Mitsides Public Company Limited

Report and 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 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 financial statements that are presented in pages 8 to 53:

(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.

(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 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 financial statements of the Company for the year ended 31 December 2015.

Principal activities

2 The principal activities of the Company, 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 and the import and trade of grain.

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

3 The loss of the Company for the year ended 31 December 2015 was €3.413.843 (2014: loss €1.819.596). On 31 December 2015 the total assets of the Company were €38.083.085 (2014: €40.432.005) and the net assets were €18.317.492 (2014: €21.765.411). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory under the circumstances.

Principal risks and uncertainties

4 The principal risks and uncertainties faced by the Company 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 31 of the 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 Company's exports as well as maintaining the Company's leading position in the Cyprus market. 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 Financial Statements there is a continuous uncertainly in the market, which may adversely affect the Company's results in the future.

Results

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

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 2014.

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 Company 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	-
Nicolas Ph Epiphaniou	0,07
Achilleas L Demetriades	0,12

Mitsides Public Company Limited

Report of the Board of Directors (continued)

Main shareholders

14 On 31 December 2015 and at the date of this report, the following shareholders held over 5% of the Company'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 attributable interest of her husband and child, whom are not members of the Board of Directors.

Contracts with Directors and related parties

15 On 31 December 2015 there were no other significant contracts with the Company within which a Director or related parties had a significant interest except the balances to and from related parties as disclosed in Note 33.

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 described 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 Company did not operate through any branches during the year.

Independent Auditors

19 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 financial statements

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

Board of Directors' responsibility for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Board of Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the parent Company Mitsides Public Company Limited 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 financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2015.

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

Income statement
for the year ended 31 December 2015

	Note	2015	2014
		€	€
Revenue	5	**29.100.570**	29.063.437
Cost of sales		**(22.425.175)**	(22.476.415)
Gross profit		**6.675.395**	6.587.022
Other losses	7	**(152.000)**	(226.529)
Other income	6	**113.713**	263.881
Selling and marketing expenses		**(3.987.235)**	(3.718.443)
Administrative expenses		**(2.589.547)**	(2.236.443)
Operating profit		**60.326**	669.488
Finance costs	10	**(515.581)**	(627.514)
Impairment loss on cost of investment in subsidiary	19	**(2.972.980)**	(1.859.937)
Loss before tax		**(3.428.235)**	(1.817.963)
Income tax credit/(charge)	11	**14.392**	(1.633)
Loss for the year		**(3.413.843)**	(1.819.596)
Loss per share attributable to the equity holders of the Company (cents per share) – Basic	12	**(41,63)**	(22,19)

The notes on pages 14 to 53 are an integral part of these financial statements.

Mitsides Public Company Limited

Statement of comprehensive income
for the year ended 31 December 2015

	Note	2015 €	2014 €
Loss for the year		**(3.413.843)**	(1.819.596)
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Impact of changes in tax rate on deferred tax	27	**6.249**	7.506
Items that will not be reclassified to profit or loss		**6.249**	7.506
Items that may subsequently be reclassified to profit or loss			
Change in value of available-for-sale financial assets, net of tax	27	**(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		**4.579**	8.521
Total comprehensive loss for the year		**(3.409.264)**	(1.811.075)

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 14 to 53 are an integral part of these financial statements.

Mitsides Public Company Limited

Balance sheet
as at 31 December 2015

	Note	2015 €	2014 €
Assets			
Non-current assets			
Property, plant and equipment	16	**13.154.629**	12.888.408
Investment property	17	**2.472.980**	3.314.980
Intangible assets	18	**2.160**	10.228
Investment in subsidiaries	19	**6.736.805**	7.536.805
Available-for-sale financial assets	20	**10.039**	11.755
Non-current receivables	21	**-**	21.747
		22.376.613	23.783.923
Current assets			
Inventories	23	**5.004.135**	5.087.365
Current position of non-current receivables	21	**22.943**	-
Loans to related parties	22	**1.787.783**	1.690.197
Trade and other receivables	24	**8.298.641**	8.425.231
Tax refundable		**180.228**	159.660
Cash and bank balances	25	**412.742**	1.285.629
		15.706.472	16.648.082
Total assets		**38.083.085**	40.432.005
Equity and liabilities			
Capital and reserves			
Share capital	26	**8.446.000**	8.446.000
Fair value reserve	27	**4.706.861**	4.779.582
Retained earnings		**5.164.631**	8.539.829
Total equity		**18.317.492**	21.765.411
Non-current liabilities			
Borrowings	28	**60.850**	82.959
Deferred income tax liabilities	29	**1.772.376**	1.792.139
		1.833.226	1.875.098
Current liabilities			
Trade and other payables	30	**7.370.588**	6.782.672
Current income tax liabilities		**88.349**	115.342
Borrowings	28	**10.473.430**	9.893.482
		17.932.367	16.791.496
Total liabilities		**19.765.593**	18.666.594
Total equity and liabilities		**38.083.085**	40.432.005

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 14 to 53 are an integral part of these financial statements.

Mitsides Public Company Limited

Statement of changes in equity for the year ended 31 December 2015

	Note	Share capital €	Fair value reserve (2) €	Retained earnings (1) €	Total €
Balance at 1 January 2014		8.446.000	4.848.361	10.365.295	23.659.656
Comprehensive income					
Loss for the year		-	-	(1.819.596)	(1.819.596)
Other comprehensive income					
Land and buildings:					
Transfer of depreciation – net of tax	27	-	(77.300)	77.300	-
Deferred tax	27	-	7.506	-	7.506
Available-for-sale financial assets:					
Fair value gains	27	-	1.015	-	1.015
Total other comprehensive income for the year		-	(68.779)	77.300	8.521
Comprehensive income for the year		-	(68.779)	(1.742.296)	(1.811.075)
Transactions with owners					
Defence contribution on deemed dividend distribution		-	-	(83.170)	(83.170)
Total transactions with owners		-	-	(83.170)	(83.170)
Balance at 31 December 2014/ 1 January 2015		8.446.000	4.779.582	8.539.829	21.765.411
Comprehensive income					
Loss for the year		-	-	(3.413.843)	(3.413.843)
Other comprehensive income					
Land and buildings:					
Transfer of depreciation – net of tax	27	-	(77.300)	77.300	-
Deferred tax	27	-	6.249	-	6.249
Available for sale financial assets:					
Fair value losses	27	-	(1.670)	-	(1.670)
Total other comprehensive income for the year		-	(72.721)	77.300	4.579
Comprehensive income for the year		-	(72.721)	(3.336.543)	(3.409.264)
Transactions with owners					
Defence contribution on deemed dividend distribution		-	-	(38.655)	(38.655)
Total transaction with owners		-	-	(38.655)	(38.655)
Balance at 31 December 2015		8.446.000	4.706.861	5.164.631	18.317.492

(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 14 to 53 are an integral part of these financial statements.

Mitsides Public Company Limited

Statement of cash flows
for the year ended 31 December 2015

	Note	2015 €	2014 €
Cash flows from operating activities			
Loss before tax		**(3.428.235)**	(1.817.963)
Adjustments for:			
Depreciation of property, plant and equipment	16	**669.230**	652.819
Amortisation of computer software	18	**11.308**	11.930
Impairment loss on cost of investment in subsidiary	19	**2.972.980**	1.859.937
Fair value loss on investment property	17	**152.000**	230.000
Dividend income	6	**(36)**	(162.707)
Interest income	6	**(3.501)**	(3.689)
Interest expense	10	**515.581**	627.514
Change in provision for impairment of trade receivables	24	**488.308**	401.661
Profit on sale of property, plant and equipment	16	**-**	(3.471)
		1.377.635	1.796.031
Changes in working capital:			
Inventories		**83.230**	101.297
Trade and other receivables		**(361.718)**	(214.203)
Trade and other payables		**632.431**	975.940
Cash generated from operations		**1.731.578**	2.659.065
Income tax paid		**(45.991)**	(129.247)
Net cash generated from operating activities		**1.685.587**	2.529.818
Cash flows used in investing activities			
Purchases of property, plant and equipment	16	**(245.451)**	(204.790)
Purchases of computer software	18	**(3.240)**	-
Proceeds from sale of property, plant and equipment	16	**-**	6.500
Loans granted to related parties	33 (iv)	**(2.270.566)**	(1.329.870)
Loan repayment received from related parties	33 (iv)	**-**	400.000
Proceeds from decrease of share capital of investment in available-for-sale financial assets	20	**46**	-
Loans granted to third parties	21	**-**	(21.000)
Interest received		**1.613**	2.059
Dividend received		**36**	162.707
Net cash used in investing activities		**(2.517.562)**	(984.394)
Balance carried forward		**(831.975)**	1.545.424

Mitsides Public Company Limited

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

	Note	**2015** **€**	2014 €
Balance brought forward		**(831.975)**	1.545.424
Cash flows used in financing activities			
Repayments of bank borrowings		**(190.193)**	(414.752)
Interest paid		**(515.581)**	(627.514)
Defence contribution on deemed dividend distributions		**(83.170)**	(119.087)
Net cash used in financing activities		**(788.944)**	(1.161.353)
Net (decrease)/increase in cash, cash equivalents and bank overdrafts		**(1.620.919)**	384.071
Cash, cash equivalents and bank overdrafts at beginning of year		**(8.418.457)**	(8.802.528)
Cash, cash equivalents and bank overdrafts at end of year	25	**(10.039.376)**	(8.418.457)

The notes on pages 24 to 53 are an integral part of these financial statements.

Mitsides Public Company Limited

Notes to the 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 Company is at Nikiforos Fokas Avenue 34-38, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, 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 and the import and trade of grain.

Operating environment of the Company

(a) Operating environment of the Company

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 Company 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 Company's trade and other debtors to repay the amounts due to the Company (3) the ability of the company to generate sufficient turnover, to sell its existing inventories and/or offer its services to customers, and (4) the cash flow forecasts of the Company’s management in relation to the impairment assessment for financial and non-financial assets.

The Company’s management has assessed whether any impairment allowances are deemed necessary for the Company’s 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 Company’s management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

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

2 Summary of significant accounting policies

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

Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (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 financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2015 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 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 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 Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

These financial statements show the results of Mitsides Public Company Limited. The Company has prepared separate consolidated financial statements which show the results of the Company and the Group.

Adoption of new and revised IFRSs

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

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 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 Company's activities. Revenue is shown net of Value Added Tax, returns and discounts.

2 Summary of significant accounting policies (continued)

Revenue recognition (continued)

The Company 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 Company's activities as described below. The Company bases 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 Company 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 Company have sold or delivered goods to the customer, the customer has accepted the goods and collectibility 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.

(iv) Dividend income

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

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company 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 Company. The contributions of the Company are expensed as incurred and are included in staff costs. The Company 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 Company are measured using the currency of the primary economic environment in which the Company operates ("the functional currency"). The financial statements are presented in Euro (€), which is the Company'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.

2 Summary of significant accounting policies (continued)

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 the Company 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 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'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.

2 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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	33 1/3
Furniture and fittings	10 - 20
Computer hardware	20
Motor vehicles	15 – 20

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 Company 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.

2 Summary of significant accounting policies (continued)

Investments in subsidiaries

Subsidiaries are those companies and other entities (including special purpose entities) in which the Company directly or indirectly, has an interest of more than one half of the voting rights, or otherwise has the power to govern the financial and operating policies so as to obtain economic benefits. The existence and effect of potential voting rights that are presently exercisable or presently convertible are considered when assessing whether the Company controls another entity.

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss 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. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Investment property

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

Computer software

Costs that are directly associated with identifiable and unique computer software products controlled by 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.

2 Summary of significant accounting policies (continued)

Financial assets

(i) Classification

The Company 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 Company'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.

(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 Company 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 Company 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 Company's right to receive payments is established.

2 Summary of significant accounting policies (continued)

Financial assets (continued)

(iii) Impairment of financial assets

The Company 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 rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

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 reported in the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize 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.

2 Summary of significant accounting policies (continued)

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 variable 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 Company 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.

Provisions

Provisions are recognised when the Company 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.

2 Summary of significant accounting policies (continued)

Borrowings (continued)

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 Company 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 Company and the costs can be measured reliably.

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

Trade and other payables

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

Trade and other 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.

Segment reporting

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

Comparatives

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

3 Financial risk management

(i) Financial risk factors

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

The risk management programme of the Company focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company 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 Company 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**

Price risk

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

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

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 Company'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 Company does not manage its market price risk.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk (continued)**

Cash flow and fair value interest rate risk

As the Company has 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 for the year would have been €251 (2014: €474) higher/lower mainly as a result of higher/lower interest income on floating rate bank deposits.

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

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 would have been €35.227 (2014: €25.614) lower or higher respectively, 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.

- **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 risks.

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 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.

3 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Liquidity risk**

The table below analyses the Company'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
At 31 December 2014	**€**	**€**	**€**
Borrowings	9.898.366	**22.702**	**58.304**
Trade and other payables	6.782.672	-	-
	16.681.038	**22.702**	**58.304**

	Less than 1 year	Between 1 to 2 years	Between 2 to 5 years
At 31 December 2015	**€**	**€**	**€**
Borrowings	10.476.302	**24.184**	**40.152**
Trade and other payables	7.370.588	-	-
	17.846.890	**24.184**	**40.152**

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.

Management monitors rolling forecasts of the Company's liquidity reserve (includes undrawn borrowing facilities (Note 28) and cash and bank balances (Note 25) on the basis of expected cash flows).

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's 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 Company 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 Company 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.

3 Financial risk management (continued)

(ii) Capital risk management (continued)

During 2015, the Company's strategy, which was unchanged from 2013, was to maintain the gearing ratio between 25% and 40%. The gearing ratios at 31 December 2015 and 2014 were as follows:

	2015	2014
	€	€
Total borrowings (Note 28)	**10.534.280**	9.976.441
Less: Cash and cash balances (Note 25)	**(412.742)**	(1.285.629)
Net debt	**10.121.538**	8.690.812
Total equity	**18.317.492**	21.765.411
Total capital as defined by management	**28.439.030**	30.456.223
Gearing ratio	**36%**	29%

The increase in the gearing ratio during 2015 resulted primarily from borrowings taken during the year for financing the working capital needs of the Company.

(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).

The following table presents the Company'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	2.478	11.755

The following table presents the Company'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	7.561	2.478	10.039

3 Financial risk management (continued)

(iii) Fair value estimation (continued)

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

- **Calculated impairment on cost of investment in subsidiary**

  Each year the Company assesses whether the cost of investment in subsidiary has suffered an impairment in accordance with the accounting policy mentioned in Note 2. The recoverable amount of the cash generated units has been determined based on the calculations of value in use. These calculations require the use of estimates as disclosed in Note 19.

4 Critical accounting estimates and judgments (continued)

(i) Critical accounting estimates and assumptions (continued)

- **Calculated impairment on cost of investment in subsidiary (continued)**

Below we present how the alteration of one or more of the main indicators used in the calculation of value in use, will affect the cost of investment in subsidiary.

Mitsides Point d.o.o.

	Revenue Growth 2016 - 2021 %	Average Gross Profit Margin 2016 - 2021 %	Weighted Average Cost of Capital %	Impairment €000
Base scenario	24,0	19,6	13,7	(2.973)
Alteration of Main index:				
Revenue Growth	15,0	19,6	13,7	(6.173)
Average Gross Profit Margin	24,0	19,1	13,7	(2.774)
Weighted Average Cost of Capital	24,0	19,6	15,0	(3.702)
Combined scenario	15,0	19,1	15,0	(6.173)

- **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 Company recognise 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 Company's accounting policies

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

The Company 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 Company would suffer an additional loss in its 2015 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, and
(d) import and sale of wheat.

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	15.575.482	(1.109.221)	14.466.261	2.971.202
Production and sale of pasta	7.647.029	-	7.647.029	2.703.527
Import and sale of raw materials for baking and confectionary industries	4.393.906	(90.965)	4.302.941	937.795
Import and sale of wheat	9.749.893	(7.065.554)	2.684.339	62.871
	37.366.310	(8.265.740)	29.100.570	6.675.395

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	16.555.595	(1.126.729)	15.428.866	3.131.567
Production and sale of pasta	7.419.736	-	7.419.736	2.550.734
Import and sale of raw materials for baking and confectionary industries	3.716.028	(81.512)	3.634.516	823.905
Import and sale of wheat	9.575.528	(6.995.209)	2.580.319	80.816
	37.266.887	(8.203.450)	29.063.437	6.587.022

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

	2015	2014
	€	€
Gross profit of all operating segments	**6.675.395**	6.587.022
Other losses	**(152.000)**	(226.529)
Other income	**113.713**	263.881
Selling and marketing expenses	**(3.987.235)**	(3.718.443)
Administration expenses	**(2.589.547)**	(2.236.443)
Finance costs	**(515.581)**	(627.514)
Impairment loss on cost of investment in Subsidiary	**(2.972.980)**	(1.859.937)
Loss before tax	**(3.428.235)**	(1.817.963)

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

	2015	2014
	€	€
Sale of flour	**4.298.299**	5.357.712
Sale of pasta	**458.276**	549.343
	4.756.575	5.907.055

All non-current assets are based in in Cyprus.

None of the Company's clients, exceeds in sales the 10% threshold of the Company's total sales.

Significant assets and liabilities of the Company 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	**2.305**	2.942
Loan to third party (Note 21)	**1.196**	747
Total interest income	**3.501**	3.689
Dividend income from subsidiary	**-**	162.678
Dividend income from available-for-sale financial assets (Note 20)	**36**	29
Consultancy services	**44.743**	44.765
Other income	**65.433**	52.720
	113.713	263.881

7 Other losses

	2015 €	2014 €
Investment property:		
Fair value loss (Note 17)	**(152.000)**	(230.000)
Property, plant and equipment		
Profit on sale (Note 16)	**-**	3.471
Total other losses	**(152.000)**	(226.529)

8 Expenses by nature

	2015 €	2014 €
Depreciation of property, plant and equipment (Note 16):		
Privately owned	**669.230**	652.819
Amortisation of intangible assets (Note 18):		
Computer software	**11.308**	11.930
Repairs and maintenance	**198.121**	204.785
Operating lease rentals (Note 16)	**63.736**	63.595
Auditors' remuneration charged by statutory audit firm	**34.200**	34.200
Professional fees	**323.532**	277.601
Raw materials used	**11.827.641**	11.493.424
Purchases of finished goods	**8.170.761**	8.215.707
Changes in inventories of finished goods	**(249.150)**	(24.278)
Factory expenses (excluding staff costs, repairs and maintenance and depreciation charges)	**600.203**	679.517
Specific provision for impairment of receivables (Note 24)	**488.308**	417.483
Bad debts recovered (Note 24)	**-**	(15.822)
Bad debts written off	**139.342**	4.067
Staff costs (Note 9)	**4.359.647**	4.203.079
Advertising and marketing expenses	**603.027**	382.880
Car expenses	**480.104**	500.904
Export expenses	**674.712**	834.167
Bank charges	**89.235**	84.688
Other expenses	**518.000**	410.555
Total cost of goods sold, selling and marketing expenses and administrative expenses	**29.001.957**	28.431.301

Professional fees stated above, includes 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 Company.

9 Staff costs

	2015 €	2014 €
Wages and salaries	**3.919.622**	3.777.699
Social insurance costs and other contributions	**354.512**	342.477
Social Cohesion Fund contribution	**77.876**	75.365
Contribution to Provident Fund:		
Directors	**1.113**	815
Employees	**6.524**	6.723
	4.359.647	4.203.079

The Company operates a defined contribution plan, the Employees Provident Fund of Mitsides Public Company Limited which is financed separately and prepares its own separate financial statements and 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	**515.581**	627.458
Finance lease obligations	**-**	56
	515.581	627.514

11 Income tax expense

	2015 €	2014 €
Current tax:		
Corporation tax	**27.279**	76.965
Defence contribution	**692**	883
Total current tax	**27.971**	77.848
Prior year tax:		
Corporation tax	**(28.849)**	(28.209)
Total prior year tax	**(28.849)**	(28.209)
Deferred tax (Note 29)		
Origination and reversal of temporary differences	**(13.514)**	(48.006)
Total deferred tax	**(13.514)**	(48.006)
Income tax (credit)/charge	**(14.392)**	1.633

11 Income tax expense (continued)

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

	2015 **€**	2014 €
Loss before tax	**(3.428.235)**	(1.817.963)
Tax calculated at the applicable corporation tax rate of 12,5% (2013: 12,5%)	**(428.530)**	(227.245)
Tax effect of expenses not deductible for tax purposes	**448.787**	285.579
Tax effect of allowances and income not subject to tax	**(271)**	(21.140)
Difference between income tax and Capital gains tax rates and indexation effect	**(8.701)**	(13.186)
Defence contribution	**692**	883
Corporation tax-prior years	**(28.849)**	(28.209)
10% Penalty	**2.480**	4.951
Income tax credit/(charge)	**14.392**	1.633

The Company is subject to corporation tax on taxable profits at the rate of 12,5% as from 1 January 2013.

As from tax year 2013 brought forward losses of only five years for the Cyprus registered Companies may be transferred and utilised against profits.

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.

The tax charge 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	**-**	**6.249**	**6.249**	**-**	**7.506**	**7.506**
Available for sale financial assets:						
Fair value (loss)/gain	**(1.670)**	**-**	**(1.670)**	**1.015**	**-**	**1.015**
Other comprehensive income	**(1.670)**	**6.249**	**4.579**	**1.015**	**7.506**	**8.521**

12 Loss 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	**(3.413.843)**	(1.819.596)
Weighted average number of issued shares	**8 200 000**	8 200 000
Basic loss per share - cents	**(41,63)**	(22,19)

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	-	10.039	10.039
Non-current receivables	22.943	-	22.943
Loan to related party	1.787.783	-	1.787.783
Trade and other receivables (excluding prepayments)	8.234.421	-	8.234.421
Cash and bank balances	412.742	-	412.742
Total	10.457.889	10.039	10.467.928

	Financial liabilities
	€
Liabilities as per balance sheet	
Borrowings	10.534.280
Trade and other payables (excluding statutory liabilities)	7.284.641
Total	17.818.921

	Loans and receivables	Available-for sale	Total
	€	€	€
31 December 2014			
Assets as per balance sheet			
Available-for-sale financial assets	-	11.755	11.755
Non-current receivables	21.747	-	21.747
Loan to related party	1.690.197	-	1.690.197
Trade and other receivables (excluding prepayments)	8.359.627	-	8.359.627
Cash and bank balances	1.285.629	-	1.285.629
Total	11.357.200	11.755	11.368.955

	Financial liabilities
	€
Liabilities as per balance sheet	
Borrowings	9.976.441
Trade and other payables (excluding statutory liabilities)	6.553.335
Total	16.529.776

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	**222.838**	62.165
Group 2	**849.438**	1.042.910
Group 3	**1.208.441**	1.485.320
Total trade receivables that are neither past due nor impaired	**2.280.717**	2.590.395

	2015 €	2014 €
Other receivables that are neither past due nor impaired		
Group 4	**1.999.931**	1.921.322
Group 5	**63.469**	79.626
	2.063.400	2.000.948
Cash at bank and short-term bank deposits [(1)]		
Caa1	**-**	110.001
Caa2	**144.198**	98.367
Caa3	**203.528**	779.780
Not rated	**43.380**	45.619
	391.106	1.033.767

(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	11.275.786	6.824.966	1.109.157	1.883.818	**21.093.727**
Accumulated depreciation	-	(5.108.930)	(946.747)	(1.698.584)	**(7.754.261)**
Net book amount	11.275.786	1.716.036	162.410	185.234	**13.339.466**
Year ended 31 December 2014					
Opening net book amount	11.275.786	1.716.036	162.410	185.234	**13.339.466**
Additions	-	136.291	32.258	36.241	**204.790**
Disposals	-	(3.029)	-	-	**(3.029)**
Depreciation charge (Note 8)	(294.919)	(220.506)	(58.071)	(79.323)	**(652.819)**
Closing net book amount	10.980.867	1.628.792	136.597	142.152	**12.888.408**
At 31 December 2014					
Cost or valuation	11.275.786	4.627.304	1.141.415	1.891.013	**18.935.518**
Accumulated depreciation	(294.919	(2.998.512)	(1.004.818)	(1.748.861)	**(6.047.110)**
Net book amount	10.980.867	1.628.792	136.597	142.152	**12.888.408**
Year ended 31 December 2015					
Opening net book amount	10.980.867	1.628.792	136.597	142.152	**12.888.408**
Additions	22.645	97.585	42.767	82.454	**245.451**
Transfer from investment property due to change in use (Note 17)	690.000	-	-	-	**690.000**
Depreciation charge (Note 8)	(303.104)	(226.607)	(51.031)	(88.488)	**(669.230)**
Closing net book amount	11.390.408	1.499.770	128.333	136.118	**13.154.629**
At 31 December 2015					
Cost or valuation	11.988.431	4.724.889	1.184.182	1.973.467	**19.870.969**
Accumulated depreciation	(598.023)	(3.225.119)	(1.055.849)	(1.837.349)	**(6.716.340)**
Net book amount	11.390.408	1.499.770	128.333	136.118	**13.154.629**

Bank borrowings are secured on land and buildings of the Company (including investment properties Note 17) for €7.498.658 (2014: €7.498.658) (Note 28).

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

	2015 €	2014 €
Net book value	**-**	3.029
Profit on sale of property, plant and equipment (Σημ. 7)	**-**	3.471
Proceeds from sale of property, plant and equipment	**-**	6.500

Operating lease rentals amounting to €63.736 (2014: €63.595) relating to the lease of property are included in profit or loss (Note 8).

Depreciation expense of €529.711 (2014: €515.425) has been charged in “cost of sales”, €51.374 (2014: €41.742) in “selling and marketing expenses” and €88.145 (2014: €95.652) in “administrative expenses”.

16 Property, plant and equipment (continued)

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

	2015	2014
	€	€
Cost	**5.982.252**	5.788.747
Accumulated depreciation	**(3.160.391)**	(2.945.630)
Net book amount	**2.821.861**	2.843.117

Fair value of land and buildings

An independent valuation of land and buildings of the Company was performed by independent valuers to determine fair value of land and buildings as at 31 December 2013. The revaluation revealed no significant changes in the fair value of land and buildings. 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).

	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	-	-	11.116.725
Flat - Serbia	-	-	273.683
	-	-	11.390.408

Valuation processes of the Company

The Company engages at regular intervals, external, independent and qualified valuers to determine the fair value of land and buildings of the Company. On 31 December 2013 the fair values of the land and buildings were determined by D & M Axia Chartered Surveyors Limited, member of RICS.

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 Company’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.

16 Property, plant and equipment (continued)

Valuation processes of the Company (continued)

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					
Land	11.390.408	comparable prices	Price per square meter	€200-€750 (€293)	The higher the price per square meter the higher the fair value
Buildings		depreciated replacement cost	Price per square meter	€479-€565 (€530)	The higher the price per square meter the higher the fair value

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

17 Investment property

	2015	2014
	€	€
At beginning of the year	**3.314.980**	3.544.980
Fair value loss (Note 7)	**(152.000)**	(230.000)
Transfer to property, plant and equipment due to change of use (Note 16)	**(690.000)**	-
At end of the year	**2.472.980**	3.314.980

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.

Investment property of the Company comprises of idle land not used by the Company and has been classified at Level 3 of the fair value hierarchy.

Country	**Idle land-Cyprus**	**2015 Total**	2014 Total
	€	**€**	€
Fair value at 1 January	**3.314.980**	**3.314.980**	3.544.980
Net loss from fair value adjustments on investment property	**(152.000)**	**(152.000)**	(230.000)
Transfer to property, plant and equipment due to change of use (Note 16)	**(690.000)**	**(690.000)**	-
Fair value at 31 December	**2.472.980**	**2.472.980**	3.314.980

Bank borrowings are secured on the 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 28).

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 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 Company'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
	2.472.980				

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	348.450
Buildings not used	(22.500)	(15.000)	(7.500)	7.500	15.000	22.500
	(370.950)	(247.300)	(123.650)	123.650	247.300	370.950

18 Intangible assets

	Computer software €
At 1 January 2014	
Cost	236.617
Accumulated amortization and impairment charges	(214.459)
Net book amount	22.158
Year ended 31 December 2014	
Opening net book amount	22.158
Additions	-
Amortisation charge (Note 8)	(11.930)
	10.228
Closing net book amount	
At 31 December 2014	
Cost	236.617
Accumulated amortization and impairment charges	(226.389)
Net book amount	10.228
Year ended 31 December 2015	
Opening net book amount	10.228
Additions	3.240
Amortisation charge (Note 8)	(11.308)
Closing net book amount	2.160
At 31 December 2015	
Cost	239.857
Accumulated amortization and impairment charges	(237.697)
Net book amount	2.160

Computer software is amortised using the straight line method over a 3 year period. Amortisation of €11.308 (2014: €11.930) is included in “administrative expenses” in profit or loss.

19 Investment in subsidiaries

	2015 €	2014 €
At the beginning of the year	**7.536.805**	9.396.742
Impairment charge (1)	**(2.972.980)**	(1.859.937)
Increase in Share Capital of Mitsides Point d.o.o. (2) (Note 33 (iv))	**2.172.980**	-
At end of year	**6.736.805**	7.536.805

(1) On 31 December 2015, the Company recognised impairment loss on cost of investment of subsidiary company of €2.972.980 (2014: €1.859.937). The impairment loss was written off in the income statement and it relates to the investment in Mitsides Point d.o.o.

(2) On 26 June 2015, the subsidiary Mitsides Point d.o.o. increased its share capital from €3.532.398 to €5.705.378. The increase of share capital derived from the capitalisation of loans amounting to €2.172.980 (Note 33 (iv)) that were received from the parent company Mitsides Public Company Limited.

19 Investment in subsidiaries (continued)

Impairment test for cost of investment in subsidiary Companies

The recoverable amount of the cash generating unit has been 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.

The main indicators used in the calculation of value in use for the year ended 31 December 2015 are as follows:

	Average gross profit margin 2016 – 2021 %	Revenue growth 2016 - 2021 %	Weighted average cost of capital %
Mitsides Point d.o.o.	19,6	24,0	13,7

Management determines the budgeted gross profit margin based on past performance and its expectations for market development.

The weighted average growth rate used is consistent with provisions included in data and reports which relates to the sector in which the Company operates. The weighted average cost of capital used does not include the effects of tax and reflects specific risks relating to each cash generating unit. Based on the above assumptions , the amount of the impairment recognised in the accounts at 31 December 2015 is €2.972.980 (2014: €1.859.937).

The Company's interests in its subsidiaries, all of which are unlisted were as follows:-

Name	**Country of incorporation**	**Principal activities**	**2015 % holding**	2014 % holding
Blue Azul Investments Limited	Cyprus	Parent Company of Larnaca Flourmills "Zenon" Limited	**100%**	100%
Mitsides Point d.o.o.	Serbia	Production of pasta, flour, bread, pastry products and storing of grain	**100%**	100%

20 Available-for-sale financial assets

	2015 €	2014 €
At the beginning of the year	**11.755**	10.740
Fair value gains/(losses) transferred to other comprehensive income (Note 27)	**(1.670)**	1.015
Capital reduction	**(46)**	-
At end of year	**10.039**	11.755

20 Available-for-sale financial assets (continued)

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

	2015 €	2014 €
Listed equity securities:		
Cyprus Stock Exchange	**7.561**	9.277
Unlisted equity securities	**2.478**	2.478
	10.039	11.755

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

The maximum exposure to credit risk at the balance sheet date is the fair value of equity investments classified as available-for-sale.

21 Non-current receivables

	2015 €	2014 €
Non-current		
Loans to third parties	**-**	21.747
Current		
Loans to third parties	**22.943**	-
	22.943	21.747

During 2014, the Company granted a loan of €21.000 to third party for which an interest of €747 has been calculated.

During 2015, the Company didn't grant any additional loans to third parties, but interest of €1.196 was charged for the existing loans.

The loan is due for payment on the 31st of 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 Company'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 Company does not hold any collateral as security. None of the non-current receivables is either past due or impaired.

22 Loan to related company

	2015	2014
	€	€
Current		
Loan to subsidiary (Note 33 (iv))	**1.787.783**	1.690.197

During 2015, an additional loan of €2.270.566 (Note 33(iv)) was granted to the subsidiary company Mitsides Point A.D. which does not bear interest and is repayable on demand.

On July 1 2015, loans granted to the subsidiary Mitsides Point d.o.o. of €2.172.990 were capitalised (Note 33 (iv)) as part of the cost of investment of the subsidiary company.

During 2015, the subsidiary didn’t repay any part of the loan granted in 2015 (Note 33 (iv)).

Loan to related party is not secured.

The fair value of current receivable is as follows:

	2015	2014
	€	€
Loan to subsidiary	**1.787.783**	1.690.197

The carrying amount of current receivable of the Company is denominated in the following currency:

	2015	2014
	€	€
Euro – functional and presentation currency	**1.787.783**	1.690.197

The maximum exposure to credit risk at the balance sheet date is the carrying value of current receivable mentioned above. The current receivable is neither past due nor impaired.

23 Inventories

	2015	2014
	€	€
Raw materials	**2.733.506**	3.073.507
Finished goods	**1.684.897**	1.435.747
Spare parts	**478.750**	473.238
Fuels and lubricants	**10.250**	9.815
Goods in transit	**96.732**	95.058
	5.004.135	5.087.365

All inventories are stated at cost.

24 Trade and other receivables

	2015	2014
	€	€
Trade receivables	**9.053.660**	**9.331.874**
Less: Provision for impairment of receivables (Note 4)	**(1.071.913)**	**(1.261.251)**
Trade receivables – net	**7.981.747**	**8.070.623**
Receivables from related companies (Note 33 (iii))	**212.148**	**231.125**
Other receivables	**40.526**	**57.879**
Prepayments	**64.220**	**65.604**
	8.298.641	**8.425.231**

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

	2015	2014
	€	€
Trade receivables	**7.981.747**	8.070.623
Receivable from related parties	**212.148**	231.125
Other receivables	**40.526**	57.879
Prepayments	**64.220**	65.604
	8.298.641	8.425.231

At 31 December 2015, trade receivables of €2.280.717 (2014: €2.590.395) were neither past due nor impaired.

Trade receivables that are less than three months past due are not considered impaired. As of 31 December 2015, trade receivables of €5.701.030 (2014: €5.480.228) 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
	€	€
Up to 3 months	**5.701.030**	5.480.228

24 Trade and other receivables (continued)

At 31 December 2015, trade receivables of €1.071.913 (2014: €1.261.251) 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	**1.071.913**	1.261.251

Movements on the Company’s provision for impairment of trade receivables are as follows:

	2015	2014
	€	€
At 1 January	**1.261.251**	861.564
Specific provision for impairment of receivables (Note 8)	**488.308**	417.483
Bad debts recovered (Note 8)	**-**	(15.822)
Receivables written off during the year as uncollectible	**(677.646)**	(1.974)
At 31 December	**1.071.913**	1.261.251

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 Company does not hold any collateral as security.

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

	2015	2014
	€	€
Euro – functional and presentation currency	**8.298.641**	8.425.231

25 Cash and bank balances

	2015	2014
	€	€
Cash at bank and in hand	**301.242**	1.175.628
Short term bank deposits	**111.500**	110.001
	412.742	1.285.629

The effective interest rate on short term bank deposits was 1,93 % (2014: 2,17%).

25 Cash and bank balances (continued)

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	**412.472**	1.285.629
Bank overdrafts (Note 28)	**(10.452.118)**	(9.704.086)
	(10.039.376)	(8.418.457)

Cash and bank balances are denominated in the following currencies:

	2015 €	2014 €
Euro – functional and presentation currency	**410.397**	566.806
US Dollar	**-**	714.259
Serbian Dinar	**2.345**	4.564
	412.742	1.285.629

26 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 (2013: 33 333 333 shares) of nominal value €1,03 per share. All issued shares are fully paid.

27 Other reserves

	Land and buildings €	Available-for-sale financial assets €	Total €
1 January 2014	5.313.538	(465.177)	4.848.361
Available-for-sale financial assets:			
Fair value gain (Note 20)	-	1.015	1.015
Land and buildings:			
Depreciation transfer – gross	(88.343)	-	(88.343)
Depreciation transfer – tax	11.043	-	11.043
Deferred tax adjustment (Note 29)	7.506	-	7.506
At 31 December 2014/1 January 2015	5.243.744	(464.162)	4.779.582
Available-for-sale financial assets:			
Fair value loss (Note 20)	-	(1.670)	(1.670)
Land and buildings:			
Depreciation transfer – gross	(88.343)	-	(88.343)
Depreciation transfer – tax	11.043	-	11.043
Deferred tax adjustment (Note 29)	6.249	-	6.249
At 31 December 2015	5.172.693	(465.832)	4.706.861

28 Borrowings

	2015 €	2014 €
Current		
Bank overdrafts (Note 25)	**10.452.118**	9.704.086
Bank borrowings	**21.312**	189.396
	10.473.430	9.893.482
Non-current		
Bank borrowings	**60.850**	82.959
Total borrowings	**10.534.280**	9.976.441

	2015 €	2014 €
Maturity of non-current borrowings:		
Between 1 and 2 years	**22.148**	19.618
Between 2 and 5 years	**38.702**	63.341
	60.850	82.959

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 Company's assets for €4.088.064 (2014: €4.088.064),

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

(iii) By pledge of fire insurance of the Company for €18.006.407 (2014: €18.006.407),

(iv) 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 weighted average effective interest rates at the balance sheet date were as follows:

	2015 %	2014 %
Bank borrowings	**4,16**	5,71
Bank overdrafts	**4,37**	6,43

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

The Company 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 Company for working capital.

28 Borrowings (continued)

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

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

	2015 **€**	2014 €
Euro – functional and presentation currency	**10.534.280**	9.976.441

29 Deferred income tax liabilities

The analysis of deferred income tax liabilities are as follows:

	2015 **€**	2014 €
Deferred income tax liabilities:		
- Deferred tax liabilities to be settle after more than twelve months	**1.772.376**	1.792.139

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

	2015 **€**	2014 €
At the beginning of the year	**1.792.139**	1.847.651
Credit included in profit or loss (Note 11)	**(13.514)**	(48.006)
Tax (credit)/charge relating to components of other comprehensive income (Note 27)	**(6.249)**	(7.506)
At the end of year	**1.772.376**	1.792.139

The movement in deferred tax assets and liabilities, is as follows:

	Revaluation of land, buildings and machinery €	Difference between depreciation and wear and tear allowance €	Total €
At 1 January 2014	1.748.693	98.958	1.847.651
Debit/(credit):			
Profit or loss (Note 11)	(41.936)	(6.070)	(48.006)
Other comprehensive income (Note 27)	(7.506)	-	(7.506)
At 31 December 2014/1 January 2015	1.699.251	92.888	1.792.139
Debit/(credit):			
Profit or loss (Note 11)	(27.701)	14.187	(13.514)
Other comprehensive income (Note 27)	(6.249)	-	(6.249)
At 31 December 2015	1.665.301	107.075	1.772.376

30 Trade and other payables

	2015 €	2014 €
Trade payables	**4.192.474**	4.027.648
Social Insurance, VAT and other taxes	**47.292**	146.167
Accrued expenses	**64.166**	62.084
Payable to related party (Note 33 (iii))	**3.023.849**	2.460.047
Other payables	**4.152**	3.556
Defence contribution payable on deemed dividend distribution	**38.655**	83.170
	7.370.588	6.782.672

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

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

	2015 €	2014 €
Euro – functional and presentation currency	**7.370.588**	6.782.672

31 Contingencies

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

(i) 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).

(ii) 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).

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

(iv) 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.

32 Commitments

Operating lease commitments – where the Company is the lessee

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

The Company 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

33 Related party transactions

The Company is 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 & C Mitsides (Investments) Limited, Gar Net Energy Savings Limited and LM & M United Promotion Limited are considered to be related parties due to common ownership by the Directors.

The Company Larnaca Flourmills "Zenon" Limited is wholly owned subsidiary of Blue Azul Investments Limited which is 100% controlled by the Company.

The following transactions were carried out with related parties:

(i) Sales of goods and services

	2015 €	2014 €
Sales of goods:		
Larnaca Flourmills "Zenon" Limited	**2.904.963**	2.805.287
Sales of services:		
Larnaca Flourmills "Zenon" Limited	**44.743**	44.765
Recharging:		
Larnaca Flourmills "Zenon" Limited	**40.932**	37.935

(ii) Purchases of goods and services

	2015 €	2014 €
Purchases of goods:		
Larnaca Flourmills "Zenon" Limited	**3.751.155**	3.697.535
Mitsides Point d.o.o.	**441.617**	1.227.264
LM & M United Promotion Limited	**-**	3.451
Puratos N.V.	**2.037**	-
	4.194.809	4.928.250
Purchases of services:		
Chr & C Mitsides (Investments) Limited	**188.252**	186.738

33 Related party transactions (continued)

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

	2015 €	2014 €
Receivable from related parties (Note 24):		
Gar Net Energy Savings Limited	**43.145**	7.593
Mitsides Point d.o.o.	**167.033**	223.532
Chr. C. Mitsides (Investments) Ltd	**1.970**	-
	212.148	231.125
Payable to related parties (Note 30):		
Larnaca Flourmills “Zenon” Limited	**3.023.849**	2.460.047

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.

(iv) Loan to related party

	2015 €	2014 €
Loan to subsidiary		
At the beginning of the year	**1.690.197**	760.327
Loans advanced during the year (Note 22)	**2.270.566**	1.329.870
Loan capitalised during the year (Note 22)	**(2.172.980)**	-
Loans repaid during the year (Note 22)	**-**	(400.000)
At end of year (Note 22)	**1.787.783**	1.690.197

During 2015, an additional loan of €2.270.566 (Note 22) was granted to the subsidiary company Mitsides Point d.o.o. which does not bear interest and is repayable on demand.

On 26 June 26 , loans granted to the subsidiary Mitsides Point d.o.o. of €2.172.980 were capitalised as part of the cost of investment of the subsidiary company.

During 2015, the subsidiary didn’t repay any part of the loan granted in 2015 (Note 22).

Loan to related party is not secured.

(vi) Key management personnel compensation

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

	2015 €	2014 €
Salaries and other short term benefits	**1.217.424**	1.195.662

33 Related party transactions (continued)

(vii) Director's remuneration

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

	2015	2014
	€	€
Emoluments in their executive capacity	**399.188**	399.188
Fees	**11.550**	9.350
	411.345	408.538

(viii) Securities of banking facilities of subsidiary companies

The banking facilities of subsidiary companies Larnaca Flourmills "Zenon" Limited and Mitsides Point d.o.o. are secured by guarantees of the Company (Note 31).

34 Events after the balance sheet date

On 27 February 2016, the 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 31 (ii)).

Other than the above there were no other material events after the balance sheet date which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 6 to 7.