

OXXY GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2014

OXXY GROUP LIMITED

REPORT AND FINANCIAL STATEMENTS

31 December 2014

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OXXY GROUP LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Aston Management (Cyprus) Limited Stelios Kazamia Dimitar Dimitrov
Company Secretary:	White November Corporate Services (Cyprus) Limited
Independent Auditors:	M.D. MAKRIS & ASSOCIATES LTD Certified Public Accountants and Registered Auditors Christodoulou Sozou 31 ERMES Tower Office 402 1096 Nicosia Cyprus
Registered office:	25 Michalakopoulou Street MICHALAKOPOULOU TOWER, 1st floor, office M102 1075 Nicosia Cyprus
Banker:	Bank of Cyprus Public Company Ltd
Registration number:	HE307150

OXXY GROUP LIMITED

REPORT OF THE BOARD OF DIRECTORS

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2014.

Principal activities

The principal activities of the Company are the holding of investments and the provision of finance, the provision of consultancy services and ownership of a trademark which is already registered on the Company's name but has not yet generated any income.

Review of current position, future developments and significant risks

The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company losses.

Additional details that relate to the operating environment of the Company as well as other risks and uncertainties are described in notes 3 and 16 of the financial statements.

Results

The Company's results for the year are set out on page 5. The net loss for the year is carried forward.

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 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.

Independent Auditors

The Independent Auditors, M.D. MAKRIS & ASSOCIATES LTD, 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,



White November Corporate Services (Cyprus) Limited
Secretary

Nicosia, 25 May 2015

Independent auditor's report

To the Members of Oxy Group Limited

Report on the financial statements

We have audited the financial statements of the parent company Oxy Group Limited (the "Company") on pages 5 to 17 which comprise the statement of financial position as at 31 December 2014, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Board of Directors' responsibility for the financial statements

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

Auditor's responsibility

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

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

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

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of parent company Oxy Group Limited as at 31 December 2014, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Independent auditor's report (continued)

To the Members of Oxy Group 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 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 Company's financial statements are in agreement with the books of account.
- In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Cyprus Companies Law, Cap. 113, in the manner so required.
- In our opinion, the information given in the report of the Board of Directors is consistent with the financial statements.

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.



Michalis Makris
Certified Public Accountant and Registered Auditor
for and on behalf of
M.D. MAKRIS & ASSOCIATES LTD
Certified Public Accountants and Registered Auditors

Nicosia, 25 May 2015

OXXY GROUP LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Year ended 31 December 2014

	Note	2014 €	2013 €
Administration expenses		<u>(850)</u>	(902)
Operating loss		(850)	(902)
Finance costs	6	<u>(657)</u>	(468)
Loss before tax		(1,507)	(1,370)
Tax	7	<u>-</u>	-
Net loss for the year		(1,507)	(1,370)
Other comprehensive income		<u>-</u>	-
Total comprehensive expense for the year		<u>(1,507)</u>	<u>(1,370)</u>

The notes on pages 9 to 17 form an integral part of these financial statements.


OXXY GROUP LIMITED

STATEMENT OF FINANCIAL POSITION


31 December 2014

	Note	2014 €	2013 €
ASSETS			
Non-current assets			
Intangible assets	9	232,800	97,900
Investments in subsidiaries	10	<u>175</u>	<u>175</u>
		232,975	98,075
Current assets			
Receivables	11	105	-
Cash at bank and in hand	12	<u>707</u>	<u>326</u>
		812	326
Total assets		233,787	98,401
EQUITY AND LIABILITIES			
Equity			
Share capital	13	1,000	1,000
Accumulated (losses)		<u>(2,878)</u>	<u>(1,371)</u>
Total equity		(1,878)	(371)
Current liabilities			
Trade and other payables	14	235,665	98,525
Current tax liabilities	15	<u>-</u>	<u>247</u>
		235,665	98,772
Total equity and liabilities		233,787	98,401

On 25 May 2015 the Board of Directors of Oxy Group Limited authorised these financial statements for issue.



 Aston Management (Cyprus) Limited
 Director



 Stelios Kazamia
 Director

The notes on pages 9 to 17 form an integral part of these financial statements.

OXXY GROUP LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2014

	Note	Share capital €	Accumulated (losses) €	Total €
Balance at 1 January 2013		1,000	4,053	5,053
Comprehensive income				
Net loss for the year		-	(1,370)	(1,370)
Transactions with owners				
Dividends	8	-	(4,054)	(4,054)
Balance at 31 December 2013/ 1 January 2014		1,000	(1,371)	(371)
Comprehensive income				
Net loss for the year		-	(1,507)	(1,507)
Balance at 31 December 2014		1,000	(2,878)	(1,878)

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter will be payable on such deemed dividends to the extent that the shareholders (companies and individuals) are Cyprus tax residents. 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 9 to 17 form an integral part of these financial statements.

OXXY GROUP LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2014

	Note	2014 €	2013 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		(1,507)	(1,370)
Adjustments for:			
Interest expense	6	<u>39</u>	-
Cash flows used in operations before working capital changes		(1,468)	(1,370)
(Increase)/decrease in receivables		(105)	6,156
Increase in trade and other payables		<u>137,140</u>	97,325
Cash flows from operations		135,567	102,111
Tax paid		<u>(247)</u>	-
Net cash flows from operating activities		135,320	102,111
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase and development of intangible assets	9	(134,900)	(97,900)
Payment for purchase of investments in subsidiaries	10	<u>-</u>	(175)
Net cash flows used in investing activities		(134,900)	(98,075)
CASH FLOWS FROM FINANCING ACTIVITIES			
Interest paid		(39)	-
Dividends paid		<u>-</u>	(4,054)
Net cash flows used in financing activities		(39)	(4,054)
Net increase /(decrease) in cash and cash equivalents		381	(18)
Cash and cash equivalents:			
At beginning of the year		<u>326</u>	344
At end of the year	12	707	326

The notes on pages 9 to 17 form an integral part of these financial statements.

OXXY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

1. Incorporation and principal activities

Country of incorporation

The Company Oxy Group Limited (the "Company") was incorporated in Cyprus on 30 May 2012 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 25 Michalakopoulou Street, MICHALAKOPOULOU TOWER, 1st floor, office M102, 1075 Nicosia, Cyprus.

Principal activities

The principal activities of the Company are the holding of investments and the provision of finance, the provision of consultancy services and ownership of a trademark which is already registered on the Company's name but has not yet generated any income.

2. 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 of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

The Company is not required by the Cyprus Companies Law, Cap.113, to prepare consolidated financial statements because the Company and its subsidiaries constitute a small sized group as defined by the Law and the Company does not intend to issue consolidated financial statements for the year ended 31 December 2014.

The European Union has concluded that since its 4th Directive requires parent companies to prepare separate financial statements, and since the Cyprus Companies Law, Cap. 113, requires the preparation of such financial statements in accordance with IFRS as adopted by the European Union, the provisions of International Accounting Standard 27 "Consolidated and separate financial statements" that require the preparation of consolidated financial statements in accordance with IFRS do not apply.

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 2014. 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.

OXXY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. Accounting policies (continued)

Subsidiary companies

Subsidiaries are entities controlled by the Group. Control exists where 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.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

Finance costs

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

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the Company's e-business development is recognised only if all of the following conditions are met:

- an asset is created that can be identified (such as software and new processes);
- it is probable that the asset created will generate future economic benefits; and
- the development cost of the asset can be measured reliably.

Internally-generated intangible assets are amortised on a straight-line basis over their estimated useful lives. Where no internally-generated intangible asset can be recognised, development expenditure is charged to profit or loss in the period in which it is incurred.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

Patents and trademarks

Patents and trademarks are measured initially at purchase cost and are amortised on a straight-line basis over their estimated useful lives.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

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.

Cash and cash equivalents

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

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

2. 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.

Impairment of assets

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

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.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

3. Financial risk management

Financial risk factors

The Company is exposed to interest rate risk, credit risk, liquidity 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. 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.

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 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

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

- **Impairment of investments in subsidiaries**

The Company periodically evaluates the recoverability of investments in subsidiaries 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, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in subsidiaries may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

OXXY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

4. Critical accounting estimates and judgements (continued)

• Impairment of intangible asset

Intangible assets are initially recorded at acquisition cost and are amortized on a straight line basis over their useful economic life. Intangible assets that are acquired through a business combination are initially recorded at fair value at the date of acquisition. Intangible assets with indefinite useful life are reviewed for impairment at least once per year. The impairment test is performed using the discounted cash flows expected to be generated through the use of the intangible assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

5. Expenses by nature

	2014	2013
	€	€
Auditors' remuneration for the statutory audit of annual accounts	500	552
Annual levy	350	-
Other expenses	-	350
Total expenses	850	902

6. Finance costs

	2014	2013
	€	€
Interest expense	39	-
Sundry finance expenses	618	468
	657	468

7. Tax

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

	2014	2013
	€	€
Loss before tax	(1,507)	(1,370)
Tax calculated at the applicable tax rates	(188)	(171)
Tax effect of expenses not deductible for tax purposes	48	44
Tax effect of tax loss for the year	140	127
Tax charge	-	-

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 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years. As at 31 December 2014, the balance of tax losses which is available for offset against future taxable profits amounts to €2,138 for which no deferred asset is recognised in the statement of financial position.

OXXY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

8. Dividends

	2014 €	2013 €
Interim dividend paid	-	4,054
	<u>-</u>	<u>4,054</u>

Dividends are subject to a deduction of special contribution for defence at 20% for the tax years 2012 and 2013 and 17% for 2014 and thereafter for individual shareholders that are residents of Cyprus.

9. Intangible assets

	Research and development €	Patents and trademarks €	Total €
Cost			
Additions	97,900	-	97,900
Balance at 31 December 2013/ 1 January 2014	97,900	-	97,900
Additions	134,000	900	134,900
Balance at 31 December 2014	231,900	900	232,800
Net book amount			
Balance at 31 December 2014	231,900	900	232,800
Balance at 31 December 2013	97,900	-	97,900

The above research and development costs have been incurred by the company for the development of a software system. Patents and trademarks comprise of OXXY TRADEMARK, registered on 16/05/2014, which will be used in the area of Computer Software & Scientific Services. No depreciation has been claimed for the year on both intangibles since the software system has not yet been completed and the trademark has not yet generated any income.

10. Investments in subsidiaries

	2014 €	2013 €
Balance at 1 January	175	-
Additions	-	175
Balance at 31 December	175	175

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2014 Holding %	2013 Holding %	2014 €	2013 €
Oxy Applications Ltd	Bulgaria	Web site development and applications	100	100	50	50
Oxy Solutions Ltd	United Kingdom	Dormant	100	100	125	125
					<u>175</u>	<u>175</u>

11. Receivables

	2014 €	2013 €
Refundable VAT	105	-
	<u>105</u>	<u>-</u>

OXXY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

11. Receivables (continued)

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Company to credit risk and impairment losses in relation to trade and other receivables is reported in note 3 of the financial statements.

12. Cash at bank and in hand

Cash balances are analysed as follows:

	2014	2013
	€	€
Cash at bank and in hand	<u>707</u>	<u>326</u>
	<u>707</u>	<u>326</u>

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 3 of the financial statements.

13. Share capital

	2014 Number of shares	2014 €	2013 Number of shares	2013 €
Authorised				
Ordinary shares of €1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Issued and fully paid				
Balance at 1 January	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>
Balance at 31 December	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

14. Trade and other payables

	2014 €	2013 €
Accruals	15,500	-
Payables to related companies (Note 18)	<u>220,165</u>	<u>98,525</u>
	<u>235,665</u>	<u>98,525</u>

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

15. Current tax liabilities

	2014 €	2013 €
Corporation tax	-	247
	<u>-</u>	<u>247</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

16. Operating Environment of the Company

The Cyprus economy has been adversely affected from the crisis in the Cyprus banking system in conjunction with the inability of the Republic of Cyprus to borrow from international markets. As a result, the Republic of Cyprus entered into negotiations with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), for financial support, which resulted into an agreement and the Eurogroup decision of 25 March 2013. The decision included the restructuring of the two largest banks in Cyprus through "bail in". During 2014 the Cyprus economy contracted further with a decrease in the Gross Domestic Product.

Following the positive outcome of the reviews of Cyprus's economic programme by the European Commission, the European Central Bank and the International Monetary Fund during 2013 and 2014, the Eurogroup endorsed the disbursement of the scheduled tranches of financial assistance to Cyprus.

The uncertain economic conditions in Cyprus, the unavailability of financing, the restructuring of the banking sector through "bail in" for Laiki Bank and Bank of Cyprus, and the imposition of capital controls together with the current situation of the banking system and the continuing overall economic recession, have affected:

- The ability of the Company to obtain new borrowings or re-finance its existing borrowings at terms and conditions similar to those applied to earlier transactions
- The ability of the Company's trade and other debtors to repay the amounts due to the Company
- The ability of the Company to enter into contracts for the development of new property units
- The cash flow forecasts of the Company's management in relation to the impairment assessment for financial and non-financial assets

The economic conditions described above, together with the impact of the Eurogroup decision of 25 March 2013 on Cyprus, had an adverse impact on the Company's debtors (inability to meet their obligations towards the Company), suppliers (inability to continue trading), real estate valuation, bankers (inability to provide adequate finance), and revenue (decreased demand for the Company's products or services due to decreased purchasing power of consumers).

The Company's management has assessed:

- (1) Whether any impairment allowances are deemed necessary for the Company's financial assets carried at amortised cost by considering the economic situation and outlook at the end of the reporting period. Impairment of trade receivables is determined using the "incurred loss" model required by International Accounting Standard 39 "Financial Instruments: Recognition and Measurement". This standard requires recognition of impairment losses for receivables that arose from past events and prohibits recognition of impairment losses that could arise from future events, no matter how likely those future events are.

The Company's management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary.

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

17. General events

The negotiations of the Cyprus Government with the European Commission, the European Central Bank and the International Monetary Fund (the "Troika"), in order to obtain financial support, resulted in an agreement and decision of the Eurogroup on 25 March 2013 on the key elements necessary for a future macroeconomic adjustment programme which includes the provision of financial assistance to the Republic of Cyprus of up to €10 billion. The programme aims to address the exceptional economic challenges that Cyprus is facing, and to restore the viability of the financial sector, with a view to restoring sustainable economic growth and sound public finances in the coming years.

OXXY GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2014

17. General events (continued)

The Eurogroup decision on Cyprus includes plans for the restructuring of the financial sector and safeguards deposits below €100.000 in accordance with European Union legislation. In addition, the Cypriot authorities have reaffirmed their commitment to step up efforts in the areas of fiscal consolidation, structural reforms and privatizations.

On 12 April 2013 the Eurogroup welcomed the agreement that was reached between Cyprus and the Troika institutions regarding the macroeconomic adjustment programme for Cyprus. Subsequently all the necessary procedures for the formal approval of the Board of Directors of the European Stability Mechanism were completed, as well as the ratification by Eurozone member states. Following the completion of the above procedures, the first tranche of the financing of the Republic of Cyprus was released in line with the provisions of the Memorandum.

On 22 March 2013 legislation was enacted by the House of Representatives concerning restrictive measures in respect of transactions executed through the banking institutions operating in Cyprus. The extent and duration of the restrictive measures are decided by the Minister of Finance and the Governor of the Central Bank of Cyprus and were enforced on 28 March 2013. The temporary restrictive measures, with respect to banking and cash transactions include restrictions on cash withdrawals, the cashing of cheques and transfers of funds to other credit institutions in Cyprus and abroad. They also provide for the compulsory partial renewal of certain maturing deposits.

On 29 March 2013 the Central Bank of Cyprus issued decrees relating to Laiki Bank and Bank of Cyprus, implementing measures for these two banks under the Resolution of Credit and Other Institutions Law of 2013.

On the basis of the relevant decrees, Laiki Bank was placed into resolution. What remained in Laiki Bank were mainly the uninsured deposits and assets outside Cyprus. The assets of Laiki Bank in Cyprus, the insured deposits and the Eurosystem financing have been transferred to Bank of Cyprus, with compensation for the value of the net assets transferred, the issue of shares by Bank of Cyprus to Laiki Bank.

The recapitalization process for the Bank of Cyprus was completed in accordance with the relevant decrees of the Resolution Authority through "bail-in", that is through the partial conversion of uninsured deposits into shares. In addition, the holders of shares and debt instruments in Bank of Cyprus on 29 March 2013 have contributed to the recapitalization of Bank of Cyprus through the absorption of losses.

18. Related party transactions

The Company is controlled by a local company and a foreign individual which own 50% each of the Company's shares.

The following transactions were carried out with related parties:

18.1 Payables to related parties (Note 14)

Name	Nature of transactions	2014	2013
		€	€
Verdun Technologies Ltd	Finance	216,775	98,525
White November Corporate Services (Cyprus) Limited	Finance	3,390	-
		220,165	98,525

19. 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 4