EMMA ALPHA HOLDING LTD

Auditor's report
and consolidated financial statements
31 December 2014

Contents

Officers and Professional Advisors

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

Board of Directors' report

The Board of Directors of EMMA ALPHA HOLDING LTD (the "Company") present to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the years ended 31 December 2014 and 31 December 2013.

INCORPORATION

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

PRINCIPAL ACTIVITIES

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

FINANCIAL RESULTS

The Group's financial results for the years ended 31 December 2014 and 31 December 2013 are set out on page 9 in the consolidated financial statements. The net loss attributable to equity holders of the Group for the year 2014 amounted to TEUR 10,051 (2013 – loss of TEUR 21,707).

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

The results of this year are still not considered satisfactory. However, the Group successfully reduced the losses by 50% compared to year 2013. The Board of Directors is making an effort to reduce the Group's losses. Despite the loss this year the Group's development to date and the financial position as reflected in the consolidated financial statements are satisfactory.

REVENUE

The Group's net profit („trading profit") from trading on investments for the year ended 31 December 2014 was TEUR 1,128 (2013 – net profit of TEUR 960).

DIVIDENDS

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

MAIN RISKS AND UNCERTAINTIES

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

FUTURE DEVELOPMENTS

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

SHARE CAPITAL

There were no changes in the share capital of the Group during the year.

BRANCHES

During the year ended 31 December 2014 and 31 December 2013 the Group did not operate any branches.

Board of Directors' report (continued)

BOARD OF DIRECTORS

The members of the Group's Board of Directors as at 31 December 2014 and at the date of this report are presented on page 3. All of them were members of the Board of Directors throughout the year ended 31 December 2014.

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

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

ACCOUNTING RECORDS

The books of the Group for the first half of the year 2014 and the year 2013 were maintained by GQS Services Ltd. For the second half of the year 2014 the books of the Group were maintained internally.

RECENT VOLATILITY IN GLOBAL FINANCIAL MARKETS

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

EVENTS AFTER THE REPORTING PERIOD

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

RELATED PARTY TRANSACTIONS

Related party transactions are disclosed in note 28 of the consolidated financial statements.

INDEPENDENT AUDITORS

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

By order of the Board of Directors,

Demetrios Aletraris

Director

Nicosia, 7 September 2015

KPMG Limited
Chartered Accountants
14 Esperidon Street
1087 Nicosia, Cyprus
P.O.Box 21121
1502 Nicosia, Cyprus

Telephone +357 22 209000
Fax +357 22 678200
E-mail nicosia@kpmg.com.cy
Internet www.kpmg.com.cy

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF EMMA ALPHA HOLDING LTD

Report on the consolidated financial statements

We have audited the consolidated financial statements of EMMA ALPHA HOLDING LTD (the "Company") and its subsidiaries (together with the Company, the "Group") on pages 8 to 47 which comprise the consolidated statement of financial position as at 31 December 2013 and 31 December 2014, and the consolidated statements of comprehensive income, changes in equity and cash flows for the year ended 31 December 2013 and 31 December 2014, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the consolidated financial statements

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

Auditors' responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

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

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

Opinion

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Company as at 31 December 2013 and 31 December 2014, and of its financial performance and its cash flows for the year ended 31 December 2013 and 31 December 2014 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 these books.
- The consolidated financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the consolidated financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors on pages 4 to 5 is consistent with the consolidated financial statements.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 34 of 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.

Christos V. Vasiliou, FCA

Certified Public Accountant and Registered Auditor

for and on behalf of

KPMG Limited

Certified Public Accountants and Registered Auditors

14 Esperidon Street

1087 Nicosia

Cyprus

7 September 2015

	Note	2014 TEUR	2013 TEUR
ASSETS			
Non-current assets			
Intangible assets	7	28,447	--
Property, plant and equipment	8	10,342	--
Investments in associates	14	447,106	479,295
Loans receivable	11	89,194	41,530
Financial assets available-for-sale	10	32,627	31,880
Financial assets at fair value through profit or loss	10	2,750	--
Total non-current assets		**610,466**	**552,705**
Current assets			
Loans receivable	11	25,319	23,098
Current tax assets		42	--
Trade and other receivables	12	7,943	--
Inventories		409	--
Other assets	13	2,421	
Cash and cash equivalents	9	1,839	1,569
Total current assets		**37,973**	**24,667**
Total assets		**648,439**	**577,372**
EQUITY			
Share capital	19	10	10
Redeemable preference shares	19	382,237	382,237
Revaluation reserves	10	15,064	5,479
Translation reserves	14	(45,901)	(6,061)
Other reserves		1,933	189
Retained earnings		(19,044)	2,660
Profit for the period		(9,993)	(21,707)
Equity attributable to owners of the Company		**324,306**	**362,807**
Non-controlling interests		**694**	**--**
Total equity		**325,000**	**362,807**
LIABILITIES			
Non-current liabilities			
Non-current provisions		104	--
Due to non-banks	15	273,729	201,451
Due to banks and other financial institutions	16	508	--
Other liabilities	18	5,486	--
Deferred tax liabilities		2,561	--
Total non-current liabilities		**282,388**	**201,451**
Current liabilities			
Current provisions		984	--
Due to non-banks	15	15,528	7,897
Due to banks and other financial institutions	16	12,592	4,563
Current income tax liabilities		--	86
Trade and other payables	17	4,653	1
Other liabilities	18	7,294	567
Total current liabilities		**41,051**	**13,114**
Total liabilities and equity		**648,439**	**577,372**

On 7 September 2015 the Board of Directors of EMMA ALPHA HOLDING LTD authorised these consolidated financial statements for issue.

Radka Fišerová Director	Demetrios Aletraris Director

The notes on pages 12 to 47 are an integral part of these consolidated financial statements.

	Note	2014 TEUR	2013 TEUR
Trading profit	20	1,128	960
Net retail income	23	6,850	--
Administrative expenses	22	(14,262)	(1,183)
Impairment of investments	21	--	(15,332)
Other operating income	24	26,142	1,140
Other operating expenses	25	(8,906)	--
Profit/(loss) from operations		**10,952**	**(14,415)**
Finance income	26	5,762	1,262
Finance expense	26	(22,680)	(12,634)
Net finance income/expense		**(16,918)**	**(11,372)**
Dividends from associates and available-for-sale investments		3,700	--
Associates – share of profit/(loss)	14	(7,638)	4,187
Profit/(loss) before tax		**(9,904)**	**(21,600)**
Income tax	27	(147)	(107)
Profit/(loss) after tax continuing operations after tax		**(10,051)**	**(21,707)**
Other comprehensive income:			
Items that may be reclassified to profit or loss:			
Revaluation (losses)/gains on available-for-sale financial assets	10	3,449	5,479
Foreign currency translation differences		(185)	--
Associates – share of OCI	14	(38,555)	(5,872)
Other comprehensive income for the year		**(35,291)**	**(393)**
Total comprehensive income for the year		**(45,342)**	**(22,100)**
Total comprehensive income attributable to:			
Owners of the Company		(45,281)	(22,100)
Non-controlling interests		(61)	--
		(45,342)	**(22,100)**

The notes on pages 12 to 47 are an integral part of these consolidated financial statements.

	Share capital TEUR	Redeemable shares** TEUR	Revaluation reserves TEUR	Translation reserves TEUR	Other reserves TEUR	Retained earnings TEUR	Total – Owners of the Company TEUR	Non-controlling interest TEUR	Total TEUR
Balance as at 1 January 2013	**10**	**9.9**	--	--	--	**2,660**	**2,680**	--	**2,680**
Comprehensive income									
Profit /(loss) for the period	--	--	--	--	--	(21,707)	(21,707)	--	(21,707)
Revaluation gains/(losses) on available-for-sale financial assets	--	--	5,479	--	--	--	5,479	--	5,479
Associates – share of OCI	--	--	--	(6,061)	189	--	(5,872)	--	(5,872)
Total comprehensive income as at 31 December 2013	--	--	**5,479**	**(6,061)**	**189**	**(21,707)**	**(22,100)**	--	**(22,100)**
Transactions with owners recognized directly in equity									
Contributions by and distributions to owners									
Issue of share capital	--	0.1*	--	--	--	--	**0.1***	--	0.1*
Share premium	--	382,227.2	--	--	--	--	382,227	--	382,227
Total transactions with owners	--	382,227.3	--	--	--	--	382,227	--	382,227
Balance as at 31 December 2013	**10**	**382,237.2**	**5,479**	**(6,061)**	**189**	**(19,047)**	**362,807**	--	**362,807**
Balance as at 1 January 2014	**10**	**382,237.2**	**5,479**	**(6,061)**	**189**	**(19,047)**	**362,807**	--	**362,807**
Comprehensive income									
Profit (loss) for the period	--	--	--	--	--	(9,993)	(9,993)	(58)	(10,051)
Revaluation gains/(losses) on available-for-sale financial assets	--	--	3,449	--	--	--	3,449	--	3,449
Translation reserve changes	--	--	--	(182)	--	--	(182)	(3)	(185)
Associates – share of OCI	--	--	(641)	(39,658)	1,744	--	(38,555)	--	(38,555)
Total comprehensive income as at 31 December 2014	--	--	**2,808**	**(39,840)**	**1,744**	**(9,993)**	**(45,281)**	**(61)**	**(45,342)**
Transactions with owners recognized directly in equity									
Contributions by and distributions to owners									
Issue of share capital	--	--	--	--	--	--	--	--	--
Share premium	--	--	--	--	--	--	--	--	--
Total transactions with owners	--	--	--	--	--	--	--	**755**	**755**
Other movements	--	--	**6,777**	--	--	**3**	**6,780**	--	**6,780**
Balance as at 31 December 2014	**10**	**382,237.2**	**15,064**	**(45,901)**	**1,933**	**(29,037)**	**324,306**	**694**	**325,000**

* 0.1 representing 100 issued shares rounded to nearest thousand, which is 0.1.
** Due to better presentation of issued Redeemable shares, the numbers are rounded to 1 decimal place.

Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, during the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividend to the extent that the owners (individuals and companies) at the end of the period of two years from the end of the year of assessment to which the profits refer are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year at any time. This special contribution for defence is paid by the company for the account of the owners.

	Note	2014 TEUR	2013 TEUR
Cash flows from operating activities			
Profit for the period after tax		**(10,051)**	**(21,707)**
Adjustment for:			
Depreciation and Amortisation	7,8	1,486	--
(Reversal of) Impairment losses	25	1,110	15,332
Revaluation of assets at fair value through profit and loss	10	(1,189)	--
Share of (profit)/loss of associates, net of tax	14	7,638	(4,187)
(Gain) / loss on sale of property, plant and equipment	8	(2)	--
(Gain) / loss on the sale of assets held-for-trading		--	(942)
Gain on bargain purchase	24	(21,345)	(902)
Dividend income		(739)	--
Net interest (income)/expense	26	16,926	4,673
Tax expense	27	147	107
Operating profit before changes in working capital and provisions		**(6,019)**	**(7,626)**
(Increase) / Decrease in trade and other receivables		(4,434)	--
Increase / (Decrease) in trade and other payables		6,517	245
Increase / (Decrease) in provisions and employee benefits		(284)	--
Cash generated from operating activities		**(4,220)**	**(7,381)**
Interest paid		(3,911)	(359)
Interest received		3,111	311
Income tax paid		(53)	(1)
Net cash used in operating activities		**(5,073)**	**(7,430)**
Cash flows from investing activities			
Proceeds from the sale of assets held-for-trading		--	14,162
Proceeds from disposal of subsidiary, net of cash disposed		--	(11,499)
Proceeds from associates		--	15,951
Dividends received		739	--
Proceeds from loans receivable		--	10,289
Proceeds from sale of non-current assets		276	--
Acquisition of subsidiary, net of cash acquired	1	949	(24,000)
Acquisitions of investments in associates	14	(4,300)	(496,269)
Acquisition of assets available-for-sale	10	--	(41,733)
Loans (provided) / repaid	11, 15	(42,632)	(41,530)
Acquisitions of intangible assets	7	(438)	--
Acquisitions of property, plant and equipment	8	(706)	--
Acquisitions of assets at fair value through profit and loss	10	(1,561)	--
Net cash used in investing activities		**(47,673)**	**(574,629)**
Cash flows from financing activities			
Proceeds from interest-bearing loans and borrowings		53,016	193,779
Proceeds from redeemable shares issued	19	--	382,227
Net cash from financing activities		**53,016**	**576,006**
Net movement in cash and cash equivalents		**270**	**(6,053)**
At the beginning of the year		**1,569**	**7,622**
At the end of the year		**1,839**	**1,569**

The notes on pages 12 to 47 are an integral part of these consolidated financial statements

1. Description of the Group

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

The consolidated financial statements of the Company as at and for the year ended 31 December 2014 comprise the Company and its subsidiaries (together referred to as "the Group") and the Group's interest in associates.

Shareholders

The owners of the Company are as follows:

Shareholders	Country of incorporation	Type of shares	Ownership interest (%) 2014	2013
MEF HOLDINGS LIMITED	Cyprus	Redeemable preference shares	99.87	100.00
TOMAŠ KOČKA	--	Redeemable preference shares	0.13	--
EMMA CAPITAL LIMITED	Cyprus	Ordinary shares	100.00	100.00

Principal activities

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

Description of the Ownership Structure

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

Consolidated subsidiaries	Country of incorporation	Ownership interest (%) 2014	2013
BELLVILLE SERVICES LIMITED[1]	The British Virgin Islands	100.00	100.00
TONALA LIMITED[2]	Cyprus	100.00	100.00
MARJOLENDO LIMITED[3]	Cyprus	100.00	100.00
SPRINGROCK LIMITED[2]	Cyprus	100.00	100.00
PARESTA LIMITED[2]	Cyprus	100.00	100.00
QUIVERDA LIMITED[3]	Cyprus	100.00	100.00
CHAPALACO LIMITED[1]	Cyprus	100.00	100.00
EMMA OMEGA LTD[1]	Cyprus	100.00	100.00
SERENITY RESOURCES LIMITED[4][5]	The British Virgin Islands	100.00	--
LIGATNE LIMITED[4][5]	Cyprus	100.00	--
GRUP DEZVOLTARE RETELE S.A.[4][5]	Romania	95.00	--
GAZ SUD S.A.[4][5]	Romania	94.9968	--
LIGATNE SRL[4][5]	Romania	100.00	--
PREMIER ENERGY SRL[4][5]	Romania	100.00	--

[1] subsidiaries established in 2013
[2] subsidiaries acquired in 2013
[3] subsidiaries acquired in 2012
[4] subsidiaries acquired in 2014
[5] forms part of SERENITY RESOURCES LIMITED GROUP

1. Description of the Group (continued)

Equity-accounted investees (associates)	Country of incorporation	Ownership interest (%) 2014	2013
MESTROLIO INVESTMENT LTD[1)]	Cyprus	25.00	25.00
HOME CREDIT B.V.[1)]	Netherlands	13.38	13.38
KKCG Turkey B.V. [2)]	Netherlands	50.00	--
AMESELO LIMITED[2)]	Cyprus	33.34	16.66

[1)] participation acquired in 2013
[2)] included in associates in 2014

Acquisitions and disposals in 2014

During 2014, the Group acquired the following subsidiaries:

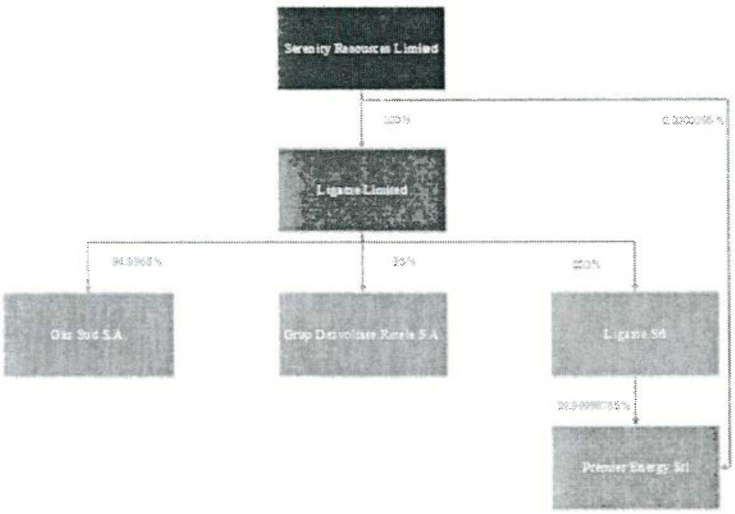
- SERENITY RESOURCES LIMITED GROUP - acquired on 16 April 2014, ownership 100%

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

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

Effect of acquisition of SERENITY RESOURCES LIMITED GROUP

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



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

1. Description of the Group (continued)

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

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

*SERENITY RESOURCES LIMITED GROUP

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

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

Acquisitions and disposals in 2013

On 19 February 2013 the Group established the following subsidiaries:
- EMMA OMEGA LTD

The following subsidiaries were acquired after their establishment for the value of share capital:
- CHAPALACO LIMITED acquired on 15 January 2013, ownership interest 100%
- TONALA LIMITED acquired on 20 September 2013, ownership interest 100%, for details refer to section Effect of acquisition below,
- AMESELO LIMITED acquired on 4 June 2013, ownership interest 100%. 83.34% of shares were sold on 1 July 2013, see further below,
- PARESTA LIMITED acquired on 14 October 2013, ownership interest 100%
- SPRINGROCK LIMITED acquired on 14 October 2013, ownership interest 100%
- BELLVILLE SERVICES LIMITED acquired on 29 October 2013, ownership interest 100%.

1. Description of the Group (continued)

On 18 January 2013 the Group acquired 25% ownership in BEST BASE HOLDING for consideration of TEUR 12,133. Investment is considered as Available-for-Sale and is accounted for at fair value. As the Group does not have significant influence in BEST BASE HOLDING according to IAS 28, the investment is considered as Available-for-Sale and is accounted for at fair value.

On 25 March 2013 the Group entered into the Share Purchase Agreement enabling it to purchase a 13.376% stake in Home Credit B.V. (hereinafter "HCBV"), a group of leading multi-channel providers of consumer finance in Central Europe and Eastern Europe with a strong foothold in Asia, registered in the Netherlands, from its current shareholder PPF Group N.V. Consideration transferred for acquired share was TEUR 493,769. Transaction was completed on 20 September 2013 and approved by the respective regulators. Investment into HCBV is considered as Associate, in accordance with IAS 28, as the Group has representation on the board of the investee and is consolidated using the equity method.

On 25 March 2013 the Group entered into the Share Purchase Agreement enabling it to purchase a 13.376% stake in Air Bank a.s. a bank established and existing under the laws of the Czech Republic, from its current shareholder PPF Group N.V. Consideration transferred for acquired share was TEUR 16,990. Investment is classified as Available-for-Sale and is accounted for at fair value.

On 28 March 2013 and 11 April 2013 the Group acquired 10% ownership and subsequently 15% ownership in MESTROLIO INVESTMENT for consideration of TEUR 1,000 and 1,500 respectively. Investment is considered as Associate and consolidated using the equity method. Net asset value of the 25% share as at date of acquisition was TEUR 3,162 therefore gain on bargain purchase of TEUR 662 was recognised in Other operating income.

On 1 July 2013 the Group sold 83.34% ownership interest in AMESELO LIMITED for the Consideration of TEUR 1. Investment of 16.66% which hold EMMA ALPHA HOLDING LTD was considered as Available-for-Sale and was accounted for at fair value.

2. Basis of preparation

The consolidated financial statements for the year ended 31 December 2014 and for the year ended 31 December 2013 comprise the Company and its subsidiaries.

(a) Statement of compliance

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

(b) Basis of measurement

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

(c) Presentation and functional currency

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

(d) Changes in comparative numbers

Translation reserves and Other reserves were previously presented as items reducing and increasing the Revaluation reserves, respectively. In 2014, they are presented separately from Revaluation reserves as discreet items in order to enhance the clear and concise presentation of the structure of the Equity. The reason for the change in presentation is due to the changes in the Translation reserves resulting from the macroeconomic situation in the Russian Federation. For more details refer to Note 14.

Accordingly, the Translation reserves and Other reserves at amount of negative TEUR 6,061 and positive TEUR 189, respectively, were separated from Revaluation reserves in 2013 and presented as discreet items in the financial statements.

The reclassification had no impact either on the Group's results or total equity.

(e) Use of estimates and judgments

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

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

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

(f) Basis of consolidation

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

2. Basis of preparation (continued)

(i) Subsidiaries

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

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

(ii) Associates

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

(iii) Transactions eliminated on consolidation

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

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

Changes in the Company's ownership interests in subsidiaries that do not result in the Company losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Company's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

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

(v) Business combinations

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

2. Basis of preparation (continued)

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

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

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

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

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

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

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

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

3. Significant accounting policies

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

(a) Foreign currency

(i) Foreign currency transactions

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

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

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

(ii) Financial information of foreign operations

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

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

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

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

(b) Cash and cash equivalents

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

3. Significant accounting policies (continued)

(c) Financial assets and liabilities

(i) Classification

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

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

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

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

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

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

(ii) Recognition

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

(iii) Measurement

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

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

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

3. Significant accounting policies (continued)

(iv) Fair value measurement

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

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

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

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

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

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

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

(v) Amortized cost measurement principles

The amortized cost of a financial asset or liability is the amount in which the financial asset or liability is measured at initial recognition, minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount recognized and the maturity amount, net of any relevant impairment.

(vi) Gains and losses on subsequent measurement

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

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

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

3. Significant accounting policies (continued)

(vii) Identification and measurement of impairment

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

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

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

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

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

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

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

(viii) Derecognition

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

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

3. Significant accounting policies (continued)

(ix) Offsetting

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

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

(d) Intangible assets

Goodwill and gain on bargain purchase

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

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

Software and other intangible assets

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

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

A significant part of other intangible assets is represented by the concession agreements on gas distribution (further "Gas distribution network"). The assets relating to the gas distribution network are stated at revalued amounts, being the fair value at the date of revaluation less any subsequent accumulated amortisation and impairment losses.

The increase of the carrying amount as a consequence of the revaluation of the gas distribution grid is credited to equity under the revaluation reserves. The decrease of the carrying amount as a consequence of the decrease of the assets' fair value is firstly debited to equity (revaluation reserves); the decreases in value that exceed the revaluation reserves are recognized in the profit of loss (as an impairment loss in "Other operating expenses"). The revaluation surplus is realised and transferred to retained earnings when the assets belonging to the gas distribution grid are fully amortised, or when they are sold before being fully amortised.

The gas distribution grid is amortised on a straight-line basis for a 35-year period.

(e) Property, plant and equipment

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

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

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

3. Significant accounting policies (continued)

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

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

	Years
Other tangible assets	1 - 16

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

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

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

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

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

(f) Other payables

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

(g) Equity

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

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

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

(i) Translation reserves

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

(ii) Redeemable preference shares

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

(h) Interest income and expense

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

3. Significant accounting policies (continued)

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

(i) Fee and commission income and expenses

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

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

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

(j) Taxation

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

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

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

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

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

For the current financial period, the Group adopted all changes to International Financial Reporting Standards (IFRSs), effective from 1st January 2014, which are mandatory and relevant to the Group's operations.

IFRIC 21 "Levies"
This interpretation sets out the accounting for an obligation to pay a levy imposed by government that is not income tax. The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy (one of the criteria for the recognition of a liability according to IAS 37) is the activity described in the relevant legislation that triggers the payment of the levy. The interpretation could result in recognition of a liability later than today, particularly in connection with levies that are triggered by circumstances on a specific date.

IAS 32 (Amendment) "Financial Instruments: Presentation"
This amendment to the application guidance in IAS 32 clarifies some of the requirements for offsetting financial assets and financial liabilities in the statement of financial position.

3. Significant accounting policies (continued)

IFRS 10, IFRS 12 and IAS 27 (Amendment) "Investment entities"
The amendment to IFRS 10 defines an investment entity and introduces an exception from consolidation. Many funds and similar entities that qualify as investment entities will be exempt from consolidating most of their subsidiaries, which will be accounted for at fair value through profit or loss, although controlled. The amendments to IFRS 12 introduce disclosures that an investment entity needs to make.

IAS 36 (Amendment) "Recoverable amount disclosures for non-financial assets"
This amendment requires: a) disclosure of the recoverable amount of an asset or cash generating unit (CGU) when an impairment loss has been recognised or reversed and b) detailed disclosure of how the fair value less costs of disposal has been measured when an impairment loss has been recognised or reversed. Also, it removes the requirement to disclose recoverable amount when a CGU contains goodwill or indefinite lived intangible assets but there has been no impairment.

IAS 39 (Amendment) "Financial Instruments: Recognition and Measurement"
This amendment will allow hedge accounting to continue in a situation where a derivative, which has been designated as a hedging instrument, is novated to effect clearing with a central counterparty as a result of laws or regulations, if specific conditions are met.

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

A number of new Standards, amendments to Standards and Interpretations were not yet effective as of 31 December 2014, and have not been applied in preparing these consolidated financial statements. Of these pronouncements, potentially the following will have an impact on the Group's operations. The Group plans to adopt these pronouncements when they become effective. The Group is in the process of analysing the likely impact on its consolidated financial statements.

IFRS 9 "Financial Instruments" and subsequent amendments to IFRS 9 and IFRS 7: (effective for annual periods beginning on or after January 1, 2018)
IFRS 9 replaces the guidance in IAS 39 which deals with the classification and measurement of financial assets and financial liabilities and it also includes an expected credit losses model that replaces the incurred loss impairment model used today. It also establishes a more principles-based approach to hedge accounting and addresses inconsistencies and weaknesses in the current model in IAS 39. The standard has not yet been endorsed by the EU.

IFRS 15 "Revenue from Contracts with Customers" (effective for annual periods beginning on or after January 1, 2018)
The objective of the Standard is to provide a single, comprehensive revenue recognition model for all contracts with customers to improve comparability within industries, across industries, and across capital markets. It contains principles that an entity will apply to determine the measurement of revenue and timing of when it is recognised. The underlying principle is that an entity will recognise revenue to depict the transfer of goods or services to customers at an amount that the entity expects to be entitled to in exchange for those goods or services. The standard has not yet been endorsed by the EU.

IAS 16 and IAS 38 (Amendments) "Clarification of Acceptable Methods of Depreciation and Amortization" (effective for annual periods beginning on or after January 1, 2016)
These amendments clarify that the use of revenue-based methods to calculate the depreciation of an asset is not appropriate and they also clarify that revenue is generally presumed to be an inappropriate basis for measuring the consumption of the economic benefits embodied in an intangible asset. These amendments have not yet been endorsed by the EU.

IFRS 10 and IAS 28 (Amendments) "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture" (effective for annual periods beginning on or after January 1, 2016)
These amendments address an inconsistency between the requirements in IFRS 10 and those in IAS 28 in dealing with the sale or contribution of assets between an investor and its associate or joint venture. The main consequence of the amendments is that a full gain or loss is recognized when a transaction involves a business (whether it is housed in a subsidiary or not). A partial gain or loss is recognized when a transaction involves assets that do not constitute a business, even if these assets are housed in a subsidiary. The amendments have not yet been endorsed by the EU.

3. Significant accounting policies (continued)

Annual Improvements to IFRSs 2012 (effective for annual periods beginning on or after February 1, 2015)
The amendments (those set out below are relevant for the Group) describe the key changes to seven IFRSs, following the publication of the results of the IASB's 2010-2012 cycle of the annual improvements project.

IFRS 3 "Business combinations"
The amendment clarifies that an obligation to pay contingent consideration which meets the definition of a financial instrument is classified as a financial liability or as equity, on the basis of the definitions in IAS 32 "Financial instruments: Presentation". It also clarifies that all non-equity contingent consideration, both financial and non-financial, is measured at fair value through profit or loss.

IFRS 13 "Fair value measurement"
The amendment clarifies that the standard does not remove the ability to measure short-term receivables and payables at invoice amounts in cases where the impact of not discounting is immaterial.

IAS 16 "Property, plant and equipment" and IAS 38 "Intangible assets"
Both standards are amended to clarify how the gross carrying amount and the accumulated depreciation are treated where an entity uses the revaluation model

IAS 24 "Related party disclosures"
The standard is amended to include, as a related party, an entity that provides key management personnel services to the reporting entity or to the parent of the reporting entity.

Annual Improvements to IFRSs 2013 (effective for annual periods beginning on or after January 1, 2015)
The amendments (those set out below are relevant for the Group) describe the key changes to four IFRSs, following the publication of the results of the IASB's 2011-2013 cycle of the annual improvements project.

IAS 40 "Investment Property"
The standard is clarifying the interrelationship between IFRS 3 and IAS 40 when classifying property as investment property or owner-occupied property.

Annual Improvements to IFRSs 2014 (effective for annual periods beginning on or after January 1, 2016)
The amendments (those set out below are relevant for the Group) describe the key changes to four IFRSs, following the publication of the results of the IASB's 2012-2014 cycle of the annual improvements project. The improvements have not yet been endorsed by the EU.

IFRS 5 "Non-current Assets Held for Sale and Discontinued Operations"
The amendment clarifies that, when an asset (or disposal group) is reclassified from "held for sale" to "held for distribution", or vice versa, this does not constitute a change to a plan of sale or distribution, and does not have to be accounted for as such.

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

4. Financial risk management

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

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

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

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

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

(a) Credit risk

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

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

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

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

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

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

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

4. Financial risk management (continued)

Exposure to credit risk

The group has provided loans in amount of TEUR 114,513. The tables below provide a detailed analysis of the Group's exposure to credit risk.

	Loans - Due from non-banks		Loans - Due from banks and other financial institutions	
	2014	2013	2014	2013
	TEUR	TEUR	TEUR	TEUR
Individually impaired	--	--	--	--
Collectively impaired	--	--	--	--
Past due but not impaired	--	--	--	--
Neither past due not impaired – carrying amount	112,778	64,628	1,735	--
Total carrying amount	**112,778**	**64,628**	**1,735**	**--**

Credit quality of financial assets

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

	2014	2013
	TEUR	TEUR
Cash at bank and short term bank deposits		
A2	10	9
Ba1	213	--
Ba2	8	--
Baa2	443	--
Caa3	391	--
Non-rated	753	1,560
	1,818	1,569

(b) Liquidity risk

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

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

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

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

4. Financial risk management (continued)

Contractual maturity analysis (undiscounted amounts)
The following table shows assets and liabilities by remaining maturity dates.

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

2013 TEUR	Less than 3 months	3 months to 1 year	1 to 5 years	More than 5 years	No maturity	Total
Cash and cash equivalents	1,569	--	--	--	--	1,569
Due from non-banks	17	23,081	41,530	--	--	64,628
Financial assets available-for-sale	--	--	--	--	31,880	31,880
Total assets	**1,586**	**23,081**	**41,530**	**--**	**31,880**	**98,077**
Due to non-banks	--	7,897	37,072	164,379	--	209,348
Due to banks and other financial institutions	4,563	--	--	--	--	4,563
Trade and other liabilities	1	--	--	--	--	1
Total liabilities	**4,564**	**7,897**	**37,072**	**164,379**	**--**	**213,912**
Net position	**(2,978)**	**15,184**	**4,458**	**(164,379)**	**31,880**	**(115,835)**

4. Financial risk management (continued)

(c) Market risk

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

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

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

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

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

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

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

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

4. Financial risk management (continued)

Interest rate gap position based on re-pricing dates

2014 **TEUR**	**Effective interest rate**	**Floating interest rate** **Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**Fixed interest rate or Non specified**	**Total**
Interest bearing financial assets						
Cash and cash equivalents	0.00%	1,078	759	--	2	1,839
Loans - Due from banks and other financial institutions	0.00%	--	--	--	1,735	1,735
Loans - Due from non-banks	5.44%	--	--	--	112,778	112,778
Total interest bearing financial assets	**--**	**1,078**	**759**	**--**	**114,515**	**116,352**
Interest bearing financial liabilities						
Due to non-banks	8.42%	--	15,528	84,986	188,743	289,257
Due to banks and other financial institutions	1.24%	4,645	1,427	508	6,520	13,100
Total interest bearing financial liabilities	**--**	**4,645**	**16,955**	**85,494**	**195,263**	**302,357**

2013 **TEUR**	**Effective interest rate**	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**Fixed interest rate**	**Total**
Interest bearing financial assets						
Cash and cash equivalents	0.00%	1,569	--	--	--	1,569
Due from non-banks	2.97%	--	--	--	64,628	64,628
Total interest bearing financial assets	**--**	**1,569**	**--**	**--**	**64,628**	**66,197**
Interest bearing financial liabilities						
Loans - Due to non-banks	8.49%	--	--	37,072	172,276	209,348
Loans - Due to banks and other financial institutions	3.49%	4,563	--	--	--	4,563
Total interest bearing financial liabilities	**--**	**4,563**	**--**	**37,072**	**172,276**	**213,911**

Interest rate sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in interest rates based on positions existing as at 31 December 2014 and 31 December 2013 and a simplified scenario of a 10 % change in interest rates is shown below:

	Total effect 2014 TEUR	**Total effect 2013 TEUR**
Effect of 10% decrease in interest rate	1,838	1,601
Effect of 10% increase in interest rate	(1,838)	(1,601)

4. Financial risk management (continued)

Foreign currency position

2014

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

2013

TEUR	**EUR**	**USD**	**CZK**	**Other currencies**	**Total**
Cash and cash equivalents	1,406	71	2	90	1,569
Loans receivables	2,317	48,029	14,282	--	64,628
Financial assets available-for-sale	25,171	--	--	6,709	31,880
Total assets	**28,894**	**48,100**	**14,284**	**6,799**	**98,077**
Due to non-banks	112,897	88,589	7,862	--	209,348
Due to banks and other financial intuitions	--	--	--	4,563	4,563
Current income tax liability	86	--	--	--	86
Trade and other payables	1	--	--	--	1
Other liabilities	567	--	--	--	567
Total liabilities	**113,551**	**88,589**	**7,862**	**4,563**	**214,565**
Net position	**(84,657)**	**(40,489)**	**6,422**	**2,236**	**(116,488)**

4. Financial risk management (continued)

Foreign currency risk sensitivity analysis

An analysis of sensitivity of the Group's equity to changes in currency exchange rates based on positions existing as at 31 December 2014 and 31 December 2013 and a simplified scenario of a 5% change in USD, CZK and RON to EUR exchange rates is shown below:

	Total effect 2014 TEUR	Total effect 2013 TEUR
Effect of 5% USD depreciation against EUR	2,524	2,024
Effect of 5% USD appreciation against EUR	(2,524)	(2,024)
Effect of 5% CZK depreciation against EUR	(317)	(321)
Effect of 5% CZK appreciation against EUR	317	321
Effect of 5% RON depreciation against EUR	359	--
Effect of 5% RON appreciation against EUR	(359)	--

(d) Operational risk

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

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

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

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

(e) Legal risk

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

Capital Management

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

5. Recent volatility in global financial markets

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

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

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

6. Critical accounting estimates and judgements

Fair values of financial instruments

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

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

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

	Note	Level 1	Level 2	Level 3	Total
2014		**TEUR**	**TEUR**	**TEUR**	**TEUR**
Financial assets available-for-sale	10	7,187	--	25,440	32,627
Financial assets at fair value through profit or loss		--	2,750	--	2,750
2013					
Financial assets held for trading	10	6,709	--	25,171	31,880

Reconciliation of movements in Level 3:	**2014 TEUR**	**2013 TEUR**
Financial assets		
Balance as at 1 January	25,171	--
Acquisition of financial assets available-for-sale (Level 3)	--	19,693
Disposals of financial assets available-for-sale (Level 3)*	(2,702)	(1)
Revaluation of financial assets available-for-sale (Level 3)	2,971	5,479
Balance as at 31 December	**25,440**	**25,171**

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

7. Intangible assets

2014	Software	Land lease rights	Intangible assets not yet in use	Intangible assets on gas distribution network	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition cost					
Balance as at 1 January 2014	--	--	--	--	--
Additions through business combinations	245	104	518	27,814	28,681
Additions	34	--	5	400	439
Disposals	--	--	(2)	--	(2)
Transfers	--	--	--	251	251
Translation difference	(4)	(1)	(5)	(266)	(276)
Balance as at 31 December 2014	**275**	**103**	**516**	**28,199**	**29,093**
Accumulated amortization					
Balance as at 1 January 2014	--	--	--	--	--
Charge for the year	(72)	(2)	--	(628)	(702)
Translation difference	2	--	--	54	56
Balance as at 31 December 2014	**(70)**	**(2)**	**--**	**(574)**	**(646)**
Carrying amount					
As at 31 December 2013	**--**	**--**	**--**	**--**	**--**
As at 31 December 2014	**205**	**101**	**516**	**27,625**	**28,447**

On 16 April 2014 the Group acquired the intangible assets from the acquisition of SERENITY RESOURCES LIMITED GROUP as described in Note 1. Intangible assets include acquired computer and software licenses. Other intangible assets also include assets relating to concession contracts, representing the gas distribution network. In 2013, there were no intangible assets in the ownership of the Group.

8. Property, plant and equipment

2014	Land and buildings	Vehicles	Other tangible assets and equipment	Tangible assets not in use	Total
	TEUR	TEUR	TEUR	TEUR	TEUR
Acquisition cost					
Balance as at 1 January 2014	--	--	--	--	--
Additions through business combinations	8,482	510	2,737	9	11,738
Additions	203	1	502	--	706
Disposals	--	--	(306)	--	(306)
Transfers and other changes	--	--	--	(9)	(9)
Translation difference	(96)	(6)	(34)	--	(136)
Balance as at 31 December 2014	**8,589**	**505**	**2,899**	**--**	**11,993**
Accumulated depreciation					
Balance as at 1 January 2014	--	--	--	--	--
Charge for the year	(463)	(104)	(195)	--	(762)
Disposals	--	--	32	--	32
Impairment loss	--	--	(967)	--	(967)
Translation difference	32	2	12	--	46
Balance as at 31 December 2014	**(431)**	**(102)**	**(1,118)**	**--**	**(1,651)**
Carrying amount					
As at 31 December 2013	**--**	**--**	**--**	**--**	**--**
As at 31 December 2014	**8,158**	**403**	**1,781**	**--**	**10,342**

On 16 April 2014 the Group acquired the property, plant and equipment from the acquisition of SERENITY RESOURCES LIMITED GROUP as described in Note 1. In 2013, there were no assets classified as property, plant and equipment in the ownership of the Group.

9. Cash and cash equivalents

	2014	2013
	TEUR	TEUR
Current accounts	1,818	1,569
Cash on hand	21	--
	1,839	**1,569**

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

10. Financial assets

(a) Financial assets available-for-sale

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

2014	Country of incorporation	Ownership interest (%)		Carrying amount (TEUR)	
		2014	**2013**	**2014**	**2013**
AIR BANK A.S.[1)]	Czech Republic	13.38	13.38	25,440	19,508
BEST BASE HOLDING LIMITED[2)]	Hong Kong	25.00	25.00	--	--
POLYMETAL INTERNATIONAL PLC[3)]	Channel Islands	0.25	0.25	7,187	6,709
AMESELO LIMITED[4)]	Cyprus	--	16.66	--	5,663
				32,627	**31,880**

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

1. As at 31st December 2014 the Group holds a 13.38% share in AIR BANK A.S. The financial investment was revalued based on its net asset value to TEUR 25,440 (2013 – TEUR 19,508). In 2014, an unrealised gain of TEUR 5,932 was recognised in other comprehensive income. The share was acquired on 25th March 2013 for a consideration of TEUR 16,990.
2. As 31st December 2014 the Group holds a 25.00% share in BEST BASE HOLDING LIMITED. The financial investment was acquired on 18th January 2013 for a consideration of TEUR 12,132. A cumulative impairment loss as at 31st December 2014 amounts to TEUR 12,132 (2013 – TEUR 12,132).
3. As at 31st December 2014 the Group holds shares traded on London Stock Exchange of POLYMETAL INTERNATIONAL PLC where their fair value, using quoted market prices, was TEUR 7,187 (2013 – TEUR 6,709). In 2014, an unrealised gain of TEUR 478 was recognised in other comprehensive income. The acquisition price of the shares was TEUR 9,909. A cumulative impairment loss as at 31 December 2014 amounts to TEUR 3,200 (2013 – TEUR 3,200).
4. In 2014, the ownership interest in AMESELO LIMITED was increased to 33.34 % and the investment was classified as an investment in associates. As per IFRS and based on the cost approach, the available for sale revaluation reserve is transferred to retained earnings. Therefore the amount of TEUR 2,961 was recognized directly in the retained earnings of the Group. For more details see Note 1 and Note 14.

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

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

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

	2014	**2013**
At 1st January	--	13,220
Additions	1,561	--
Change in fair value	1,189	--
Disposal	--	(13,220)
Balance at 31st December	**2,750**	--

11. Loans receivable

The Group has provided loans to its related parties of TEUR 114,513 (2013: TEUR 64,628) which are repayable as follows:

2014	**Average interest rate**	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total TEUR**
Loans receivable	5.44%	1,738	23,581	89,194	**114,513**

2013	**Average interest rate**	**Less than 3 months**	**3 months to 1 year**	**1 to 5 years**	**Total TEUR**
Loans receivable	3.35%	17	23,081	41,530	**64,628**

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

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

12. Trade and other receivables

The trade receivables amounted to TEUR 7,943 as at 31 December 2014 (2013: TEUR 0). The trade receivables refer mainly to distribution and sales of gas and workings performed (connections, utility installations and grid extension partially financed by customers) by the Romanian companies.

13. Other assets

Other assets include income tax receivables of TEUR 171 (2013: TEUR 0), prepaid expenses, sundry debtors, down-payments to suppliers, investment grants, inventories and other current assets in aggregate amount TEUR 2,250 (2013: TEUR 0).

14. Investments in associates

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

	Type of equity method investment	Country of incorporation	Ownership interest (%)		Carrying amount TEUR	
			2014	**2013**	**2014**	**2013**
MESTROLIO INVESTMENTS LTD	associate	Cyprus	25.00	25.00	3,251	3,191
HOME CREDIT B.V.	associate	Netherlands	13.38	13.38	436,712	476,104
AMESELO LIMITED [2)]	associate	Cyprus	33.34	16.66	7,002	--
KKCG Turkey B.V. [2)]	associate	Netherlands	50.00	--	141	--
					447,106	**479,295**

2) included in equity-accounted investees in 2014

The Group's share of loss and other comprehensive income of the above equity-accounted investees recognised in 2014 amounts to TEUR 7,638 (2013 – profit of TEUR 4,187) and negative TEUR 38,555 (2013 – negative TEUR 5,872), respectively. The Group's share of Other comprehensive income in 2014 was negatively influenced notably by the negative change in HOME CREDIT B.V.'s translation reserve. This translation reserve represents foreign exchange differences arising from translation of the financial statements of the companies forming a group in which the associate (HOME CREDIT B.V.) is the parent company. The negative change in the translation reserve is primarily caused by the macroeconomic situation in the Russian Federation.

In 2014, HOME CREDIT B.V. increased its share premium in connection with the acquisitions of subsidiaries during the period. In 2013, HOME CREDIT B.V. reduced its share premium by way of paying out cash to its investors. According to the Group's share, the Group received cash amounting to TEUR 15,951. The other net assets changes in the associates have no impact either on the Group's profit or loss or other comprehensive income and the Group's share on these changes was reflected as other movements directly in the Group's equity (revaluation reserves).

	2014	2013
At 1st January	479,295	--
Additions	7,002	496,269
Gain on bargain purchase	225	662
Group's share of profit / (loss)	(7,638)	4,187
Group's share of Other comprehensive income – translation reserve	(39,658)	(6,061)
Group's share of Other comprehensive income – other components of OCI	1,103	189
Group's share of other net assets changes (share premium)	15,449	(15,951)
Group's share of other net assets changes (other)	(8,672)	--
At 31st December	**447,106**	**479,295**

14. Investments in associates (continued)

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

TEUR	MESTROLIO INVESTMENTS LTD		HOME CREDIT B.V.		AMESELO LIMITED [1]	KKCG Turkey B.V. [2]
	associate (25.00%) 2014	associate (25.00%) 2013	associate (13.38%) 2014	associate (13.38%) 2013	associate (33.34%) 2014	associate (50.00%) 2014
Summarised balance sheet						
Non-current assets	12,445	11,568	2,315,751	2,970,108	11,624	--
Current assets (incl. cash and cash equivalents)	670	1,257	4,720,831	6,343,259	454	283
Non-current liabilities	--	--	(1,341,202)	(1,473,846)	--	--
Current liabilities	(113)	(60)	(4,456,503)	(6,307,050)	(20)	--
Net assets (100%)	**13,002**	**12,765**	**1,238,877**	**1,532,471**	**12,058**	**283**
Summarised income statement						
Revenues	290	173	1,987,116	2,483,490	328	--
Operating profit/(loss)	278	141	1,943,060	2,542,470	303	(167)
Profit/(loss) before tax	278	141	(37,310)	438,711	305	(167)
Income tax	(41)	(26)	(23,147)	(114,274)	(36)	--
Profit/(loss) for the year	**237**	**115**	**(60,457)**	**324,437**	**269**	**(167)**
- *out of which profit/ (loss) attributable to equity holders*	**237**	**115**	**(56,933)**	**326,597**	**269**	**(167)**
Other comprehensive income	--	--	**(283,894)**	**(152,847)**	--	--
Total comprehensive income	***237***	***115***	***344,351***	***171,590***	***269***	***(167)***

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

15. Due to non-banks

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

	2014 TEUR	2013 TEUR
Loans from third parties	--	187,070
Loans from related parties	289,257	22,278
	289,257	**209,348**

Non-bank loans are payable as follows:

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

TEUR	Amount as at 31 December 2013	Payable in 1 year	Payable in 1 to 5 years	Payable in more than 5 years
Loans from third parties	187,070	7,897	14,794	164,379
Loans from related parties	22,278	--	22,278	--
Total	**209,348**	**7,897**	**37,072**	**164,379**

Loans granted from PPF Group N.V. of TEUR 188,756 are secured by Financial assets available-for-sale (refer to Note 10) and Equity securities (refer to Note 14).

16. Liabilities due to banks and other financial institutions

The Group received bank loan under repo operation of TEUR 4,650 repayable as at 12 January 2015. Bank loan is secured by traded shares of Polymetal International plc (refer to Note 10).

17. Trade and other payables

The Group's trade payables as of 31 December 2014 amounting to TEUR 4,653 (2013: TEUR 1) payables of gas supply of Romanian companies Gaz Sud S.A., Grup Dezvoltare Retele S.A. and Premier Energy Srl.

18. Other liabilities

	2014 TEUR	2013 TEUR
Deferred income and prepayments	5,630	--
Accrued expenses	2,612	245
Other tax payable	914	--
Finance lease liabilities	390	--
Advances received	317	--
Wages and salaries	210	--
Social security and health insurance	60	--
Other liabilities	2,647	322
	12,780	**567**

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

19. Equity

Share capital

At 31 December 2014 the share capital of the Group comprised 10,000 ordinary shares with nominal value of EUR 1, shares were issued and fully paid.

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

a) The right to receive notice, attend and vote at any proposed General Meeting and/or proposed resolution of the General Meeting and/or any proposed unanimous written resolution of the General Meeting.

b) The right to receive dividends in accordance with Regulations 112-114A.

c) On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive assets corresponding to (i) the nominal value of the Ordinary Shares and (ii) to the amount remaining payable as provided for in Regulation 114A (c).

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

19. Equity (continued)

Redeemable shares

	2014 Number of shares	2014 EUR	2013 Number of shares	2013 EUR
Authorised				
Redeemable shares of EUR 1 each	10,000	10,000	10,000	10,000
Issued and fully paid (Total)				
Opening balance	10,000	382,237,234	9,900	9,900
Issue of shares (including premium)	--	--	100	382,227,334
Balance as at 31 December	**10,000**	**382,237,234**	**10,000**	**382,237,234**

At 20 September 2013, the Company issued and allotted another 100 redeemable preference shares of EUR 1 at a premium of EUR 3,822,272.34 for a total subscription of EUR 382,227,334.

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

a. The right to redeem such shares in accordance with the procedure set out in the present Regulations.
b. The right to receive dividends in accordance with Regulations 1 12- 114A.
c. On a return of assets on liquidation of the Company, reduction of capital or otherwise, the right to receive any surplus assets remaining after the distribution to the holders of Ordinary Shares as provided for in Regulation 5A (c)

20. Trading Profit

Net gain ("trading profit") on financial assets amounting to TEUR 1,128 (2013 – TEUR 960) consists of gain on other financial assets at fair value through profit or loss not held for trading at amount of TEUR 1,189 (2013 – TEUR 960) and of a loss on FX Trading amounting to TEUR 61 (2013 – TEUR 0).

21. Impairment losses on financial assets

In 2014, the Group did not recognise any impairment losses on financial assets as no indications for impairment were identified (2013 – impairment loss of TEUR 15,332). For more details on the Group's cumulative impairment losses recognised in the previous periods refer to Note 10 above.

22. Administrative expense

	2014 TEUR	2013 TEUR
Professional services	(2,358)	(1,133)
Independent auditor's remuneration for statutory audit	(109)	(46)
Payroll related taxes	(3,100)	--
Employee compensation	(1,159)	--
Taxes other than income tax	(779)	--
Rental, maintenance and repair expenses	(487)	--
Other	(6,270)	(4)
	(14,262)	**(1,183)**

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

Amount paid for Audit services totals TEUR 85 (2013 - TEUR 46), other services provided by auditors were of TEUR 54 (2013 - TEUR 48).

The average number of employees in the Group for the year 2014 was 408 employees (2013 – no employees).

23. Net retail income

	2014	2013
	TEUR	TEUR
Sales of goods	17,430	--
Cost of goods sold	(10,580)	--
	6,850	**--**

In 2014, the net retail income is generated by the Romanian companies acquired with the SERENITY RESOURCES LIMITED GROUP as described in Note 1. The sales of goods represent the revenues from the sale of gas. The selling price of gas sold on the regulated market as well as the distribution tariff are controlled by ANRE (Romanian Energy Regulatory Authority). The costs of gas sold comprise the acquisition price of the gas sold and the transportation tariffs charged by Transgaz.

24. Other operating income

	2014	2013
	TEUR	TEUR
Gain on bargain purchase	21,345	902
Net foreign currency gains	--	238
Other income	4,795	--
Gain on disposal of intangible assets	2	
	26,142	**1,140**

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

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

25. Other operating expenses

	2014	2013
	TEUR	TEUR
Depreciation on property, plant and equipment	774	--
Amortisation of intangible assets	712	--
Net impairment losses on other assets	1,110	15,332
Net foreign currency losses	6,310	--
	8,906	**15,332**

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

Net foreign currency losses consist of realised and unrealised currency translation differences. The most significant loss originates from EMMA OMEGA LTD in amount of TEUR 7,469 (2013 – loss of TEUR 1,041) and the biggest gain in amount of TEUR 1,242 relates to BELLVILLE SERVICES LIMITED (2013 – biggest gain of TEUR 464 related to TONALA LIMITED).

Net impairment losses on other assets charged to profit or loss in 2014 represent notably impairment on overdue trade receivables amounting to TEUR 143 (2013 – TEUR 0).

26. Net finance income/expense

	2014 TEUR	2013 TEUR
Finance income		
Interest income	5,741	1,262
Other	21	--
Total finance income	**5,762**	**1,262**
Finance costs		
Interests expense	(22,677)	(5,878)
Fee and commission expense	(3)	(6,756)
Total finance expense	**(22,680)**	**(12,634)**
Net finance income/expense	**(16,918)**	**(11,372)**
Interest income		
Loans receivable	4,692	1,010
Financial assets available-for-sale	274	232
Due from banks, other financial institutions and holding companies	775	20
	5,741	**1,262**
Interest expense		
Due to non banks	(22,046)	(5,748)
Due to banks and other financial institutions	(621)	(130)
Other	(10)	--
	(22,677)	**(5,878)**
Other charges		
Fees and commission charges	18	(6,756)
	18	**(6,756)**

27. Income tax expense

	2014 TEUR	2013 TEUR
Current tax expense	(29)	(107)
Deferred tax expense	(118)	--
Total income tax expense in the statement of comprehensive income	**(147)**	**(107)**

Reconciliation of effective tax rate	2014 TEUR	2013 TEUR
Profit before tax	**(9,904)**	**(21,600)**
Income tax using the domestic tax rate (see below)	1,238	2,700
Effect of deferred tax assets not recognized	(1,238)	(2,700)
Other	(147)	(107)
Total income tax expense	**(147)**	**(107)**

The corporation tax rate is 12.5% (2013: 12.5 %).

28. Related party transactions

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

(a) Transactions with the parent company

	2014 TEUR	2013 TEUR
Loans provided (principal receivables)	78,942	37,049
Accrued interest (interest receivable)	6,028	--
Loans received (principal payables)	6,056	--
Accrued interest (interest payable)	451	835
Other receivables	--	35

(b) Transactions with associates

	2014 TEUR	2013 TEUR
Loans received (principal payables)	65,892	22,278
Accrued interest (interest payable)	2,287	525
Loans provided (principal receivables)	--	17
Accrued interest (principal receivable)	19	1

(c) Transactions with other related parties

	2014 TEUR	2013 TEUR
Loans received (principal payables)	195,808	27,564
Accrued interest (interest payable)	18,763	459
Loans provided (principal receivables)	26,882	--
Accrued interest (interest receivable)	905	--
Other payables	54	--
Other receivables	160	445

(d) Transactions with key management personnel

Amounts included in the statement of comprehensive income in relation to transactions with members of key management are benefits of TEUR 6 comprising directors′ fees (2013: TEUR 6).

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

All related party transactions were made on terms equivalent to those prevailing in arm's length conditions.

29. Events after the reporting period

On 14 January 2015 the share premium of AMESELO LIMITED was reduced to zero (share premium of TEUR 11,500) as per special resolution on 14 January 2015. The management of the company has the intention to liquidate AMESELO LIMITED as soon as arrangements can be made.

On 16 January 2015 the authorised share capital of EMMA ALPHA HOLDING LTD was increased from TEUR 20 (10,000 ordinary shares and 10,000 redeemable preference shares) to EUR 20,053 (10,000 ord. shares and 10,053 redeemable pref. shares). Allotment of 53 additional redeemable pref. shares to MEF (52 shares at par value EUR 1 each and 1 share at a premium in the aggregate amount of TEUR 4,647).

On 16 January 2015 EMMA ALPHA HOLDING LTD acquired additional 1.000 ord. shares nominal value USD 1 each with a premium of TUSD 5,440 (equivalent to TEUR 4,648) in SERENITY RESOURCES LIMITED.

The company also sold 183 shares held in SERENITY RESOURCES LIMITED to Jose Garza for sale price TUSD 256 (equivalent to TEUR 211).

On 10 February 2015 EMMA ALPHA HOLDING LTD pledged 10 redeemable preference shares (numbered 10,001 to 10,010) held by MEF HOLDINGS LIMITED to Poštová Banka (under Second Amendment dated 10 February 2015 to Pledge Agr. dated 27 November 2013).

On 20 April 2015 there was a merger of two of LIGATNE LIMITED's subsidiaries LIGATNE SRL and PREMIER ENERGY SRL.

On 17 June 2015 EMMA OMEGA LTD sold 2% in HOME CREDIT B.V. for the price of EUR 74,000,000 and 2% in AIR BANK A.S. for the price of EUR 3,800,000 to PPF Group N.V. Simultaneously EMMA OMEGA LTD partially repaid the loan from PPF Group N.V. in the amount of EUR 67,805,717.03 and USD 42,683,806.94 (equivalent to EUR 37,843,609). At the same time EMMA OMEGA LTD acquired 20% stake in FACIPERO INVESTMENTS LIMITED (a company holding 100% of Russian company ELDORADO LLC) for the purchase price of USD 110,474,874 (equivalent to EUR 97,947,401) and acquired receivables in ELDORADO LLC for the purchase price of USD 15,200,000 (equivalent to EUR 13,476,372). This acquisition has been financed by the loan from PPF Group N.V. in the amount of USD 125,674,873 (equivalent to EUR 111,423,772).

On 30 June 2015 EMMA OMEGA LTD, the minority direct shareholder of the AIR BANK A.S. participated in a legal restructuring of PPF Group N.V. EMMA OMEGA LTD contributed its whole shareholding in AIR BANK (corresponding to 11,376%) to an authorized share capital of HOME CREDIT, B.V., a company in which the EMMA OMEGA LTD holds a direct shareholding corresponding to 11,376%. As a result the EMMA OMEGA LTD became an indirect shareholder of the AIR BANK A.S. PPF Group N.V. contributed its shareholding in AIR BANK A.S. to share capital of HOME CREDIT B.V. as well. As a result both EMMA OMEGA LTD and PPF Group N.V. became indirect shareholders of AIR BANK A.S. and AIR BANK A.S. became 100% subsidiary of HOME CREDIT B.V.