</u>	<u>(22,677)</u>

27. Income tax expense

	2015 TEUR	2014 TEUR
Current tax expense	(71)	(29)
Deferred tax expense	--	(118)
Total income tax expense in the statement of comprehensive income	(71)	(147)

	2015 TEUR	2014 TEUR
Reconciliation of effective tax rate		
Profit/(loss) before tax	(19,094)	(9,904)
Income tax using the domestic tax rate (see below)	--	1,238
Effect of deferred tax assets not recognized	--	(1,238)
Other	(71)	(147)
Total income tax expense	(71)	(147)

The corporation tax rate is 12.5% (2014 - 12.5 %).

28. Related party transactions

The Group has a related party relationship with its owners Mr. Šmejc and parent company MEF Holdings Limited, its subsidiaries and associates and key management.

(a) Transactions with the parent company

	2015 TEUR	2014 TEUR
Loans received (principal payables)	220	6,056
Accrued interest (interest payable)	69	451
Loans provided (principal receivables)	95,725	78,942
Accrued interest (interest receivable)	12,445	6,028

(b) Transactions with associates

	2015 TEUR	2014 TEUR
Loans received (principal payables)	78,075	65,892
Accrued interest (interest payable)	2,807	2,287
Loans provided (principal receivables)	9,429	--
Accrued interest (interest receivable)	390	19

28. Related party transactions (continued)

(c) Transactions with other related parties

	2015	2014
	TEUR	TEUR
Loans received (principal payables)	233,640	195,808
Accrued interest (interest payable)	10,177	18,763
Loans provided (principal receivables)	14,959	26,882
Accrued interest (interest receivable)	1,378	905
Other payables	--	54
Other receivables	--	160

(d) Transactions with key management personnel

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are benefits of TEUR 6 comprising directors' fees (2014 - TEUR 6).

The members of the Board of Directors of the Company and key management of its subsidiaries are considered as the key management of the Group.

29. Events after the reporting period

On 10 February 2016 MEF HOLDINGS LIMITED sold 40 redeemable preference shares of EMMA ALPHA HOLDING LTD to minority shareholders, which correspond to 0.40% stake on redeemable preference share capital of EMMA ALPHA HOLDING LTD.

In March 2016 LIGATNE LIMITED and SERENITY RESOURCES LIMITED (purchasers) completed a share purchase agreement with Progas Invest Ltd. and Catobase Trading Limited (sellers) for an additional share in GRUP DEZVOLTARE RETELE S.A. Subsequently to the transaction the Group has become the sole shareholder in GRUP DEZVOLTARE RETELE S.A.

In March 2016 LIGATNE LIMITED and SERENITY RESOURCES LIMITED (purchasers) completed a share purchase agreement with Progas Invest Ltd. and Catobase Trading Limited (sellers) for an additional share in GAZ SUD S.A. Subsequently to the transaction the Group has become the sole shareholder in GAZ SUD S.A.

On 28 April 2016 EMMA GAMMA LIMITED acquired 25% of IGH FINANCING A.S., which is a joint venture company for the lottery project LOTTO in Italy (LOTTOITALIA S.r.l.). The group ultimately owns the share of 8,125% in this project.