Mitsides Public Company Limited

Report and consolidated financial statements
31 December 2015

Contents

Mitsides Public Company Limited

Board of Directors and other officers

Board of Directors

Constantinos P Mitsides (Chairman and Managing Director)
Chrysostomos P Mitsides (Executive Director)
Stelios Chr Mitsides (Executive Director)
Marios Ph Demetriades (Executive Director)
Mikis Michaelides (Independent non-executive Director)
Nicolas Ph Epiphaniou (Independent non-executive Director)
Achilleas L Demetriades (Independent non-executive Director)

Company Secretary

Marios Ph Demetriades
Nikiforos Fokas avenue 34-38
P.O.Box 21778
1513 Nicosia
Cyprus

Registered Office

Nikiforos Fokas avenue 34-38
1513 Nicosia
Cyprus

Mitsides Public Company Limited

Statement of the members of the Board of Directors and other Company Officials for the drafting of the consolidated financial statements

According to article 9, section (3)(c) and (7) of the Transparency Conditions (Marketable values for negotiation in an Adjustable Market) Law of 2007 ('Law'), we the members of the Board of Directors and other Company officials responsible for the drafting of the consolidated financial statements of Mitsides Public Company Limited for the year ended 31 December 2015, based on our knowledge we confirm that:

(a) The Annual Consolidated financial statements that are presented in pages 8 to 58:

(i) Have been prepared according to International Financial Reporting Standards, as adopted by the European Union and according to section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, financial position and loss of Mitsides Public Company Limited and the companies that are included in the Consolidated Financial Statements as a total, and

(b) The Report of the Board of Directors gives a fair overview of the developments and the performance as well as the financial position of Mitsides Public Company Limited and the companies that are included in the Consolidated Financial Statements as a total, with a description of the principal risks and uncertainties that are encountering.

Members of the Board of Directors	**Signature**
Name and title	
Chairman and Managing Director	
Constantinos P Mitsides	………………………………………
Executive Directors	
Chrysostomos P Mitsides	……………………………………..
Stelios Chr Mitsides	……………………………………..
Marios Ph Demetriades (Chief Financial Officer)	…………………………………….
Non-Executive Directors	
Mikis Michaelides	……………………………………..
Nicolas Ph Epiphaniou	……………………………………..
Achilleas L Demetriades	……………………………………..

Nicosia, 27 April 2016

Mitsides Public Company Limited

Report of the Board of Directors

1 The Board of Directors presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2015.

Principal activities

2 The principal activities of the Group, which are unchanged from last year, are the production and sale of pasta and flour, the import and distribution of foodstuff, the import and distribution of raw materials used in bakeries and confectioneries, the import and trade of grain and the production and distribution of bakery products in Serbia.

Review of developments, current position and performance of the Group's business

3 The loss of the Group for the year ended 31 December 2015 was €1.837.710 (2014: €1.992.813). On 31 December 2015 the total assets of the Group were €49.796.118 (2014: €51.102.994) and the net assets were €21.482.200 (2014: €23.395.550). The loss of the Group derives from its operations in the Serbian Market through its subsidiary Company Mitsides Point d.o.o. The subsidiary company proceeded with the implementation of a reorganisation plan of its activities in order to reverse its loss making course.

Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Group are the collection of accounts receivable balances and the continuous fluctuations in the prices of raw materials and mainly grain, the competition derived from European Union countries and the financial risk factors as disclosed in Notes 1, 3, 4 and 29 of the consolidated financial statements.

Future developments of the Group

5 The Board of Directors will continue its development policy through the implementation of an investment plan which includes the increase of Group's exports as well as maintaining the Group's leading position in the Cyprus market and further consolidating the Group's position in the Balkans. The adverse economic developments which affect the international financial markets and the real economy, created a prolonged economic crisis.

6 As a result of the above developments, on the date of issue of the annual Audited Consolidated Financial Statements there is a continuous uncertainly in the market, which may adversely affect the Group's results in the future.

Results

7 The Group's results for the year are set out on pages 8 and 9. The net loss for the year is transferred to reserves.

Report of the Board of Directors (continued)

Dividend

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

Share capital

9 There were no changes in the share capital of the Company.

Board of Directors

10 The members of the Board of Directors on 31 December 2015 and on the date of this report are shown on page 1. All of them were members of the Board throughout the year 2015.

11 According to the Company's Articles of Association, Mr. Chrysostomos P. Mitsides and Mikis Michaelides retire and being eligible offer themselves for re-election.

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

Directors' interests in the Group's share capital

13 The direct and indirect interests of the members of the Board of Directors in the share capital of the Group on 31 December 2015 and on the date of this report, were as follows:

	Share percentage %
Constantinos P Mitsides	19,49
Chrysostomos P Mitsides	18,25
Stelios Chr Mitsides	19,49
Marios Ph Demetriades	0,15
Mikis Michaelides	-
Nikolas Ph Epifaniou	0,07
Achilleas L Demetriades	0,12

Main shareholders

14 On 31 December 2015 and at the date of this report, the following shareholders held over 5% of the Group's issued share capital either directly or indirectly:

	Share percentage %
Constantinos P Mitsides	19,49
Chrysostomos P Mitsides	18,25
Chrysostomos St Mitsides	19,49
Olga Lysandrou	19,49

The percentage of Mrs Olga Lysandrou includes the interest attributed to her husband and child, whom are not members of the Board of Directors.

Mitsides Public Company Limited

Report of the Board of Directors (continued)

Contracts with Directors and related parties

15 On 31 December 2015 there were no other significant contracts with the companies of the Group within which a Director or related parties had a significant interest except the balances to and from related parties as disclosed in Note 31.

16 Related parties include the spouse, minor children and companies where a Director holds directly or indirectly at least 20% of the voting rights in a general meeting.

Events after the balance sheet date

17 Other than the events mentioned in Note 34, there were no material post balance sheet events, which had a bearing on the understanding of the financial statements.

Branches

18 The Group did not operate through any branches during the year.

Material differences between draft announced results and audited consolidated financial statements for the year

19 Material differences between draft announced results and audited consolidated financial statements for the year are presented in Note 33 of the consolidated financial statements.

Independent Auditors

20 The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. A resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board

Constantinos P Mitsides
Chairman and Managing Director

Nicosia, 27 April 2016

Independent auditors' report
To the Members of Mitsides Public Company Limited

Report on the consolidated financial statements

We have audited the accompanying consolidated financial statements of Mitsides Public Company Limited (the "Company") and its subsidiaries (together with the Company, the "Group"), which comprise the consolidated balance sheet as at 31 December 2015, the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the 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, 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.

Auditor's 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.

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.

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Opinion

In our opinion , the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2015, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Report on other legal requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013, we report the following:

- We have obtained all the information and explanations we considered necessary for the purposes of our audit.
- In our opinion, proper books of account have been kept by the Company, so far as appears from our examination of those 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 Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the consolidated financial statements.

Pursuant to the requirements of Directive DI190-2007-04 of the Cyprus Securities and Exchange Commission, we report that a corporate governance statement has been made for the information relating to paragraphs (a), (b), (c), (f) and (g) of article 5 of the said Directive, and it forms a special part of the Report of the Board of Directors.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 and 2013 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Andreas Th Constantinides
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Nicosia, 27 April 2016

Mitsides Public Company Limited

Consolidated income statement
for the year ended 31 December 2015

	Note	2015 €	2014 €
Revenue	5	**36.691.893**	39.158.843
Cost of sales		**(28.052.638)**	(30.359.445)
Gross profit		**8.639.255**	8.799.398
Other losses	7	**(151.039)**	(219.713)
Other income	6	**215.482**	130.531
Selling and marketing expenses		**(5.646.924)**	(5.483.368)
Administrative expenses		**(3.848.922)**	(3.675.231)
Operating loss		**(792.148)**	(448.383)
Finance costs	10	**(1.049.432)**	(1.544.881)
Loss before tax		**(1.841.580)**	(1.993.264)
Income tax credit	11	**3.870**	451
Loss for the year		**(1.837.710)**	(1.992.813)
Attributable to:			
Owners of the Company		**(1.837.710)**	(1.992.813)
Losses per share attributable to the equity holders of the Company (cents per share) – Basic	12	**(22,41)**	(24,30)

The notes on pages 15 to 58 are an integral part of these consolidated financial statements.

Mitsides Public Company Limited

Consolidated statement of comprehensive income for the year ended 31 December 2015

	Note	**2015 €**	2014 €
Loss for the year		**(1.837.710)**	(1.992.813)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Impact of changes in tax rate on deferred tax	25	**(3.530)**	(357)
Exchange difference arising from the translation of subsidiary company in Euro		**(31.785)**	(269.094)
Items that will not be reclassified to profit or loss		**(35.315)**	(269.451)
Items that may subsequently be reclassified to profit or loss			
Change in fair value of available-for-sale financial assets, net of tax	25	**(1.670)**	1.015
Items that may subsequently be reclassified to profit or loss		**(1.670)**	1.015
Other comprehensive income for the year, net of tax		**(36.985)**	(268.436)
Total comprehensive loss for the year		**(1.874.695)**	(2.261.249)
Attributable to:			
Owners of the Company		**(1.874.695)**	(2.261.249)

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 11.

The notes on pages 15 to 58 are an integral part of these consolidated financial statements.

Mitsides Public Company Limited

Consolidated balance sheet
as at 31 December 2015

	Note	**2015**	2014
		€	€
Assets			
Non-current assets			
Property, plant and equipment	16	**26.670.566**	26.541.669
Investment property	17	**3.360.898**	4.208.933
Intangible assets	18	**822.952**	815.297
Available-for-sale financial assets	19	**20.604**	25.090
Deferred tax assets	27	**394.735**	396.914
Non-current receivables	21	**-**	21.747
		31.269.755	32.009.650
Current assets			
Inventories	20	**7.536.295**	6.119.974
Current portion of non-current receivables	21	**22.943**	-
Trade and other receivables	22	**10.218.936**	11.213.967
Tax refundable		**180.228**	159.660
Cash and bank balances	23	**567.961**	1.599.743
		18.526.363	19.093.344
Total assets		**49.796.118**	51.102.994
Equity and liabilities			
Capital and reserves			
Share capital	24	**8.446.000**	8.446.000
Fair value reserve	25	**8.571.205**	8.698.502
Foreign exchange translation reserve		**(1.405.894)**	(1.384.344)
Retained earnings		**5.870.889**	7.635.392
		21.482.200	23.395.550
Non-current liabilities			
Borrowings	26	**4.376.549**	2.886.322
Deferred income tax liabilities	27	**3.331.495**	3.395.755
		7.708.044	6.282.077
Current liabilities			
Trade and other payables	28	**7.073.021**	6.952.067
Current income tax liabilities		**125.759**	120.702
Borrowings	26	**13.407.094**	14.352.598
		20.605.874	21.425.367
Total liabilities		**28.313.918**	27.707.444
Total equity and liabilities		**49.796.118**	51.102.994

On 27 April 2016 the Board of Directors of Mitsides Public Company Limited authorised these financial statements for issue.

Constantinos P Mitsides, Chairman and Executive Director

Stelios Chr Mitsides, Executive Director

The notes on pages 15 to 58 are an integral part of these consolidated financial statements.

Mitsides Public Company Limited

Consolidated statement of changes in equity for the year ended 31 December 2015

	Note	Share capital €	Fair value reserve (2) €	Foreign exchange translation reserve €	Retained earnings (1) €	Total €
Balance at 1 January 2014		8.446.000	8.910.094	(1.217.920)	9.601.795	25.739.969
Comprehensive income						
Loss for the year		-	-	-	(1.992.813)	(1.992.813)
Other comprehensive income						
Land and buildings:						
Transfer of depreciation – net of tax	25	-	(109.580)	-	109.580	-
Deferred tax adjustment	25	-	(357)	-	-	(357)
Available for sale financial assets:						
Fair value gains	25	-	1.015	-	-	1.015
Exchange difference arising from the translation of subsidiary company		-	(102.670)	(166.424)	-	(269.094)
Total other comprehensive income for the year		-	(211.592)	(166.424)	109.580	(268.436)
Comprehensive income for the year		-	(211.592)	(166.424)	(1.883.233)	(2.261.249)
Transactions with owners						
Defence contribution on deemed dividend distribution		-	-		(83.170)	(83.170)
Total transaction with owners		-	-		(83.170)	(83.170)
Balance at 31 December 2014		8.446.000	8.698.502	(1.384.344)	7.635.392	23.395.550

Mitsides Public Company Limited

Consolidated statement of changes in equity for the year ended 31 December 2015 (continued)

	Note	Share capital €	Fair value reserve (2) €	Foreign exchange translation reserve €	Retained earnings (1) €	Total €
Balance at 31 December 2014/1 January 2015		8.446.000	8.698.502	(1.384.344)	7.635.392	23.395.550
Comprehensive income						
Loss for the year		-	-	-	(1.837.710)	(1.837.710)
Other comprehensive income						
Land and buildings:						
Transfer of depreciation – net of tax	25	-	(111.862)	-	111.862	-
Deferred tax adjustment	25	-	(3.530)	-	-	(3.530)
Available for sale financial assets:						
Fair value loss	25	-	(1.670)	-	-	(1.670)
Exchange difference arising from the translation of subsidiary company		-	(10.235)	(21.550)	-	(31.785)
Total other comprehensive income for the year		-	(127.297)	(21.550)	111.862	(36.985)
Comprehensive income for the year		-	(127.297)	(21.550)	(1.725.848)	(1.874.695)
Transactions with owners						
Defence contribution on deemed dividend distribution		-	-	-	(38.665)	(38.665)
Total transaction with owners		-	-	-	(38.665)	(38.665)
Balance at 31 December 2015		8.446.000	8.571.205	(1.405.894)	5.870.889	21.482.200

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of 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 15% will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes 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. Special contribution for defence rate increased to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits or years of assessment 2010 and 2011 and is reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The share premium reserve is not distributable in the form of dividends.

The notes on pages 15 to 58 are an integral part of these consolidated financial statements.

Mitsides Public Company Limited

Consolidated statement of cash flows for the year ended 31 December 2015

	Note	2015 €	2014 €
Cash flows from operating activities			
Loss before tax		**(1.841.580)**	(1.993.264)
Adjustments for:			
Depreciation of property, plant and equipment	16	**1.578.363**	1.577.772
Amortisation of computer software	18	**28.412**	24.563
Fair value loss on investment property	17	**154.561**	223.184
Dividend income	6	**(36)**	(29)
Interest income	6	**(3.506)**	(3.723)
Interest expense	10	**973.181**	1.275.579
Change in provision for impairment of trade receivables	22	**570.573**	475.501
Loss on sale of property, plant and equipment	7	**(3.522)**	(3.471)
Foreign exchange differences		**27.538**	310.285
		1.483.984	1.886.397
Changes in working capital:			
Inventories		**(1.416.321)**	413.128
Trade and other receivables		**431.269**	(571.484)
Trade and other payables		**165.469**	1.315.275
Cash generated from operations		**664.401**	3.043.316
Income tax paid		**(72.449)**	(190.053)
Net cash generated from operating activities		**591.952**	2.853.263
Cash flows used in investing activities			
Purchases of property, plant and equipment	16	**(1.124.148)**	(558.736)
Purchases of computer software	18	**(36.495)**	(20.038)
Purchases of investment property	17	**(1.434)**	-
Proceeds from sale of property, plant and equipment	16	**48.271**	12.741
Proceeds from sale of available-for-sale financial assets	19	**46**	-
Interest received		**1.618**	2.093
Dividend received		**36**	29
Loans granted to third parties		**-**	(21.000)
Net cash used in investing activities		**(1.112.106)**	(584.911)
Balance carried forward		**(520.154)**	2.268.352

Mitsides Public Company Limited

Consolidated statement of cash flows
for the year ended 31 December 2015 (continued)

	Note	2015 €	2014 €
Balance brought forward		**(520.154)**	2.268.352
Cash flows used in financing activities			
Proceeds/(repayments) from bank borrowings - net		**(236.532)**	350.655
Interest paid		**(973.181)**	(1.275.579)
Defence contribution on deemed dividend distributions		**(83.170)**	(119.087)
Net cash used in financing activities		**(1.292.883)**	**(1.044.011)**
Net (decrease)/ increase in cash, cash equivalents and bank overdrafts		**(1.813.037)**	1.224.341
Cash, cash equivalents and bank overdrafts at beginning of year		**(8.433.502)**	(9.657.843)
Cash, cash equivalents and bank overdrafts at end of year	23	**(10.246.539)**	(8.433.502)

The notes on pages 15 to 58 are an integral part of these consolidated financial statements.

1 General information

Country of incorporation

The Company was incorporated and domiciled in Cyprus on 12 March 1970 as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. On 12 June 2000 the Company became a Public Company. The registered office of the Group is at Nikiforos Fokas Avenue 34-38, Nicosia, Cyprus.

Principal activities

The principal activities of the Group, which are unchanged from last year, are the production and sale of pasta and flour, the import and distribution of foodstuff, the import and distribution of raw materials used in bakeries and confectioneries, the import and trade of grain and the production and distribution of bakery products to Serbia.

Operating environment of the Group

Following three years of economic recession, the Cyprus economy has recorded positive growth in the first half of 2015. As from April 2015, the restrictive measures and capital controls which were in place since March 2013 have been lifted. In recognition of the progress achieved on the fiscal front and the economic recovery, as well as the enactment of the foreclosure and insolvency framework, the international credit rating agencies have upgraded the credit ratings for the Cypriot sovereign, however the rating continues to be "non-investment grade". At the same time there are some major downside risks emanating from the high level of non-performing loans in the banking sector and the limited availability of credit.

This operating environment could affect (1) the ability of the Group to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions, (2) the ability of the Group’s trade and other debtors to repay the amounts due to the Group, (3) the ability of the Group to generate sufficient turnover, to sell its existing inventories and/or offer its services to customers, and (4) the cash flow forecasts of the Group’s management in relation to the impairment assessment for financial and non-financial assets.

The Group’s management has assessed whether any impairment allowances are deemed necessary for the financial assets carried at amortized cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade receivables is determined using the “incurred loss” model required by International Accounting Standard 39 “Financial Instruments: Recognition and Measurement”. This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.

The Group’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 Group.

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

2 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated and separate financial statements are set out below. These policies have been consistently applied to all years presented in these financial statements unless otherwise stated.

Basis of preparation

The consolidated financial statements of the Group have been prepared in accordance with International Financial Reporting Standards (IFRSs), as adopted by the European Union (EU), and the requirements of the Cyprus Companies Law, Cap. 113 and the Cyprus Stock Exchange Laws and Regulations.

As of the date of the authorisation of the consolidated and separate financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2014 have been adopted by the EU through the endorsement procedure established by the European Commission, with the exception of certain provisions of IAS 39 “Financial Instruments: Recognition and Measurement” relating to portfolio hedge accounting.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings, investment properties and available-for-sale financial assets.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated and separate financial statements are disclosed in Note 4.

Adoption of new and revised IFRSs

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2015. This adoption did not have a material effect on the accounting policies of the Group.

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2015, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Group.

2 Summary of significant accounting policies (continued)

Consolidated financial statements

General

The consolidated financial statements include the financial statements of Mitsides Public Company Limited (the "Company") and its subsidiary companies which collectively referred to as the "Group".

Consolidated financial statements

(i) Subsidiaries

Subsidiaries are all entities (including special purpose entities) over which the Group has the power to govern the financial and operating policies and generally accompanying a shareholding of more than one half of the voting rights. The existence and effect of potential voting rights that are currently exercisable or convertible are considered when assessing whether the Group controls another entity. The Group also assesses existence of control when it does not have more than 50% of the voting rights but is able to govern the financial and operating policies by virtue of de-facto control. De-facto control may arise in circumstances where the size of the Group's voting rights relative to the size and dispersion of other shareholders participation, give to the Group the power to govern the financial and operating policies etc.

Subsidiaries are fully consolidated from the date on which control is transferred to the Group. They are de-consolidated from the date that control ceases.

The Group uses the acquisition method of accounting to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Acquisition-related costs are expensed in the profit and loss as incurred. Identifiable assets acquired and liabilities including contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. On an acquisition-by-acquisition basis, the Group recognises any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's net assets.

If the business combination is achieved in stages, the fair value at the acquisition date, of the interest previously held by the group, is valued again at fair value at the acquisition date through profit and loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is considered as an asset or liability is recognized in accordance with IAS 39 either in the profit and loss account or as a change to other comprehensive income. Contingent consideration classified as equity is not remeasured and is subsequently accounted for within equity.

2 Summary of significant accounting policies (continued)

Consolidated financial statements (continued)

(i) Subsidiaries (continued)

Goodwill is initially measured as the excess of the aggregate of the consideration transferred and the fair value of non-controlling interest over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognised in profit or loss.

Intercompany transactions, balances, income and expenses on transactions between Group companies are eliminated. Profits and losses arising from intercompany transactions that are recognised in assets are also eliminated. Accounting policies of subsidiaries have been changed, where necessary, to ensure consistency with the policies adopted by the Group.

(ii) Sale of subsidiaries or associates

The gain or loss from the disposal of subsidiary or associate companies is calculated as the difference between the sale proceeds and the Group's share of net assets of the subsidiary or associate company at the date of disposal less any unamortised goodwill arising from the acquisition of the subsidiary or associate company.

Revenue recognition

Revenue is measured at fair value of the consideration received or receivable for the sale of goods and services in the ordinary course of the Group's activities. Revenue is shown net of Value Added Tax, returns and discounts.

The Group recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group base their estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Group are recognized on the following bases:

(i) Sale of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer. This is usually when the Group have sold or delivered goods to the customer, the customer has accepted the goods and collectability of the related receivable is reasonably assured.

(ii) Sale of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to the stage of completion of the specific transaction and assessed on the basis of the actual service provided as a proportion of the total services to be provided.

(iii) Interest income

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

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

(iv) Rental income

Rental income arising on operating leases in recognised on a straight-line basis over the lease term.

(v) Dividend income

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

Employee benefits

The Companies of the Group and their employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Group operates a defined contribution scheme the assets of which are held in a separate trustee – administered fund. The scheme is funded by payments from employees and by the Companies of the Group. The contributions of the Companies of the Group are expensed as incurred and are included in staff costs. The Companies of the Group have no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

Foreign exchange gains and losses that relate to borrowings are presented in profit or loss within "finance costs". All other foreign exchange gains and losses are presented in profit or loss within "other gains/losses-net".

2 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(iii) Group Companies

The results and financial position of all the Group entities (none of which has the currency of a hyper-inflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

- assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet.
- income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions).
- all resulting exchange differences are recognised in other comprehensive income.

Exchange differences arising from the above process are recognized in foreign exchange reserves in equity.

On consolidation, exchange differences arising from the translation of net investment in foreign operations, and of borrowings and other monetary items designated for hedging of such investments, are recognized in other comprehensive income. When a foreign operation is partially disposed of or sold, exchange differences that were recognised in equity are recognized in profit or loss as part of the gain or loss on sale.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are treated as assets and liabilities of the foreign subsidiary company and translated at the closing rate.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which each Company of the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

2 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on each Company of the Group where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Company and the Group's financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Property, plant and equipment

Land and buildings which mainly includes factories and offices are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are carried out with sufficient regularity to ensure that the carrying amount at the balance sheet date does not differ materially from that which would be determined using fair value at the balance sheet date. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other elements of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Increases in the carrying amount arising on revaluation of land and buildings are credited in other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to profit or loss. Every year, the difference between depreciation based on the revalued carrying amount of the assets that was charged to profit or loss and depreciation based on the original cost of the assets is transferred from the fair value reserve to retained earnings.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Buildings	4
Plant and machinery	5 – 10
Tools	3 - 33 1/3
Furniture and fittings	10 - 20
Computer hardware	20
Motor vehicles	10 – 20

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The assets' residual values and useful lives 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.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset 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 Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other losses" in profit or loss.

When revalued assets are sold, the amounts included in the other reserves are transferred to retained earnings.

Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

Investment property

Investment property which includes mainly land, is held for long-term rental yields and capital appreciation and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external independent valuers.

Goodwill

Goodwill arises on the acquisition of subsidiaries, represents the excess of the consideration transferred over the Group's interest in net fair value of the net identifiable assets, liabilities and contingent liabilities of the acquiree and the fair value of the non-controlling interest in the acquiree.

For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the CGUs, or groups of CGUs, that is expected to benefit from the synergies of the combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes.

Goodwill impairment reviews are undertaken annually or more frequently if events or changes in circumstances indicate a potential impairment. The carrying value of goodwill is compared to the recoverable amount, which is the higher of value in use and the fair value less costs to sell. Any impairment is recognised immediately as an expense and is not subsequently reversed.

2 Summary of significant accounting policies (continued)

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by the Group and the Company and that will probably generate economic benefits exceeding costs beyond one year are recognised as intangible assets. Subsequently computer software is carried at cost less any accumulated amortisation and any accumulated impairment losses. Expenditure, which enhances or extends the performance of computer software programmes beyond their original specifications is recognised as a capital improvement and added to the original cost of the computer software. Costs associated with maintenance of computer software programmes are charged to the profit or loss of the year in which they were incurred. Computer software costs are amortised using the straight line method over their estimated useful lives, not exceeding a period of three years. Amortisation commences when the computer software is available for use and is included within administration expenses and cost of sales.

Impairment of non-financial assets

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

Financial assets

(i) Classification

The Group classify their financial assets in the following categories: loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- **Loans and receivables**

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non-current assets. The Group’s loans and receivables comprise “trade and other receivables” and “cash and bank balances” in the balance sheet.

- **Available-for-sale financial assets**

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

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group have transferred substantially all risks and rewards of ownership.

Available- for-sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

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

Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Group’s right to receive payments is established.

(iii) Impairment of financial assets

The Group assess at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measures as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor’s credit rate, the reversal of the previously recognised impairment loss is recognised in the profit or loss.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(iii) Impairment of financial assets (continued)

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Inventories

Inventories are stated at the lower of cost and net realisable value, whichever of the two is the lower. Cost is determined using the weighted average cost method. The cost of finished and semi-finished products comprises raw materials, direct labour, other direct costs and related production costs based on normal operating capacity. It excludes borrowings costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable selling expenses.

Trade receivables

Trade receivables are amounts due from customers for the sale of goods or provision of services in the ordinary course of business. Trade receivables are classified as current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within 'administrative expenses'. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'administrative expenses' in profit or loss.

Share capital

Ordinary shares are classified as equity.

2 Summary of significant accounting policies (continued)

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Trade payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business of the Group. Accounts payable are classified as current liabilities.

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

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of one month and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities.

2 Summary of significant accounting policies (continued)

Segment reporting

The Board of Directors (chief operating decision maker), takes the decisions for allocating resources and assessing the performance of the Group based on internal reports. This analysis is consistent with the IFRSs used in the preparation of the consolidated financial statements.

Comparatives

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

3 Financial risk management

(i) Financial risk factors

The Group's activities expose them to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group financial performance. Risk management is carried out by the treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group other operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas, such as foreign exchange risk, interest rate risk, credit risk and investment of excess liquidity.

- **Market risk**

Foreign exchange risk

The subsidiary company of the Group, Mitsides Point d.o.o. operating in Serbia and has Serbian Dinar as its functional currency, has borrowed large sums for the completion of its development strategy. Due to the continuous devaluation of the Serbian currency, the translation of borrowings in the functional currency of the Company has significant exchange differences which are charged to profit or loss of the Company and therefore consolidated in the financial statements of the Group and negatively affect the consolidated results. During 2010, the management of the subsidiary signed an agreement with banks to convert part of the debt of Euro in Serbian Dinars to reduce its exposure to currency risk. On 31 December 2015, the subsidiary's loans are valued in Euro. The exchange difference recognised in profit or loss in 2015 was €76.251 (exchange difference of €269.302 was recognised in 2014) (Note 10).

Price risk

The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheet as available-for-sale. The Group is not exposed to commodity price risk.

The Group's equity investments that are publicly traded are included in the Cyprus Stock Exchange General Index.

3 Financial risk management

(i) Financial risk factors

- **Market risk (continued)**

Price risk (continued)

The table below summarises the impact of increases/decreases of the CSE and on other components of equity. The analysis is based on the assumption that the equity indexes had increased/decreased by 5% (2014: 5%) with all other variables held constant and all the Group's equity instruments moved according to the historical correlation with the index:

	Impact on post-tax profit in €	
	2015	2014
Index		
Cyprus Stock Exchange – General Index	**378**	464

Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as available-for-sale.

The Group does not manage its market price risk.

Cash flow and fair value interest rate risk

As the Group have significant interest – bearing assets, income and operating cash flows are dependent of changes in market interest rates.

At 31 December 2015, if interest rates on Euro-denominated bank deposits had been 0,25% (2014: 0,25%) higher/lower, with all other variables held constant, post-tax profit/loss for the year would have been €258 (2014: €538) higher/lower mainly as a result of higher/lower interest income on floating rate bank deposits.

At 31 December 2015, if interest rates on Serbian Dinar-denominated bank deposits had been 0,25% (2014: 0,25%) higher/lower with all other variables held constant, post-tax profit for the year would have been €52 (2014: €140) lower/higher mainly as a result of higher/lower interest income on floating rate bank deposits.

Interest rate risk arises also from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk.

At 31 December 2015, if interest rates on Euro-denominated borrowings had been 0,25% (2014: 0,25%) higher or lower with all other variables held constant, post-tax profit for the year for the Group would have been €41.226 (2014: €34.448) lower or higher respectively, as a result of higher/lower interest expense on floating rate borrowings.

At 31 December 2015, if interest rates on Serbian Dinars denominated borrowings had been 0,25% (2014: 0,25%) higher/lower with all other variables held constant, post-tax profit for the year would have been €Nil (2014: €10.535) lower/higher mainly as a result of higher/lower interest expense on floating rate borrowings.

Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk**

Credit risk arises from deposits with banks and financial institutions, as well as credit exposures to wholesale customers, including outstanding receivables and committed transactions.

For banks and financial institutions, only organizations that are positively evaluated by the Board of Directors are accepted. If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. See Note 15 for further disclosure on credit risk.

No credit limits were exceeded during the reporting period, and management does not expect any losses from non-performance by these parties.

Since 1 December 2014, the parent Company insured part of its trade receivables. In case that any of its insured trade receivables is unable to fulfil or delay the payment of its debts to the Company, the insurance company is obliged to cover these debts, always in accordance with the terms of the insurance contract.

- **Liquidity risk**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months (except borrowings) equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €	Between 1 to 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 December 2014				
Borrowings (except from finance lease liabilities)	14.582.613	348.781	1.032.149	1.989.666
Trade and other payables	6.952.067	-	-	-
Finance lease liabilities	-	-	-	-
	21.534.680	348.781	1.032.149	1.989.666

	Less than 1 year €	Between 1 to 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 December 2015				
Borrowings (except from finance lease liabilities)	13.694.850	2.736.209	1.568.507	524.905
Trade and other payables	7.073.021	-	-	-
Finance lease liabilities	11.346	9.431	18.071	-
	20.779.217	2.745.640	1.586.578	524.905

Prudent liquidity risk management implies maintaining sufficient cash and trading securities, the availability of funding through an adequate amount of committed credit facilities and the possibility of settlement market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Liquidity risk (continued)**

  Management monitors rolling forecasts of the Group's liquidity reserve (includes undrawn borrowing facilities (Note 26) and cash and bank balances (Note 23) on the basis of expected cash flows).

(ii) Capital risk management

The Group objectives when managing capital are to safeguard the Group ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new share or sell assets to reduce debt.

Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

Gearing ratios at 31 December 2015 and 2014 were as follows:

	2015 €	2014 €
Total borrowings (Note 26)	**17.783.643**	17.238.920
Less: Cash and cash balances (Note 23)	**(567.961)**	(1.599.743)
Net debt	**17.215.682**	15.639.177
Total equity	**21.482.200**	23.395.550
Total capital as defined by management	**38.697.882**	39.034.727
Gearing ratio	**44%**	40%

The increase in the gearing ratio during 2015 resulted primarily from borrowings taken during the year for financing the working capital needs of the Group, combined with the decrease of the bank deposits.

(iii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

3 Financial risk management (continued)

(iii) Fair value estimation

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2014.

	Level 1	Level 3	Total
	€	€	€
31 December 2014			
Assets			
Available-for-sale financial assets:			
- Equity securities	9.277	15.813	25.090

The following table presents the Group's assets and liabilities that are measured at fair value at 31 December 2015.

	Level 1	Level 3	Total
	€	€	€
31 December 2015			
Assets			
Available-for-sale financial assets:			
- Equity securities	9.277	11.327	20.604

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Cyprus Stock Exchange equity investments and corporate debentures listed on the Cyprus Stock Exchange classified as trading securities or available-for-sale.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Adjusted comparable multiple prices to the book value
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

Refer to Notes 16 and 17 for disclosures of fair values for property, plant and equipment and investment property respectively carried at fair value.

(iv) Offsetting financial assets and liabilities

The Group does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

4 Critical accounting estimates and judgments

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

(i) Critical accounting estimates and assumptions

The Group make estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

- **Estimated impairment of goodwill**

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 2. The recoverable amount of cash-generating units has been determined based on value-in-use calculations. These calculations require the use of estimates as disclosed in Note 18.

We present below how the amount of goodwill will be affected if one or more of the main indicators used in the calculation of the value in use vary.

	Revenue growth rate %	Gross profit margin %	Discount rate %	Impairment €000
Base scenario	3,0	18,0	10,0	-
Revenue growth rate	1,5	18,0	10,0	-
Gross profit margin	3,0	17,4	10,0	-
Discount rate	3,0	18,0	11,0	(111)

- **Income taxes**

Significant judgement is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. The Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

(ii) Critical judgements in applying the Group's accounting policies

- **Impairment of available-for-sale financial assets**

The Group follows the guidance of IAS 39 to determine when an available-for-sale equity investment is impaired. This determination requires significant judgement. In making this judgement, the Group evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and short-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

If all of the declines in fair value which are below cost were considered significant or prolonged, the Group would suffer an additional loss in its 2015 consolidated financial statements, being the transfer of the accumulated fair value adjustments recognised in other comprehensive income on the impaired available-for-sale financial assets to profit or loss.

5 Segment information

The Group has determined the operating segments based on reports that are evaluated by the Board of Directors and used in making strategic decisions.

The Board of Directors (chief operating decision maker) assesses the business according to the type of the products as shown in the following operating segments:

(a) production and sale of flour,
(b) production and sale of pasta,
(c) import and sale of raw materials for baking and confectionery industries,
(d) import and sale of wheat, and
(e) production and sale of bakery products.

The Board of Directors estimate the performance of each operating segment based on gross profit. This base eliminates interdepartmental sales and profit between the operating segments. The interdepartmental sales are made at a cost plus a margin percentage for the profit.

The selling and distribution expenses and the administration expenses relate to all operating segments and no specific distinction is made between them.

The information per segment given to the Board of Directors for the operating segments for the year ended 31 December 2015 was as follows:

	2015			
	Total	**Inter-departmental**	**Turnover**	**Gross profit**
	€	**€**	**€**	**€**
Operating segments				
Production and sale of flour	**24.075.552**	**3.971.779**	**20.103.773**	**3.754.918**
Production and sale of pasta	**11.022.053**	**443.654**	**10.578.399**	**3.613.091**
Import and sale of raw materials for baking and confectionary industries	**4.302.941**	**-**	**4.302.941**	**937.795**
Import and sale of wheat	**2.690.479**	**2.684.339**	**6.140**	**320**
Production and sale of bakery products	**1.700.640**	**-**	**1.700.640**	**333.131**
	43.791.665	**7.099.772**	**36.691.893**	**8.639.255**

5 Segment information (continued)

The information per segment for the year ended 31 December 2014 was as follows:

	2014			
	Total €	Inter-departmental €	Turnover €	Gross profit €
Operating segments				
Production and sale of flour	27.125.775	4.696.365	22.429.410	4.219.135
Production and sale of pasta	11.250.108	453.608	10.796.500	3.528.564
Import and sale of raw materials for baking and confectionary industries	3.634.517	-	3.634.517	823.905
Import and sale of wheat	2.593.133	2.580.113	13.020	716
Production and sale of bakery products	2.285.396	-	2.285.396	227.078
	46.888.929	7.730.086	39.158.843	8.799.398

The reconciliation between gross profit and profit before tax was as follows:

	2015 €	2014 €
Gross profit of all operating segments	**8.639.255**	8.799.398
Other losses	**(151.039)**	(219.713)
Other income	**215.482**	130.531
Selling and marketing expenses	**(5.646.924)**	(5.483.368)
Administration expenses	**(3.848.922)**	(3.675.231)
Finance costs	**(1.049.432)**	(1.544.881)
Loss before tax	**(1.841.580)**	(1.993.264)

The Groups' head office is in Cyprus. The income of the Group from exports from Cyprus and abroad were:

	Cyprus		Serbia	
	2015 €	2014 €	**2015 €**	2014 €
Sale of flour	**4.298.299**	5.357.712	**898.309**	2.450.576
Sale of pasta	**458.276**	549.343	**617.058**	977.493
Sale of bakery products	**-**	-	**55.506**	81.507
	4.756.575	5.907.055	**1.570.873**	3.509.576

The total non-current assets, excluding financial assets and deferred tax assets, which are based in Cyprus were €18.673.778 (2014: €19.355.141) and the total of these assets that are in Serbia were €12.203.581 (2014: €12.232.505).

None of the Company's clients account for sales that exceed 10% of the total amount of sales.

Significant assets and liabilities of the Group are used in all operating segments without specific distinction between them and thus is not possible to provide a fair analysis by operating segment.

6 Other income

	2015 €	2014 €
Interest income:		
Bank balances	**2.310**	2.976
Loans to third parties	**1.196**	747
Total interest income	**3.506**	3.723
Rental income (Note 17)	**63.278**	74.853
Dividend income from available for sale financial assets (Note 19)	**36**	29
Other income	**148.662**	51.926
	215.482	130.531

7 Other losses

	2015 €	2014 €
Investment property:		
Fair value loss (Note 17)	**(154.561)**	(223.184)
Property, plant and equipment:		
Profit on sale (Note 16)	**3.522**	3.471
Total other losses	**(151.039)**	(219.713)

8 Expenses by nature

	2015 €	2014 €
Depreciation of property, plant and equipment (Note 16):		
Privately owned	**1.577.359**	1.577.772
Operating lease payments	**1.004**	-
Amortisation of intangible assets (Note 18):		
Computer software	**28.412**	24.563
Repairs and maintenance	**316.045**	476.584
Operating lease rentals (Note 16)	**70.912**	79.624
Auditors' remuneration	**70.953**	76.415
Auditors' remuneration – prior years	**309**	309
Professional fees	**537.324**	504.047
Purchases of finished goods	**4.272.292**	3.584.080
Raw materials used	**19.104.091**	22.029.032
Changes in inventories of finished goods	**27.968**	(136.143)
Factory expenses (excluding staff costs, repairs and maintenance and depreciation charges)	**1.247.377**	1.370.056
Specific provision for impairment of receivables (Note 22)	**573.266**	567.156
Bad debts recovered (Note 22)	**(2.693)**	(25.820)
Reversal of general provision for impairment of receivables (Note 22)	**-**	(65.835)
Bad debts written off	**141.082**	32.694
Other receivables written off	**(3.506)**	-
Staff costs (Note 9)	**5.909.527**	5.828.485
Advertising and marketing expenses	**1.307.271**	1.022.244
Car expenses	**861.900**	960.527
Export expenses	**680.828**	846.775
Bank charges	**160.075**	175.898
Other expenses	**666.688**	589.581
Total cost of goods sold, selling and marketing expenses and administrative expenses	**37.548.484**	39.518.044

8 Expenses by nature (continued)

Professional fees stated above, include fees of €1.350 (2014: €3.360) for tax consultancy services, €3.400 (2014: €6.700) for other assurance services and €22.250 (2014: €6.250) for other non-assurance services charged by the statutory audit firm of the Group.

9 Staff costs

	2015 €	2014 €
Wages and salaries	**5.148.690**	5.092.411
Social insurance costs and other contributions	**559.970**	562.471
Social Cohesion Fund contribution	**82.690**	80.214
Other staff costs	**110.073**	85.371
Contribution to Provident Fund:		
Directors	**1.113**	815
Employees	**6.991**	7.203
	5.909.527	5.828.485

The Group has two defined contribution plans, the Employees Provident Fund of Mitsides Public Company Limited and the Employees Provident Fund of the Company Larnaca Flourmills "Zenon" Limited. During the year, the funds were dissolved and the Group has created a new defined contribution plan, which includes employees from both Companies. The Fund is financed separately and prepares its own financial statements from which the employees are entitled to certain benefits upon retirement or early termination of service.

10 Finance costs

	2015 €	2014 €
Interest expense:		
Bank borrowings	**969.444**	1.275.579
Overdue taxation	**3.737**	-
Total interest expense	**973.181**	1.275.579
Net foreign exchange losses on financing activities	**76.251**	269.302
	1.049.432	1.544.881

11 Income tax (credit)/charge

	2015 €	2014 €
Current tax:		
Corporation tax	**85.770**	147.173
Defence contribution	**709**	883
Total current tax	**86.479**	148.056
Prior year tax:		
Corporation tax	**(28.849)**	(28.209)
Total prior year tax	**(28.849)**	(28.209)
Deferred tax (Note 27)		
Origination and reversal of temporary differences	**(61.500)**	(120.298)
Total deferred tax	**(61.500)**	(120.298)
Income tax (credit)/charge	**(3.870)**	(451)

11 Income tax expense (continued)

The tax on the Group's profits/(losses) before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2015 **€**	2014 €
Loss before tax	**(1.841.580)**	(1.993.264)
Tax calculated at the applicable corporation tax rate of 12,5%/15%	**(272.542)**	(307.340)
Tax effect of expenses not deductible for tax purposes	**188.737**	114.354
Tax effect of allowances and income not subject to tax	**(85.393)**	(100.854)
Difference between income tax and Capital gains tax rates and indexation effect	**(56.687)**	(17.731)
Corporation tax-prior years	**(28.849)**	(28.209)
Defence contribution	**709**	883
Effect of tax losses for which no provision for deferred tax was made	**242.359**	331.090
10% Penalty	**7.796**	7.356
Income tax (credit)/charge	**(3.870)**	(451)

The Companies of the Group are subject to corporation tax on taxable profits at the rate of 12,5% as from 1 January 2013 for the Cyprus registered Companies of the Group and 15% for the Serbian Company of the Group.

As from tax year 2012 brought forward losses of only five years for the Cyprus registered Companies may be transferred and utilised against profits. The Group's subsidiary Company which is located in Serbia can transfer and merge its tax losses up to 10 years.

From 1 January 2009 onwards, under certain conditions interest may be exempt from income tax and only subject to defence contribution at the rate of 10%, increased to 15% as from 31 August 2011 and to 30% as from 29 April 2013.

In certain cases dividends from abroad may be subject to special defence contribution at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% from 1 January 2012 reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

11 Income tax expense (continued)

The tax charge/(credit) relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	Year ended 31 December 2015			Year ended 31 December 2014		
	Before tax €	**Tax (charge)/ credit €**	**After tax €**	Before tax €	Tax (charge)/ credit €	After tax €
Land and buildings:						
Deferred tax adjustment	**-**	**(3.530)**	**(3.530)**	-	(357)	(357)
Available for sale financial assets:						
Fair value gain/(loss)	**(1.670)**	**-**	**(1.670)**	1.015	-	1.015
Foreign exchange difference from translation of subsidiary company	**(31.875)**	**-**	**(31.875)**	(269.094)	-	(269.094)
Other comprehensive income	**(33.545)**	**(3.530)**	**(36.985)**	(268.079)	(357)	(268.436)

12 Losses per share

The basic loss per share is calculated by dividing loss attributable to the shareholders by the weighted average number of issued shares during the year.

	2015 €	2014 €
Loss for the year attributable to shareholders	**(1.837.710)**	(1.992.813)
Weighted average number of issued shares	**8.200.000**	8.200.000
Basic loss per share - cents	**(22,41)**	(24,30)

13 Dividends per share

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

14 Financial instruments by category

	Loans and receivables €	Available-for sale €	Total €
31 December 2015			
Assets as per balance sheet			
Available-for-sale financial assets	-	20.604	20.604
Trade and other receivables (excluding prepayments)	10.142.827	-	10.142.827
Cash and bank balances	567.961	-	567.961
Non-current receivables	22.943	-	22.943
Total	10.733.731	20.604	10.754.335

14 Financial instruments by category (continued)

	Financial liabilities €
Liabilities as per balance sheet	
Borrowings	17.748.503
Trade and other payables (excluding statutory liabilities)	6.859.379
Finance lease liabilities	35.140
Total	24.643.022

	Loans and receivables €	Available-for sale €	Total €
31 December 2014			
Assets as per balance sheet			
Available-for-sale financial assets	-	25.090	25.090
Trade and other receivables (excluding prepayments)	11.134.805	-	11.134.805
Cash and bank balances	1.599.743	-	1.599.743
Non-current receivables	21.747	-	21.747
Total	12.756.295	25.090	12.781.385

	Financial liabilities €
Liabilities as per balance sheet	
Borrowings	17.238.920
Trade and other payables (excluding statutory liabilities)	6.565.160
Total	23.804.080

15 Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2015 €	2014 €
Trade receivables that are neither past due nor impaired		
Counterparties without external credit rating		
Group 1	**544.052**	385.153
Group 2	**896.234**	1.095.079
Group 3	**3.402.156**	3.691.146
Total trade receivables that are neither past due nor impaired	**4.842.442**	5.171.378

15 Credit quality of financial assets (continued)

	2015 €	2014 €
Other receivables that are neither past due nor impaired		
Group 4	**45.115**	7.593
Group 5	**631.439**	432.236
	676.554	439.829
Cash at bank and short-term bank deposits (1)		
Caa1	**-**	111.823
Caa2	**144.198**	98.367
Caa3	**214.254**	791.038
Not rated	**184.090**	340.133
	542.542	1.341.361

(1) The rest of the balance sheet item 'cash and bank balances' is cash in hand.

Group 1 – new receivables (less than 6 months).

Group 2 - existing customers (more than 6 months) with no defaults in the past.

Group 3 - existing customers (more than 6 months) with some defaults in the past. Total defaults have been fully recovered.

Group 4 - companies within the group, common control companies and associates with no defaults in the past.

Group 5 - other receivables

None of the financial assets that are fully performing has been renegotiated in the last year.

None of the loans and receivables from related parties is past due or impaired.

16 Property, plant and equipment

	Land and buildings €	Plant machinery and tools €	Furniture, fixtures and computer hardware €	Motor vehicles €	Total €
At 1 January 2014					
Cost or valuation	21.740.512	13.829.208	1.176.559	2.146.266	**38.892.545**
Accumulated depreciation	-	(7.729.536)	(1.009.979)	(1.950.743)	**(10.690.258)**
Net book amount	21.740.512	6.099.672	166.580	195.523	**28.202.287**
Year ended 31 December 2014					
Opening net book amount	21.740.512	6.099.672	166.580	195.523	**28.202.287**
Additions	17.845	472.392	32.258	36.241	**558.736**
Disposals	-	(3.029)	-	(6.241)	**(9.270)**
Depreciation charge (Note 8)	(730.728)	(703.811)	(59.862)	(83.371)	**(1.577.772)**
Foreign exchange differences	(429.596)	(202.716)	-	-	**(632.312)**
Closing net book amount	20.598.033	5.662.508	138.976	142.152	**26.541.669**

16 Property, plant and equipment (continued)

	Land and buildings €	Plant machinery and tools €	Furniture, fixtures and computer hardware €	Motor vehicles €	Total €
At 31 December 2014					
Cost or valuation	21.328.761	11.653.120	1.208.817	2.122.253	**36.312.951**
Accumulated depreciation	(730.728)	(5.990.612)	(1.069.841)	(1.980.101)	**(9.771.282)**
Net book amount	20.598.033	5.662.508	138.976	142.152	**26.541.669**
Year ended 31 December 2015					
Opening net book amount	20.598.033	5.662.508	138.976	142.152	**26.541.669**
Additions	40.470	957.787	43.437	82.454	**1.124.148**
Transfer to property, plant and equipment due to charge in use (Note 17)	690.000	-	-	-	**690.000**
Disposals	-	(44.749)	-	-	**(44.749)**
Depreciation charge (Note 8)	(727.822)	(710.197)	(51.856)	(88.488)	**(1.578.363)**
Foreign exchange differences	(39.164)	(22.975)	-	-	**(62.139)**
Closing net book amount	20.561.517	5.842.374	130.557	136.118	**26.670.566**
At 31 December 2015					
Cost or valuation	22.020.067	12.406.603	1.252.254	2.204.707	**37.883.631**
Accumulated depreciation	(1.458.550)	(6.564.229)	(1.121.697)	(2.068.589)	**(11.213.065)**
Net book amount	20.561.517	5.842.374	130.557	136.118	**26.670.566**

Bank borrowings are secured on land and buildings of the parent company of the Group (including investment properties Note 17) for €7.498.658 (2014: €7.498.658), of the subsidiary Company Larnaca Flourmills "Zenon" Limited for €1.625.160 (2014: €1.625.160) and of the subsidiary Company Mitsides Point d.o.o. for €6.695.997 (RSD 814.408.000) (2014: €7.087.170 (RSD857.272.000)). Plant and equipment of the subsidiary Company Mitsides Point d.o.o. of €1.293.078 (RSD157.272.000) (2014: €1.484.784) (RSD 179.597.000)) and investment property of €641.310 (RSD78.000.000) (2014: €644.850 (RSD 78.000.000)) are also secured for bank borrowings (Note 26).

In the cash flow statement proceeds from the sale of property, plant and equipment comprise:

	2015 **€**	2014 €
Net book amount	**44.399**	9.270
Profit/(loss) on sale of property, plant and equipment (Note 7)	**3.522**	3.471
Foreign exchange differences	**350**	-
Proceeds from sale of property, plant and equipment	**48.271**	12.741

Plant and equipment include the following amounts that the Company is the lessee according to finances leases.

	2015	2014
	€	€
Cost of capitalised finance leases	**48.370**	-
Accumulated depreciation	**(1.004)**	-
Net book amount	**47.336**	-

16 Property, plant and equipment (continued)

Operating lease rentals amounting to €70.912 (2014: €79.624) relating to the lease of property are included in profit or loss (Note 8).

Depreciation expense of €1.211.212 (2014: €1.072.896) has been charged in “cost of sales”, €229.274 (2014: €352.398) in “selling and marketing expenses” and €137.877 (2014: €152.478) in “administrative expenses”.

If the land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2015	2014
	€	€
Cost	**12.917.814**	12.706.484
Accumulated depreciation	**(6.402.695)**	(5.547.031)
Net book amount	**6.515.119**	7.159.453

Fair value of land and buildings

The land and buildings of the parent company and its subsidiary Larnaca Flourmills "Zenon" Limited and its subsidiary Mitsides Point d.o.o. which was fully acquired during 2010, were last revalued on 31 December 2013 by independent valuers. The revaluation resulted in changes on the fair value of land and buildings of the Serbian subsidiary Company Mitsides Point d.o.o. amounting to €2.472.852. An amount of €155.484 which is included in the amount of €2.472.852 relates to fair value gains arising from the revaluation of a building in Serbia at fair value before transferring it from the land and buildings category to investment property, following a change in use. The revaluation revealed no significant changes in the fair value of land and buildings of the parent Company and its subsidiary Larnaca Flourmills "Zenon" Limited. The revaluation surplus net of applicable deferred taxes was credited to other comprehensive income and is shown in "fair value reserves" in equity (Note 25). The following table analyses non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1).
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (Level 2).
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (Level 3).

16 Property, plant and equipment (continued)

	Fair value measurements at 31 December 2015 using		
	Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
	€	€	€
Recurring fair value measurements			
Land and buildings			
Manufacturing sites - Cyprus	-	-	13.066.943
Manufacturing sites - Serbia	-	-	7.246.956
Flat - Serbia	-	-	247.618
	-	-	20.561.517

Valuation processes of the Group

The Group engages at regular intervals, external, independent and qualified valuers to determine the fair value of land and buildings of the Group. On 31 December 2013 the fair values of the land and buildings were determined by D & M Axia Chartered Surveyors Limited, member of RICS while the fair values of land and buildings located in Serbia were determined by Mr. Nicola Sekoulik (Civil Engineer).

The external valuations of the level 3 land and buildings have been performed using a sales comparison approach to determine the value of the land and the depreciated replacement cost method to determine the value of the buildings. However for manufacturing sites in Cyprus there have been a limited number of similar sales in the local market and the valuations have been performed using unobservable inputs. The external valuers, in discussion with the Group's management have determined these inputs based on the size, age and condition of the land and buildings, the state of the local economy and comparable prices in the corresponding area. The most important factor in these valuation methods is the price per square meter.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	Fair value at 31 December 2015	Valuation technique	Unobservable inputs	Range of unobservable inputs (probability-weighted average)	Relationship of unobservable inputs to fair values
Manufacturing sites – Cyprus					
Land	13.066.943	comparable prices	Price per square meter	€109 - €750 (€239)	The higher the price per square meter the higher the fair value
Buildings		depreciated replacement cost	Price per square meter	€379 - €565 (€490)	The higher the price per square meter the higher the fair value
Manufacturing sites – Serbia					The higher the price per square meter the higher the fair value
Land	7.246.956	comparable prices	Price per square meter	€90	The higher the price per square meter the higher the fair value
Buildings		depreciated replacement cost	Price per square meter		The higher the price per square meter the higher the fair value

The above mentioned amounts have been amended after 31 December 2013 to include depreciation and additions amounts for 2014 and 2015.

17 Investment property

	2015	2014
	€	€
At beginning of the year	**4.208.933**	4.481.215
Transfer to property, plant and equipment (Note 16)	**(690.000)**	-
Additions	**1.434**	-
Fair value loss (Note 7)	**(154.561)**	(223.184)
Foreign exchange differences	**(4.908)**	(49.098)
At end of the year	**3.360.898**	4.208.933

Fair value is determined using comparable prices. The sales prices of comparable land and buildings in nearby locations are adjusted for differences in key characteristics like the size of the property.

Country	**Idle land-Cyprus**	**Rental properties-Serbia**	**2015 Total**	2014 Total
	€	**€**	**€**	€
Fair value hierarchy	3	3		
Fair value at 1 January	3.314.980	**893.953**	**4.208.933**	4.481.215
Transfer to property, plant and equipment – Fair value	**(690.000)**	**-**	**(690.000)**	-
Additions	**-**	**1.434**	**1.434**	-
Net (loss)/gain from fair value adjustments on investment property	**(152.000)**	**(2.561)**	**(154.561)**	(223.184)
Foreign exchange differences	**-**	**(4.908)**	**(4.908)**	(49.098)
Fair value at 31 December	**2.472.980**	**887.918**	**3.360.898**	4.208.933

The Group's investment property is measured at fair value. The Group holds two classes of investment property being idle land not used by the Group and rented properties.

The following amounts have been recognized in profit or loss:

	2015	2014
	€	€
Rental income (Note 6)	**63.278**	74.853

Bank borrowings are secured on the Group's parent Company's land and buildings (including land and buildings in property, plant and equipment (Note 16)) for €7.498.658 (2014: €7.498.658) (Note 26). Investment property of the subsidiary Company Mitsides Point d.o.o. of €641.310 (RSD78.000.000) (2014: €644.850 (RSD 78.000.000)) are also secured for bank borrowings.

17 Investment property (continued)

Valuation processes

The Company's investment properties were valued at 31 December 2015 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued, D & M Axia Chartered Surveyors Limited, member of RICS, for the investment properties located in Cyprus and Mr Nicola Secoulik (Civil Engineer) for the investment properties located in Serbia. For all investment properties, their current use equates to the highest and best use. The Group's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, Management and the independent valuers at least once every year. At each financial year end the Group's finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer

Changes in Level 3 fair values are analysed at each reporting date during the annual valuation discussions between the CFO, Audit Committee and the independent valuer.

Information about fair value measurement using significant unobservable inputs (Level 3)

Property	Valuation €	Valuation technique	Unobservable inputs €	Range of unobservable inputs (weighted average) %	Relationship of unobservable inputs to fair value
Idle land	2.323.000	Comparable prices	Price per square meter	€140-€200 (€170)	The higher the price per square meter the higher the fair value
Buildings not used	149.980	Comparable prices	Price per square meter	€500	The higher the price per square meter the higher the fair value
Serbia					
Rented properties	887.918	Depreciated replacement cost	Price per square meter	€155	The higher the price per square meter the higher the fair value
	3.360.898				

Sensitivity of management's estimates

	(Decrease)/Increase in price per square meter					
	-15% €	-10%	-5% €	5% €	10% €	15% €
Cyprus						
Idle land	(348.450)	(232.300)	(116.150)	116.150	232.300	348.500
Buildings not used	(22.500)	(15.000)	(7.500)	7.500	15.000	22.500
Serbia						
Rented properties	(133.188)	(88.792)	(44.396)	44.396	88.792	133.188
	(504.138)	(336.092)	(168.046)	168.046	336.092	504.138

18 Intangible assets

	Goodwill €	Computer software €	**Total €**
At 1 January 2014			
Cost	750.396	355.175	**1.105.571**
Accumulated amortization and impairment charges	-	(282.904)	**(282.904)**
Net book amount	750.396	72.271	**822.667**
Year ended 31 December 2014			
Opening net book amount	750.396	72.271	**822.667**
Additions	-	20.038	**20.038**
Amortisation charge (Note 8)	-	(24.563)	**(24.563)**
Exchange differences	-	(2.845)	**(2.845)**
Closing net book amount	750.396	64.901	**815.297**
At 31 December 2015			
Cost	750.396	369.980	**1.120.376**
Accumulated amortization and impairment charges	-	(305.079)	**(305.079)**
Net book amount	750.396	64.901	**815.297**
Year ended 31 December 2015			
Opening net book amount	750.396	64.901	**815.297**
Additions	-	36.495	**36.495**
Amortisation charge (Note 8)	-	(28.412)	**(28.412)**
Exchange differences	-	(428)	**(428)**
Closing net book amount	750.396	72.556	**822.952**
At 31 December 2015			
Cost	750.396	405.648	**1.156.044**
Accumulated amortization and impairment charges	-	(333.092)	**(333.092)**
Net book amount	750.396	72.556	**822.952**

Computer software is amortised using the straight line method over a 3 year period. Amortisation of €28.412 (2014: €24.563) is included in “administrative expenses” in profit or loss.

Intangible assets includes goodwill from the acquisition of Blue Azul Investments Limited and its wholly subsidiary company Larnaca Flourmills “Zenon” Limited, as well as computer software acquired by the Group.

Impairment test for goodwill

Goodwill arising from the acquisition of the subsidiary Company refers to the manufacturing site of milling and selling flour and its derivatives, of the Company Larnaca Flourmills “Zenon “ Limited.

The recoverable amount of the cash-generating unit is determined based on value-in-use calculations. These calculations use pre-tax cash flow projections based on financial budgets approved by management covering a five-year period.

18 Intangible assets (continued)

Impairment test for goodwill (continued)

The key assumptions used for the value-in-use calculations are as follows:

- Gross margin: 18% (2014: 18%)
- Growth rate: 3% (2014: 3%)
- Discount rate: 10% (2014: 12%)

Management determines budgeted gross margin based on past performance and its expectations for market developments. Using the above assumptions, it was determined that the carrying amount of goodwill arising from the acquisition of the subsidiary Company of €750.396 is below the value-in-use of the business and as a result no impairment of its value is required.

19 Available-for-sale financial assets

	2015	2014
	€	€
At beginning of year	**25.090**	25.263
Net gains/ (losses) transferred to other comprehensive income (Note 25)	**(1.670)**	1.015
Capital reduction	**(46)**	
Exchange differences	**(2.770)**	(1.188)
At end of year	**20.604**	25.090

Available-for-sale financial assets are analysed as follows:

	2015	2014
	€	€
Listed equity securities:		
Cyprus Stock Exchange	**7.561**	9.277
Unlisted equity securities	**13.043**	15.813
	20.604	25.090

In addition, during the year there was a dividend income of €36 (2014: €29) from available-for-sale financial assets, which is included in 'other income' in profit or loss (Note 6).

Available-for-sale financial assets are denominated in the following currencies:

	2015	2014
	€	€
Euro – functional and presentation currency	**10.039**	11.755
Serbian Dinar	**10.565**	13.335
	20.604	25.090

20 Inventories

	2015	2014
	€	€
Raw materials	**4.919.381**	3.487.895
Finished goods	**1.983.026**	2.010.995
Spare parts	**522.359**	511.805
Fuels and lubricants	**14.797**	14.221
Goods in transit	**96.732**	95.058
	7.536.295	6.119.974

All inventories are stated at cost.

Bank loans of the subsidiary Mitsides Point d.o.o. are secured by pledge of 11.863.859 Kg of wheat amounted to €1.771.561 (RSD 215 468 000) (Note 26).

21 Non-current receivables

	2015	2014
	€	€
Non-current		
Loans to third parties	**-**	21.747
	-	21.747

	2015	2014
	€	€
Current		
Loans to third parties	**22.943**	-
	22.943	-

During 2014, the Group's parent Company granted a loan of €21.000 to third parties for which an interest of €747 has been calculated.

During 2015, the parent company didn't grant any additional loans to third parties but interest amount of €1.196 has been calculated for the existing loans.

The loan is due for payment on 31 December 2016.

The effective interest rates on non-current receivables were as follows:

	2015	2014
	%	%
Other non-current receivables	**5,5**	5,5

21 Non-current receivables (continued)

The carrying amounts of the Group's non-current receivables are denominated in the following currencies:

	2015 €	2014 €
Euro - functional and presentation currency	-	21.747
	-	21.747

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivable mentioned above. The Group does not hold any collateral as security. None of the non-current receivables is either past due or impaired.

22 Trade and other receivables

	2015 €	2014 €
Trade receivables	**11.832.707**	13.232.333
Less: Provision for impairment of receivables	**(2.343.491)**	(2.515.610)
Trade receivables – net	**9.489.216**	10.716.723
Receivables from related companies (Note 31 (ii))	**45.115**	7.593
Other receivables	**608.496**	410.489
Prepayments	**76.109**	79.162
	10.218.936	11.213.967

The fair value of trade and other receivables are as follows:

	2015 €	2014 €
Trade receivables	**9.489.216**	10.716.723
Receivable from related parties	**45.115**	7.593
Other receivables	**608.496**	410.489
Prepayments	**76.109**	79.162
	10.218.936	11.213.967

At 31 December 2015, trade receivables of €4.842.442 (2014: €5.171.378) were neither past due nor impaired (Note 15).

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2015, trade receivables of the €4.646.774 (2014: €5.545.345) were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2015 €	2014 €
Over 3 months	**4.646.774**	5.545.345

22 Trade and other receivables (continued)

At 31 December 2015, trade receivables of €2.343.491 (2014: €2.515.610) were impaired and provided for. The impaired receivables include mainly wholesalers, which are in an unexpectedly difficult economic situation. The ageing analysis of these receivables is as follows:

	2015	2014
	€	€
Over 12 months	**2.343.491**	2.515.610

Movements on the Group's provision for impairment of trade receivables are as follows:

	2015	2014
	€	€
At 1 January	**2.515.610**	2.211.635
Specific provision for impairment of receivables (Note 8)	**573.266**	567.156
Reversal of general provision for impairment of receivables (Note 8)	**-**	(65.835)
Bad debts recovered (Note 8)	**(2.693)**	(25.820)
Receivables written off during the year as uncollectible	**(735.881)**	(111.388)
Foreign exchange differences	**(6.811)**	(60.138)
At 31 December	**2.343.491**	2.515.610

The creation and reversal of provision for impaired receivables have been included in 'administrative expenses' in profit or loss (Note 8). Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash.

The other classes within trade and other receivables do not contain impaired or past due assets.

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of receivables mentioned above. The Group do not hold any collateral as security.

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2015	2014
	€	€
Euro – functional and presentation currency	**8.435.134**	9.028.412
Serbian Dinar	**1.783.802**	2.185.555
	10.218.936	11.213.967

23 Cash and bank balances

	2015	2014
	€	€
Cash at bank and in hand	**456.461**	1.489.743
Short term bank deposits	**111.500**	110.000
	567.961	1.599.743

23 Cash and bank balances (continued)

The effective interest rate on short term bank deposits was 2,08% (2014: 1,60%).

Cash and bank balances and bank overdrafts include the following for the purposes of the statement of cash flows:

	2015	2014
	€	€
Cash and bank balances	**567.961**	1.599.743
Bank overdrafts (Note 26)	**(10.814.500)**	(10.033.245)
	(10.246.539)	(8.433.502)

Cash and bank balances are denominated in the following currencies:

	2015	2014
	€	€
Euro – functional and presentation currency	**427.109**	615.639
Serbian Dinar	**140.852**	269.846
US Dollar	**-**	714.258
	567.961	1.599.743

24 Share capital

	Number of ordinary shares	Share capital €	Total €
Issued share capital			
At 1 January 2014/31 December 2014/ 31 December 2015	8 200 000	8.446.000	8.446.000

The total authorised number of ordinary shares is 33 333 333 (2014: 33 333 333 shares) of nominal value €1,03 per share. All issued shares are fully paid.

25 Other reserves

	Land and buildings €	Available-for-sale financial assets €	Total €
At 1 January 2014	9.377.370	(467.276)	8.910.094
Available-for-sale financial assets:			
Fair value gain (Note19)	-	1.015	1.015
Land and buildings:			
Depreciation transfer – gross	(125.234)	-	(125.234)
Depreciation transfer – tax	15.654	-	15.654
Deferred tax adjustment (Note 27)	(357)	-	(357)
Foreign exchange differences	(102.670)	-	(102.670)
At 31 December 2014	9.164.763	(466.261)	8.698.502
At 31 December 2014/1 January 2015	9.164.763	(466.261)	8.698.502
Available-for-sale financial assets:			
Fair value loss (Note19)	-	(1.670)	(1.670)
Land and buildings:			
Depreciation transfer – gross	(127.842)	-	(127.842)
Depreciation transfer – tax	15.980	-	15.980
Deferred tax adjustment (Note 27)	(3.530)	-	(3.530)
Foreign exchange differences	(10.235)	-	(10.235)
At 31 December 2015	9.039.136	(467.931)	8.571.205

26 Borrowings

	2015 €	2014 €
Current		
Bank overdrafts (Note 23)	**10.814.500**	10.033.245
Bank borrowings	**2.582.728**	4.319.353
Finance lease liabilities	**9.866**	-
	13.407.094	14.352.598
Non-current		
Bank borrowings	**4.351.275**	2.886.322
Finance lease liabilities	**25.274**	-
	4.376.549	2.886.322
Total borrowings	**17.783.643**	17.238.920

	2015 €	2014 €
Maturity of non-current borrowings:		
Between 1 and 2 years	**2.515.388**	222.729
Between 2 and 5 years	**1.342.279**	751.478
Later than 5 years	**493.608**	1.912.115
	4.351.275	2.886.322

26 Borrowings (continued)

	2015 €	2014 €
Finance lease liabilities		
Not later than 1 year		
Later than 1 year and not later than 5 years	**11.346**	-
	27.502	-
	33.848	-
Future finance charges on finance lease liabilities	**(3.708)**	-
Present value of finance lease liabilities	**35.140**	-
The present value of finance lease liabilities is as follows:		
Not later than 1 year	**9.866**	-
Later than 1 year and not later than 5 years	**25.274**	-
	35.140	-

The bank loans are repayable by monthly instalments by May 2019. The bank loans and overdrafts are secured as follows:

(i) By floating charge on the parent Company's assets for €4.088.064 (2014: €4.088.064),

(ii) By mortgage of land and buildings of parent company for €7.498.658 (2014: €7.498.658) (Notes 16 and 17),

(iii) My mortgage of land and buildings of Larnaca Flourmills "Zenon" Limited for €1.625.160 (2014: €1.625.160) (Note 16),

(iv) By mortgage of land and buildings of the subsidiary company Mitsides Point d.o.o. for €6.695.997 (RSD814.408.000) (2014: €7.087.170 (RSD857.252.000) (Note 16),

(v) By mortgage of investment property of the subsidiary company Mitsides Point d.o.o. of €641.310 (RSD78.000.000) (2014: €644.850) (RSD78.000.000)) (Note 17),

(vi) By guarantee of subsidiary company Mitsides Point d.o.o. for €1.293.078 (RSD157.272.000) (2014: €1.484.784 (RSD 179.597.000) (Note 16),

(vii) By pledge of 11.863.859 Kg of wheat amounted to €1.771.561 (RSD215.468.000) of the subsidiary Mitsides Point d.o.o. (Note 20).

(viii) By pledge of fire insurance of parent company for €20.456.407 (2014: €20.456.407),

(ix) By pledge of fire insurance of the subsidiary company Larnaca Flourmills "Zenon" Limited for €2.450.000 (2014: €2.450.000).

(x) The Parent Company has provided guarantees amounting to €6.283.000 (2014: €6.500.000) to secure banking facilities of the subsidiary company Mitsides Point d.o.o., from which no significant liabilities are expected to arise.

(xi) Promissory note of €1.713.974 (RSD208.464.000) (2014: € Nil) as a security on the purchase of wheat through additional loan facility granted to the subsidiary company Mitsides Point d.o.o. obtained from IIG Bank (Malta) Ltd.

The finance lease liabilities are secured because the rights of the assets leased return to the lessor in cased of payment failure by the lessee.

The weighted average effective interest rates at the balance sheet date were as follows:

	2015 %	2014 %
Bank borrowings	**6,19**	8,07
Bank overdrafts	**4,44**	6,46
Finance lease liabilities	**5,53**	-

26 Borrowings (continued)

The bank borrowings and bank overdrafts of the Group are arranged mainly at floating rates. Borrowings at fixed rates expose the Group to fair value interest rate risk. For borrowings at floating rates, interest rates are determined regularly thus exposing the Group to cash flow interest rate risk.

The Group has the following undrawn borrowing facilities:

	2015 €	2014 €
Floating rate:		
Expiring within one year	**1.723.393**	2.470.914

The facilities expiring within the one year are annual facilities subject to review at various dates during 2015. Other facilities have been arranged so as to help finance the needs of the Group for working capital.

The carrying amounts of bank overdrafts and bank loans approximate their fair value.

The carrying amounts of the Group's borrowings are denominated in the following currencies:

	2015 €	2014 €
Euro – functional and presentation currency	**17.748.503**	15.486.581
Serbian Dinar	**35.140**	1.752.339
	17.783.643	17.238.920

27 Deferred income tax liabilities

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2015 €	2014 €
Deferred income tax assets:		
- Deferred tax assets to be recovered after more than twelve months	**394.735**	396.914
Deferred income tax liabilities:		
- Deferred tax liabilities to be settle after more than twelve months	**3.331.495**	3.395.755
Deferred income tax liabilities – net	**2.936.760**	2.998.841

The gross movement on the deferred income tax account is as follows:

	2015 €	2014 €
At the beginning of the year	**2.998.841**	3.164.708
Charge included in profit or loss (Note 11)	**(61.500)**	(120.298)
Tax credit relating to components of other comprehensive income (Note 25)	**3.530**	357
Exchange differences	**(4.111)**	(45.926)
At the end of year	**2.936.760**	2.998.841

27 Deferred income tax liabilities (continued)

The movement in deferred tax assets and liabilities, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities	Revaluation of land, buildings and machinery €	Difference between depreciation and wear and tear allowance €	Total €
At 1 January 2014	2.890.862	692.628	3.583.490
Debit/(credit):			
Profit or loss (Note 11)	(45.052)	(75.246)	(120.298)
Other comprehensive income (Note 25)	357	-	357
Exchange differences	(49.045)	(18.749)	(67.794)
At 31 December 2014/1 January 2015	2.797.122	598.633	3.395.755
Debit/(credit):			
Profit or loss (Note 11)	(32.789)	(28.711)	(61.500)
Other comprehensive income (Note 25)	3.530	-	3.530
Exchange differences	(4.888)	(1.402)	(6.290)
At 31 December 2015	2.762.975	568.520	3.331.495

Deferred tax assets	Tax losses €
At 1 January 2014	418.782
Exchange differences	(21.868)
At 31 December 2014/1 January 2015	396.914
Exchange differences	(2.179)
At 31 December 2015	394.735

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realisation of the related tax benefit through future taxable profits is probable. The Group did not recognise deferred income tax assets of €1.263.029 (RSD 153.690.000) in respect of losses that can be carried forward against future taxable income up to 10 years.

28 Trade and other payables

	2015 €	2014 €
Trade payables	**6.571.144**	6.160.668
Social Insurance, VAT and other taxes	**174.987**	303.737
Accrued expenses	**257.202**	307.973
Other payables	**18.799**	19.600
Advances received	**12.234**	76.919
Defence contribution payable on deemed dividend distribution	**38.655**	83.170
	7.073.021	6.952.067

The fair value of the trade and other payables which are due within one year approximate their carrying amount on the balance sheet date.

28 Trade and other payables (continued)

The carrying amounts of the Group's trade and other payables are denominated in the following currencies:

	2015 €	2014 €
Euro – functional and presentation currency	**4.741.096**	4.353.568
Serbian Dinar	**2.331.925**	2.598.499
	7.073.021	6.952.067

29 Contingencies

At 31 December 2015 the Group had contingent liabilities in respect of the following:

(α) bank guarantees arising in the ordinary course of business from which it is anticipated that no material liability will arise. These guarantees amounted to €10.126 (2014: €294.261).

(b) guarantee to secure invoice discounting facilities of subsidiary Larnaca Flourmills "Zenon" Limited. The amount, as per agreement, given in the subsidiary from Bank of Cyprus Limited (ex Laiki Factors Limited) for invoice discounting on 31 December 2015 amounted to €362.382 (2014: €329.159).

(c) The Parent Company has provided guarantees amounting to €6.283.000 (2014: €6.500.000) to secure banking facilities of the subsidiary company Mitsides Point d.o.o., from which no significant liabilities are expected to arise.

(d) Promissory note of €1.713.974 (RSD208.464.000) (2014: € Nil) as a security on the purchase of wheat through additional loan facility granted to the subsidiary company Mitsides Point d.o.o. obtained from IIG Bank (Malta) Ltd.

30 Commitments

Operating lease commitments – where the Group is the lessee

The Group leases warehouses under non-cancellable operating lease agreements. The leases have varying terms, escalation clauses and renewal rights.

The Group is required to give a six-month notice, based on the terms of the lease agreement, for the termination of these agreements. The lease expenditure charged to profit or loss during the year is disclosed in Note 8.

The future aggregate minimum lease payments under non-cancellable operating leases are as follows:

	2015 €	2014 €
Not later than 1 year	**31.031**	63.431
Between 2 and 5 years	**83.625**	124.125
	114.656	187.556

31 Related party transactions

The Group and the Company are controlled by Mr Constantinos P. Mitsides, Chrysostomos St. Mitsides and Mrs Olga Lyssandrou who hold 19,49% each in the share capital of the Company and Mr Chrysostomos P. Mitsides who holds 18,25% of the share capital of the Company.

The Companies Chr & C Mitsides (Timber) Limited, Chr & P Mitsides Investments Limited, Gar Net Energy Savings Limited και η LM & M United Promotion Limited are considered to be related parties due to common ownership by the Directors.

The following transactions were carried out with related parties:

(i) Purchases of goods and services

	2015	2014
	€	€
Purchases of goods:		
LM & M United Promotion Limited	**-**	3.451
Puratos N.V.	**2.037**	-
	2.037	3.451
Purchases of services:		
Chr & C Mitsides (Investments) Limited	**188.252**	186.738

(ii) Year-end balances arising from sales/purchases of goods/services and financing

	2015	2014
	€	€
Receivable from related parties (Note 22):		
Gar Net Energy Savings Limited	**43.145**	7.593
Chr & P Mitsides Investments Limited	**1.970**	-
	45.115	7.593

Balances arise from sales/purchases of goods, services and financing.

The above balances bear no interest, are unsecured and have no fixed terms of repayment.

(iii) Key management personnel compensation

The compensation of key management personnel and close relatives is as follows:

	2015	2014
	€	€
Salaries and other short-term employee benefits	**1.415.762**	1.400.039

31 Related party transactions (continued)

(iv) Directors' remuneration

The total remuneration of the Directors (including the key management personnel compensation above) was as follows:

	2015 €	2014 €
Emoluments in their executive capacity	**460.468**	462.489
Royalties	**11.550**	9.350
	472.018	471.839

32 Investment in subsidiaries

The details of the subsidiaries are as follows:

Name	Issued share capital	Country of incorporation	Principal activities	% interest held 2015	% interest held 2014
Blue Azul Investments Limited	€54.720	Cyprus	Subsidiary company Larnaca Flourmills "Zenon" Limited	**100**	100
Mitsides Point d.o.o.	€5.705.379	Serbia	Production of pasta, flour, breads and pastry	**100**	100

33 Material differences between the indicative results announced and the audited consolidated results for the year

The audited consolidated results of the Group present the following material differences between the indicative results announced and the audited consolidated results for the year.

	€
Loss according to announcement	(1.441.499)
Provision for bad debts	(379.057)
Taxation	(17.154)
Loss according to the consolidated financial statements	(1.837.710)

34 Events after the balance sheet date

On 27 February 2016, the parent Company obtained additional loan facilities of €1.500.000. Part of the facilities have been used for the repayment of the balance with Bank of Cyprus Limited (ex Laiki Factors Limited) of €269.532 (Note 29 (b))

There were no other material events after the balance sheet date except those described above, which have a bearing on the understanding of the financial statements.