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MARKELIA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2016

MARKELIA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2016

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MARKELIA ENTERPRISES COMPANY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Irene Savvides
Vasilios Trikoupis

Company Secretary:

Adam Montanios
16 Panteli Katelari street
Diagoras House, floor 7
1097 Nicosia, Cyprus

Independent Auditors:

Horwath DSP Limited
Certified Public Accountants and Registered Auditors
Photiades Business Centre
1st floor, 8 Stassinou Avenue
P.O. Box 22545
1522 Nicosia

Registered office:

16 Panteli Katelari street
Diagoras House, floor 7
1097 Nicosia
Cyprus

MARKELIA ENTERPRISES COMPANY LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2016.

Principal activities and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the provision of finance.

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

The Company's development to date, financial results and position as presented in the financial statements are considered satisfactory.

Principal risks and uncertainties

The principal risks and uncertainties faced by the Company are disclosed in note 4 of the financial statements.

Results

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

Share capital

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

Board of Directors

The members of the Company's Board of Directors as at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2016.

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

Independent Auditors

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

By order of the Board of Directors,



Irene Savvides
Director

Nicosia, 20 April 2017

Independent Auditor's Report

To the Members of Markelia Enterprises Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Markelia Enterprises Company Limited (the "Company"), which are presented in pages 6 to 16 and comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the management report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors for the Financial Statements

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

Independent Auditor's Report (continued)

To the Members of Markelia Enterprises Company Limited

In preparing the financial statements, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is responsible for overseeing the Company's financial reporting process

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Independent Auditor's Report (continued)

To the Members of Markelia Enterprises Company Limited

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors and Statutory Audits of Annual and Consolidated Accounts Laws of 2009 to 2016, 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.
- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

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 to 2016 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.



Chysis Pegasidou FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
Horwath DSP Limited
Certified Public Accountants and Registered Auditors

Nicosia, 20 April 2017

MARKELIA ENTERPRISES COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2016

	Note	2016 €	2015 €
Loan interest income		94.959	116.905
Loan interest expense		<u>(35.434)</u>	<u>(36.753)</u>
Net interest income		59.525	80.152
Administration expenses	5	<u>(3.782)</u>	<u>(6.037)</u>
Operating profit		55.743	74.115
Net finance (costs)/income	6	<u>(8.342)</u>	<u>25.671</u>
Profit before tax		47.401	99.786
Tax	7	<u>(9.496)</u>	<u>(11.690)</u>
Net profit for the year		37.905	88.096
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>37.905</u>	<u>88.096</u>

The notes on pages 10 to 16 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Note	2016 €	2015 €
ASSETS			
Non-current assets			
Non-current loans receivable	8	<u>1.540.323</u>	1.132.663
Current assets			
Loans receivable	8	<u>760.991</u>	1.746.488
Cash at bank		<u>82.256</u>	2.270
		<u>843.247</u>	1.748.758
Total assets		<u>2.383.570</u>	<u>2.881.421</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	9	<u>1.000</u>	1.000
Retained earnings		<u>358.662</u>	320.757
Total equity		<u>359.662</u>	<u>321.757</u>
Non-current liabilities			
Borrowings	10	<u>2.021.528</u>	2.557.284
Current liabilities			
Payables	11	<u>2.380</u>	2.380
Total liabilities		<u>2.023.908</u>	<u>2.559.664</u>
Total equity and liabilities		<u>2.383.570</u>	<u>2.881.421</u>

On 20 April 2017 the Board of Directors of Markelia Enterprises Company Limited authorised these financial statements for issue.



Irene Savvides
Director



Vasilios Trikoupis
Director

The notes on pages 10 to 16 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2016

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2015	1.000	232.661	233.661
Comprehensive income			
Net profit for the year	-	88.096	88.096
Balance at 31 December 2015/ 1 January 2016	1.000	320.757	321.757
Comprehensive income			
Net profit for the year	-	37.905	37.905
Balance at 31 December 2016	1.000	358.662	359.662

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 10 to 16 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

CASH FLOW STATEMENT

31 December 2016

	Note	2016 €	2015 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		<u>47.401</u>	99.786
		47.401	99.786
Changes in working capital:			
Increase in payables		<u>-</u>	2.380
Cash generated from operations		47.401	102.166
Tax paid		<u>(9.496)</u>	(11.690)
Net cash generated from operating activities		<u>37.905</u>	90.476
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans repayments received		<u>577.837</u>	1.035.797
Net cash generated from investing activities		<u>577.837</u>	1.035.797
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		<u>(535.756)</u>	(1.136.088)
Net cash used in financing activities		<u>(535.756)</u>	(1.136.088)
Net increase/(decrease) in cash and cash equivalents		79.986	(9.815)
Cash and cash equivalents at beginning of the year		<u>2.270</u>	12.085
Cash and cash equivalents at end of the year		<u>82.256</u>	2.270

The notes on pages 10 to 16 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

1. Incorporation and principal activities

Country of incorporation

The Company Markelia Enterprises Company Limited (the "Company") was incorporated in Cyprus on 14 May 2008 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 16 Panteli Katelari street, Diagoras House, floor 7, 1097 Nicosia, Cyprus.

Principal activities and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the provision of finance.

2. Significant accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap.113. The financial statements have been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

Adoption of new and revised IFRSs

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2016. This adoption did not have a material effect on the accounting policies of the Company.

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **Loan interest income**

Loan interest income is recognised on a time-proportion basis using the effective interest method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies (continued)

Foreign currency translation

(1) Functional and presentation currency

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

(2) Transactions and balances

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

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Loans granted

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

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

Cash and cash equivalents

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

Borrowings

Borrowings are recorded initially at the proceeds received, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

2. Significant accounting policies (continued)

Derecognition of financial assets and liabilities

Financial assets

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

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

Financial liabilities

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

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

Offsetting financial instruments

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

Share capital

Ordinary shares are classified as equity.

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Company to manage these risks are discussed below:

3.1 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

3.2 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

3. Financial risk management (continued)

3.3 Liquidity risk

Liquidity risk is the risk that arises when the maturity of assets and liabilities does not match. An unmatched position potentially enhances profitability, but can also increase the risk of losses. The Company has procedures with the object of minimising such losses such as maintaining sufficient cash and other highly liquid current assets and by having available an adequate amount of committed credit facilities.

3.4 Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the US Dollar and the Euro. The Company's management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

3.5 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

4. Critical accounting estimates and judgements

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **Income taxes**

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

- **Impairment of loans receivable**

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

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

5. Expenses by nature

	2016	2015
	€	€
Other professional expenses	4.932	7.941
Other professional expenses - prior year	3.513	-
Recharges to holding company	(5.013)	(2.255)
Annual levy	350	350
Total expenses	3.782	6.036

6. Net finance (costs)/ income

	2016	2015
	€	€
Exchange profit	-	27.659
Finance income	-	27.659
Net foreign exchange losses	(6.949)	-
Sundry finance expenses	(1.393)	(1.988)
Finance costs	(8.342)	(1.988)
Net finance (costs)/income	(8.342)	25.671

7. Tax

	2016	2015
	€	€
Withholding tax on interest receivable	9.496	11.690
Charge for the year	9.496	11.690

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

	2016	2015
	€	€
Profit before tax	47.401	99.786
Tax calculated at the applicable tax rates	5.925	12.473
Tax effect of expenses not deductible for tax purposes	913	-
Tax effect of allowances and income not subject to tax	-	(12.473)
Overseas tax in excess of credit claim used during the year	2.658	11.690
Tax charge	9.496	11.690

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

8. Non-current loans receivable

	2016	2015
	€	€
Loans to related companies (Note 12.3)	<u>2.301.314</u>	2.879.151
Less current portion	<u>(760.991)</u>	(1.746.488)
Non-current portion	<u>1.540.323</u>	<u>1.132.663</u>

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

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

9. Share capital

	2016	2016	2015	2015
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1 each	<u>10.000</u>	<u>10.000</u>	10.000	10.000
Issued and fully paid				
Balance at 1 January	<u>1.000</u>	<u>1.000</u>	1.000	1.000
Balance at 31 December	<u>1.000</u>	<u>1.000</u>	1.000	1.000

10. Borrowings

	2016	2015
	€	€
Non-current borrowings		
Loan from shareholder (Note 12.4)	<u>2.021.528</u>	<u>2.557.284</u>

11. Payables

	2016	2015
	€	€
Accruals	<u>2.380</u>	2.380
	<u>2.380</u>	<u>2.380</u>

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

12. Related party transactions

The following transactions were carried out with related parties:

12.1 Loan interest expense

	2016	2015
	€	€
For the year ended 31 December	<u>35.434</u>	36.753
	<u>35.434</u>	<u>36.753</u>

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2016

12. Related party transactions (continued)

12.2 Loan interest income

	2016	2015
	€	€
For the year ended 31 December	<u>94.959</u>	<u>116.904</u>
	<u>94.959</u>	<u>116.904</u>

12.3 Loan to related company (Note 8)

	2016	2015
	€	€
As at 31 December	<u>2.301.314</u>	<u>2.879.151</u>
	<u>2.301.314</u>	<u>2.879.151</u>

Loan to related company amounting to €2.301.314 (2014: €2.879.151) carries interest at the rate of 3months libor plus 3% per annum and is repayable in 2024.

12.4 Loan from shareholder (Note 10)

	2016	2015
	€	€
As at 31 December	<u>2.021.528</u>	<u>2.557.284</u>
	<u>2.021.528</u>	<u>2.557.284</u>

Loan from shareholder amounting to € 2.021.528 (2015: €2.557.284) carries interest at the rate of 3month libor plus 2,65% per annum and is repayble in 2024.

13. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 and 5