VONPENDE HOLDINGS P.L.C.
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Period from 1 January 2019 to 30 June 2019

C.EFSTATHIOU
AUDIT LTD

Εγκεκριμένοι Λογιστές

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CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Stella Koukounis Georgios Koufaris Marina Tsoy
Company Secretary:	Stella Koukounis
Independent Auditors:	C. Efstathiou Audit Ltd Certified Public Accountants and Registered Auditors 8 Kennedy Avenue Athienitis Building 2nd floor, Office 201 1087 Nicosia
Business address:	Akamantis Business Center Egypt street, 10 3rd floor, P.C. 1097, Nicosia, Cyprus
Registered office:	Chrysanthou Mylona, 2 Dali, P.C. 2540, Nicosia, Cyprus
Bankers:	EcommBX Limited Credit Suisse AG, Zurich
Registration number:	HE216944

MANAGEMENT REPORT

The Board of Directors of Vonpende Holdings P.L.C. (the "Company") presents to the members its Management Report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the period from 1 January 2019 to 30 June 2019.

Principal activities and nature of operations of the Group
The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans and the ownership and leasing of residential property.

Review of current position, future developments and performance of the Group's business
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group are disclosed in notes 6 and 7 of the consolidated financial statements.

Results
The Group's results for the period are set out on page 7.

Dividends
The Board of Directors does not recommend the payment of an interim dividend and the net profit for the period is retained (2018: EUR1.809.980).
The Board of Directors does not recommend the payment of a final dividend and the net profit for the period is retained (2018: EUR1.850.000).

Share capital
There were no changes in the share capital of the Company during the period under review.

Implementation and compliance to the Code of Corporate Governance
The Group recognises the importance of implementing sound corporate governance policies, practices and procedures. As a company listed on the Cyprus Stock Exchange (CSE), Vonpende Holdings P.L.C. has adopted CSE's Corporate Governance Code and applies its principles.

In March 2006 the CSE issued a revised Code of Corporate Governance. The Group complies with all the provisions of the revised Code

Board of Directors
The members of the Group's Board of Directors as at 30 June 2019 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the period from 1 January 2019 to 30 June 2019.

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.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 31 to the consolidated financial statements.

Independent Auditors
The Independent Auditors, C. Efstathiou Audit 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,

Stella Koukounis
Director

Nicosia, 27 September 2019

C.EFSTATHIOU
AUDIT LTD

Independent Auditor's Report

To the Members of Vonpende Holdings P.L.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vonpende Holdings P.L.C. (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 36 and comprise the consolidated statement of financial position as at 30 June 2019, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 1 January 2019 to 30 June 2019, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 30 June 2019, and of its consolidated financial performance and its consolidated cash flows for the period from 1 January 2019 to 30 June 2019 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 Consolidated Financial Statements" section of our report. We are independent of the Group 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 consolidated 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 audit 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 consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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.

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Independent Auditor's Report (continued)

To the Members of Vonpende Holdings P.L.C.

Responsibilities of the Board of Directors 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.

In preparing the consolidated financial statements, the Board of Directors is responsible for assessing the Group'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 Group or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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 Vonpende Holdings P.L.C.

Report on Other Legal Requirements

Pursuant to the additional requirements of the Auditors Law of 2017, we report the following:

- 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 consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group 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 Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 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.

Costas Efstathiou
Certified Public Accountant and Registered Auditor
for and on behalf of
C. Efstathiou Audit Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 27 September 2019

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Period from 1 January 2019 to 30 June 2019

	Note	1.1.2019 to 30.6.2019 EUR	2018 EUR
Revenue	8	48.200.889	58.171.070
Cost of sales	9	(18.347.377)	(46.029.908)
Gross profit		**29.853.512**	12.141.162
Administration expenses	10	(375.611)	(2.439.884)
Other income/(other expenses)	11	2.648.863	(3.427.713)
Operating profit		**32.126.764**	6.273.565
Net finance costs	12	(100.821)	(10.012)
Profit before tax		**32.025.943**	6.263.553
Tax	13	(5.010.082)	(72.887)
Net profit for the period/year		**27.015.861**	6.190.666
Other comprehensive income			
Financial assets at fair value through other comprehensive income - Fair value Loss		(28.752.306)	(50.364.013)
Total comprehensive loss for the period/year		**(28.752.306)**	(50.364.013)
Total comprehensive loss for the period/year		**(1.736.445)**	(44.173.347)

The notes on pages 14 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
30 June 2019

	Note	2019 EUR	2018 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	14	2.271	2.734
Investment properties	15	99.317	101.193
Goodwill	16	4.158.401	4.131.632
Financial assets at fair value through other comprehensive income	17	39.161.666	65.385.186
Interest bearing bonds	18	-	2.514.217
Debt investments at amortised cost	19	14.401.201	284.627.053
Loans receivable	20	748.771.368	606.816.908
		806.594.224	963.578.923
Current assets			
Trade and other receivables	21	773.971	2.270.536
Loans receivable	20	-	144.462.124
Financial assets at fair value through profit or loss		31.256	-
Cash and cash equivalents		6.626.540	2.551.155
		7.431.767	149.283.815
Total assets		**814.025.991**	1.112.862.738
EQUITY AND LIABILITIES			
Equity			
Share capital	22	2.177.150	2.177.150
Share premium	23	1.546.784	1.546.784
Fair value reserve - Financial assets at fair value through other comprehensive income	23	(175.305.629)	(146.553.323)
Non-refundable advances	23	465.186	384.358
Retained earnings		99.509.857	69.687.522
		(71.606.652)	(72.757.509)
Non-controlling interests		10.462.375	26.606.686
Total equity		**(61.144.277)**	(46.150.823)
Non-current liabilities			
Borrowings	24	776.362.542	1.041.284.853
		776.362.542	1.041.284.853
Current liabilities			
Trade and other payables	25	348.946	4.062.360
Borrowings	24	98.427.518	113.646.947
Current tax liabilities	26	31.262	19.401
		98.807.726	117.728.708
Total liabilities		**875.170.268**	1.159.013.561
Total equity and liabilities		**814.025.991**	1.112.862.738

The notes on pages 14 to 36 form an integral part of these consolidated financial statements.

On 27 September 2019 the Board of Directors of Vonpende Holdings P.L.C. authorised these consolidated financial statements for issue.

....
Stella Koukounis
Director

....
Georgios Koufaris
Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period from 1 January 2019 to 30 June 2019

		Attributable to equity holders of the Company							
	Note	**Share capital EUR**	**Share premium EUR**	**Fair value reserve - Financial assets at fair value through other comprehensive income EUR**	**Non-refundable advances EUR**	**Retained earnings EUR**	**Total EUR**	**Non-controlling interests EUR**	**Total EUR**
Balance at 1 January 2018		100.000	-	(96.189.311)	-	74.483.380	(21.605.931)	46.037.903	24.431.972
Comprehensive income									
Net profit for the year		-	-	-	-	6.461.276	6.461.276	(270.610)	6.190.666
Other comprehensive income for the year		-	-	(50.364.013)	-	-	(50.364.013)	-	(50.364.013)
Total comprehensive income for the year		-	-	(50.364.013)	-	6.461.276	(43.902.736)	(270.610)	(44.173.346)
Transactions with owners									
Issue of share capital	22	2.077.150	1.546.784	-	-	-	3.623.934	-	3.623.934
Dividends		-	-	-	-	(3.659.980)	(3.659.980)	-	(3.659.980)
Funds for the year		-	-	-	384.358	-	384.358	-	384.358
Total transactions with owners		2.077.150	1.546.784	-	384.358	(3.659.980)	36.046	-	36.046
Other movements									
Exchange difference		-	-	-	-	(7.597.154)	(7.597.154)	(19.160.607)	(26.757.761)
Balance at 31 December 2018/ 1 January 2019		2.177.150	1.546.784	(146.553.323)	384.358	69.687.522	(72.757.509)	26.606.686	(46.150.823)

The notes on pages 14 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Period from 1 January 2019 to 30 June 2019

	Note	Share capital EUR	Share premium EUR	Fair value reserve - Financial assets at fair value through other comprehensive income EUR	Non-refundable advances EUR	Retained earnings EUR	Total EUR	Non-controlling interests EUR	Total EUR
		Attributable to equity holders of the Company							
Comprehensive income									
Net profit for the period		-	-	-	-	26.813.259	26.813.259	202.602	27.015.861
Other comprehensive income for the period		-	-	(28.752.306)	-	-	(28.752.306)	-	(28.752.306)
Total comprehensive income for the period		-	-	(28.752.306)	-	26.813.259	26.813.259	202.602	27.015.861
Transactions with owners									
Dividends		-	-	-	-	(3.659.980)	(3.659.980)	-	(3.659.980)
Funds for the year		-	-	-	80.828	-	80.828	-	80.828
Total transactions with owners		-	-	-	80.828	(3.659.980)	(3.579.152)	-	(3.579.152)
Other movements									
Exchange difference		-	-	-	-	6.669.056	6.669.056	(16.346.913)	(9.677.857)
Balance at 30 June 2019		2.177.150	1.546.784	(175.305.629)	465.186	99.509.857	(71.606.652)	10.462.375	(61.144.277)

The notes on pages 14 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Period from 1 January 2019 to 30 June 2019

	Note	1.1.2019 to 30.6.2019 EUR	2018 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		32.025.943	6.263.553
Adjustments for:			
Depreciation of property, plant and equipment		2.339	4.502
Exchange difference arising on the translation of non-current assets in foreign currencies		-	318.498
(Profit) from the sale of investments in subsidiaries		(24.414.876)	-
Fair value (gains) on financial assets at fair value through profit or loss		(10.812)	-
Fair value (gains) on financial assets through other comprehensive income		-	(5.282)
Reversal of impairment - investments in subsidiaries		-	(244.888)
Dividend income	8	-	(995.691)
Interest income		(22.818.999)	(48.993.349)
Interest expense	12	126.780	111
Share of loss from associates		-	964.037
		(15.089.625)	(42.688.509)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		2.682.711	(1.260.538)
Increase in financial assets at fair value through profit or loss		(20.444)	-
Decrease in bank deposits		1.396.243	3.181
Decrease in trade and other payables		(16.039.942)	(2.234.761)
Cash used in operations		**(27.071.057)**	(46.180.627)
Interest received		24.535.586	50.316.895
Dividends received		-	995.691
Tax paid		(4.998.221)	(72.764)
Net cash (used in)/generated from operating activities		**(7.533.692)**	5.059.195
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	14	-	(1.760)
Payment for purchase of financial assets at fair value through other comprehensive income		26.223.520	77.066.012
Payment for purchase of investments in subsidiaries		(35.515.270)	(142.888)
Payment for purchase of investments in associated undertakings		-	(964.037)
Payment for purchase of financial assets at amortised cost	19	-	(4.324.372)
Loans granted		-	(424.878)
Loans repayments received		2.507.664	330.128.319
Proceeds from sale of financial assets at amortised cost		271.000.000	6.285.000
Interest received		-	18.326
Proceeds from reduction of capital of investment in subsidiaries		30.129.576	-
Net cash generated from investing activities		**294.345.490**	407.639.722
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		-	3.623.934
Advances from shareholders		41.385	403.853
Repayments of borrowings		(301.029.651)	(339.769.747)
Proceeds from borrowings		20.894.291	4.867.890
Interest paid		(118)	(111)
Dividends paid		(1.214.297)	(3.724.980)

The notes on pages 14 to 36 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT

Period from 1 January 2019 to 30 June 2019

	Note	1.1.2019 to 30.6.2019 EUR	2018 EUR
Net cash used in financing activities		**(281.308.390)**	(334.599.161)
Net increase in cash and cash equivalents		**5.503.408**	78.099.756
Cash and cash equivalents at beginning of the period/year		2.551.155	(76.691.460)
Effect of exchange rate fluctuations on cash held		(1.405.081)	1.142.859
Cash and cash equivalents at end of the period/year		**6.649.482**	2.551.155

The notes on pages 14 to 36 form an integral part of these consolidated financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from 1 January 2019 to 30 June 2019

1. Incorporation and principal activities

Country of incorporation

The Company Vonpende Holdings P.L.C. (the "Company") was incorporated in Cyprus on 20 December, 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Chrysanthou Mylona, 2, Dali, P.C. 2540, Nicosia, Cyprus.

Principal activities

The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans and the ownership and leasing of residential property.

2. Basis of preparation

These consolidated 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. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of financial assets at fair value through profit or loss and financial assets at fair value through other comprehensive income.

3. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018.

4. Significant accounting policies

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

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company Vonpende Holdings P.L.C. and the financial statements of the following subsidiaries: "Wing Hang Enterprises (Cyprus) Limited", "Eyestorn Enterprises Limited", "Kirnione Holdings Limited", "Lebset Developments Limited","Mezorex Enterprises Limited" and "Winncom Technologies Holding Limited".

The financial statements of all the Group companies are prepared using uniform accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

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 Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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

4. Significant accounting policies (continued)

Business combinations (continued)

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; 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 bargain purchase gain.

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 Group 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 Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group 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 Group 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.

4. Significant accounting policies (continued)

Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Goodwill

Goodwill represents the excess of the cost of an acquisition over the fair value of the Group's share of the net identifiable assets of the acquired undertaking at the date of acquisition. Goodwill on acquisition of subsidiaries is included in "intangible assets". Goodwill on acquisitions of associates is included in "Investments in associates". Goodwill on acquisitions of investments in joint ventures is included in "investments in joint ventures".

Goodwill is tested annually for impairment and carried at cost less accumulated impairment losses. Gains and losses on the disposal of an undertaking include the carrying amount of goodwill relating to the undertaking sold. Goodwill is allocated to cash-generating units for the purpose of impairment testing.

Revenue

- **Sale of products**

  Sales of products are recognised at the point in time when the Group satisfies its performance obligation by transferring control over the promised products to the customer, which is usually when the products are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the products.

- **Rendering of services**

  Revenue from rendering of services is recognised over time while the Group satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously. This is determined based on the actual labour hours spent relative to the total expected labour hours.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

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

- **Dividend income**

  Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment.

4. Significant accounting policies (continued)

Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance income

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

Finance costs

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

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.

Dividends

Dividend distribution to the Group's shareholders is recognised in the Group's financial statements in the year in which they are approved by the Group's shareholders.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Computrer hardware and operating systems	20

The assets residual values and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

4. Significant accounting policies (continued)

Investment properties

Investment property, principally comprised of flats is held for long-term rental yields and/or for capital appreciation and is not occupied by the Group. Investment property is treated as a non-current asset and is stated at historical cost less depreciation. Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life.The annual depreciation rates used are 3% for flat and 10% for furnitures they are included within.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of non-financial 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). Non financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Financial assets - Classification

From 1 January 2018, the Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

For investments in equity instruments that are not held for trading, classification will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All other purchases and sales are recognized when the entity becomes a party to the contractual provisions of the instrument.

4. Significant accounting policies (continued)

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Financial assets - Measurement

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss. Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments into the following measurement category:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, trade receivables and financial assets at amortised cost.

Equity instruments

The Group subsequently measures all subsidiaries at fair value. Where the Group's management has elected to present fair value gains and losses on subsidiaries in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate subsidiaries as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in "other gains/(losses)" in the consolidated statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets - impairment - credit loss allowance for ECL

From 1 January 2018, the Group assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

4. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL (continued)

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the consolidated statement of profit or loss and other comprehensive income within "net impairment losses on financial and contract assets".

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the consolidated statement of financial position.

Expected losses are recognized and measured according to one of two approaches: general approach or simplified approach.

For trade receivables including trade receivables with a significant financing component and contract assets and lease receivables the Group applies the simplified approach permitted by IFRS 9, which uses lifetime expected losses to be recognised from initial recognition of the financial assets.

For all other financial asset that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

Additionally the Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Refer to note 6, Credit risk section for a description of how the Group determines low credit risk financial assets.

Financial assets -Reclassification

Financial instruments are reclassified only when the business model for managing those assets changes. The reclassification has a prospective effect and takes place from the start of the first reporting period following the change.

Financial assets - write-off

Financial assets are written-off, in whole or in part, when the Group exhausted all practical recovery efforts and has concluded that there is no reasonable expectation of recovery. The write-off represents a derecognition event. The Group may write-off financial assets that are still subject to enforcement activity when the Group seeks to recover amounts that are contractually due, however, there is no reasonable expectation of recovery.

4. Significant accounting policies (continued)

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

If the modified terms are substantially different, the rights to cash flows from the original asset expire and the Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

In a situation where the renegotiation was driven by financial difficulties of the counterparty and inability to make the originally agreed payments, the Group compares the original and revised expected cash flows to assets whether the risks and rewards of the asset are substantially different as a result of the contractual modification. If the risks and rewards do not change, the modified asset is not substantially different from the original asset and the modification does not result in derecognition. The Group recalculates the gross carrying amount by discounting the modified contractual cash flows by the original effective interest rate, and recognises a modification gain or loss in profit or loss.

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank, cash with brokers and cash in hand. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the Group. These are held with the objective to collect their contractual cash flows and their cash flows represent solely payments of principal and interest. Accordingly, these are measured at amortised cost using the effective interest method, less provision for impairment. Financial assets at amortised cost are classified as current assets if they are due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current assets.

Financial liabilities - measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

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.

4. Significant accounting policies (continued)

Trade payables

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

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated 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 consolidated statement of financial position.

Trade receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less loss allowance.

Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, in which case they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Trade receivables are also subject to the impairment requirements of IFRS 9.The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives

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

5. New accounting pronouncements

At the date of approval of these consolidated 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 consolidated financial statements of the Group.

6. Financial risk management

Financial risk factors
The Group 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 Group to manage these risks are discussed below:

6.1 Cash flow and fair value interest rate risk
The Group's interest rate risk arises from interest-bearing assets and long term borrowings. Interest-bearing assets and borrowings at variable rates expose the Group to cash flow interest rate risk. Interest bearing assets and borrowings issued at fixed rates expose the Group to fair value interest rate risk.

The Group's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.2 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, including outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only parties whom management has internally assessed as financially healthy and stable are accepted.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:
- trade receivables
- financial assets at amortised cost (loans and bonds from related parties and third parties, respectively)
- cash and cash equivalents

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Group defines default as a situation when the debtor is more than 90 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Group has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 30 June 2019 or 1 January 2019 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade receivables and contract assets are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group, and a failure to make contractual payments for a period of greater than 180 days past due.

Impairment losses on trade receivables and contract assets are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item.

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. A provision for impairment of trade receivables was established when there was objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days overdue) were considered indicators that the trade receivable was impaired. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

Debt investments

Other financial assets at amortised cost

Other financial assets at amortised cost (loans and trade receivable).

Loans to related parties, receivables from related parties, other receivables and debt investments at amortised cost

The Group considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the Group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information. Especially the following indicators are incorporated:

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Group and changes in the operating results of the borrower.

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

Regardless of the analysis above, a significant increase in credit risk is presumed if a debtor is more than 30 days past due in making a contractual payment.

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group. The Group categorises a loan or receivable for write off when a debtor fails to make contractual payments for a prolonged period of time. Where loans or receivables have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

A summary of the assumptions underpinning the Group's expected credit loss model is as follows:

Category	Group definition of category	Basis for recognition of expected credit loss provision	Basis for calculation of interest revenue
Performing	Counterparties have a low risk of default and a strong capacity to meet contractual cash flows	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which there is a significant increase in credit risk; as significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

Interest bearing loans are provided to related parties including key management personnel and directors. The Group does not require the related parties to pledge collateral as security against the loans.

The Group has no financial assets which are subject to the impairment requirements of IFRS 9 and which have had modifications to their contractual cash flows.

Over the term of the loans, receivables and other receivables, and debt securities the Group accounts for its credit risk by appropriately providing for expected credit losses on a timely basis. In calculating the expected credit loss rates, the Group considers historical loss rates for each category of customers, and adjusts for forward looking macroeconomic data.

6. Financial risk management (continued)

6.2 Credit risk (continued)

(ii) Impairment of financial assets (continued)

The Group provides for credit losses against loans to related parties, receivables, other receivables, debt securities at amortised cost and cash and cash equivalents. The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Group's maximum exposure to credit risk on these assets as at 30 June 2019.

Loans to related parties

Group internal credit rating	Gross carrying amount EUR	(Loss allowance) EUR	Carrying amount (net of impairment provision) EUR
Performing	748.771.368	-	748.771.368
Total loans to related parties	748.771.368	-	748.771.368

Cash and cash equivalents

Group internal credit rating	**External credit rating**	Expected credit loss rate EUR	Gross carrying amount EUR	(Loss allowance) EUR	Carrying amount (net of impairment provision) EUR
Performing	AAA - A	- %	6.626.540	-	6.626.540
Total cash and cash equivalents			6.626.540	-	6.626.540

6.3 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 Group 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.

6.4 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 Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, US Dollar and the Russian Ruble. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.5 Capital risk management

Capital includes equity shares, share premium and non refundable advances.

The Group 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 Group's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Group's financial assets and liabilities approximate their carrying amounts at the reporting date.

6. Financial risk management (continued)

Fair value estimation (continued)

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

7. Critical accounting estimates, judgments and assumptions

Estimates and judgments 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.

Critical accounting estimates and assumptions

The Group 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.

- **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 Group recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

Critical judgements in applying the Group's accounting policies

- **Fair value of financial assets**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 6, Credit risk section.

- **Impairment of goodwill**

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
Period from 1 January 2019 to 30 June 2019

8. Revenue

	1.1.2019 to 30.6.2019 EUR	2018 EUR
Sale of cement products	76.833	1.222.575
Commissions income	-	76.117
Dividend income	-	995.691
Interest income	22.818.999	48.975.023
Net gain of financial instrument	25.301.386	6.896.624
Rental income	3.510	5.040
Amount payable written off	161	-
	48.200.889	58.171.070

9. Cost of sales

	1.1.2019 to 30.6.2019 EUR	2018 EUR
Purchases of cement products	71.983	1.145.495
Broker fees	138	-
Commissions payable	-	550.000
Interest expense	18.275.256	44.334.413
	18.347.377	46.029.908

10. Administration expenses

	1.1.2019 to 30.6.2019 EUR	2018 EUR
Directors fees and staff costs	100.211	70.420
Rent	2.850	5.700
Professional fees	118.960	296.403
Directors services	7.500	20.250
Annual levy	2.100	2.100
Services paid	31.184	34.756
Services provided - investment activities	-	1.291.326
Auditors' remuneration - current period	24.540	67.060
Auditors' remuneration - prior years	10.500	9.500
Accounting fees	6.000	21.500
Legal fees	46.566	45.871
Other expenses	21.357	45.202
Expenses for increase of share capital	-	16.810
Custodian fees	1.504	49.004
Guarantee fees - investment activity	-	36.630
Surety fees - investment activities	-	422.850
Depreciation	2.339	4.502
	375.611	2.439.884

11. (Other income)/Other expenses

	1.1.2019 to 30.6.2019 EUR	2018 EUR
Other income	(13.505)	(1.673)
Reversal of impairment - investment in subsidiary	-	(244.888)
Amount receivable written off	(191.584)	101.147
Net foreign exchange loss	(2.443.774)	2.225.377
Fair value losses on financial assets at fair value through profit or loss	-	1.347.750
	(2.648.863)	3.427.713

12. Finance income/(costs)

	1.1.2019 to 30.6.2019 EUR	2018 EUR
Interest income	-	18.326
Finance income	-	18.326
Interest expense	(87.157)	(9)
Sundry finance expenses	(13.664)	(28.329)
Finance costs	**(100.821)**	(28.338)
Net finance costs	**(100.821)**	(10.012)

13. Tax

	1.1.2019 to 30.6.2019 EUR	2018 EUR
Corporation tax	11.782	19.288
Overseas tax	4.998.221	49.785
Defence contribution	79	118
Defence contribution on interest dividends paid	-	3.696
Charge for the period/year	**5.010.082**	72.887

14. Property, plant and equipment

	Computer hardware and operating systems EUR
Cost	
Balance at 1 January 2018	2.874
Additions	1.760
Balance at 31 December 2018/ 1 January 2019	4.634
Balance at 30 June 2019	**4.634**
Depreciation	
Balance at 1 January 2018	1.150
Charge for the period	750
Balance at 31 December 2018/ 1 January 2019	1.900
Charge for the period	463
Balance at 30 June 2019	**2.363**
Net book amount	
Balance at 30 June 2019	**2.271**
Balance at 31 December 2018	**2.734**

15. Investment properties

	2019 EUR	2018 EUR
Cost		
Balance at 1 January	112.333	112.333
Balance at 30 June /31 December	**112.333**	112.333
Depreciation		
Balance at 1 January	11.140	7.388
Charge for the period	1.876	3.752
Balance at 30 June /31 December	**13.016**	11.140
Net book amount		
Balance at 30 June /31 December	99.317	101.193

Investment property includes an apartment situated at 55 Milou street, Archangelos, Nicosia, Cyprus

16. Intangible assets

	Goodwill EUR
Cost	
Balance at 1 January 2018	4.131.632
Balance at 31 December 2018/ 1 January 2019	4.131.632
Goodwill on acquisition of a subsidiary	26.769
Balance at 30 June 2019	**4.158.401**
Net book amount	
Balance at 30 June 2019	**4.158.401**
Balance at 31 December 2018	**4.131.632**

On 28 December 2016, Vonpende Holdings Limited acquired 52% of Lebset Development Limited and this resulted into a goodwill of € 0,7 millions. The main operations of Lebset Developments Limited is the holding of investments.

On 30 December, 2016, Vonpende Holdings Limited acquired 76,03% of Linge Enterprises Limited and 52,05% of Mezorex Enterprises Limited and this resulted into a goodwill of € 0,9 millions and € 3,4 millions respectively.

The main operation of Linge Enterprises Limited, is holding of investments.

The main operation of Mezorex Enterprises Limited, is the holding of investments and investment of its funds.

On December 2017, Vonpende Holdings Limited increased its shareholding to 95,10% in Eyestorn Enterprises Limited, Kirnione Holdings Limited, Lebset Developments Limited and Mezorex Enterprises Limited to 95,08%. The Group disposed its interest Linge Enterprises Limited in 2017 and realized a profit of EUR885.681.

On 7 February 2019 Vonpende Holdings P.L.C. acquired 67% of Winncom Technologies Holding Limited (Ireland) and this resulted into a goodwill of €27.000. The main operation of Wincom Technologies Holding Limited is that of an investment holding company.

On 7 February 2019, Vonpende Holdings Limited increased its shareholding to 100% in Eyestorn Enterprises Limited, Kirnione Holdings Limited and Lebset Developments Limited.

17. Financial assets at fair value through other comprehensive income

	2019 EUR	2018 EUR
Balance at 1 January	65.385.186	142.451.198
Additions	21.114.178	230.247
Disposals	(5.714.700)	-
Reversal of impairment	-	244.888
Fair value adjustment	(41.622.998)	(77.222.658)
Reduction of share capital	-	(318.489)
	39.161.666	65.385.186

17. Financial assets at fair value through other comprehensive income (continued)

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	**2019 Holding %**	2018 Holding %
Eyestorn Enterprises Limited	Cyprus	Holding of investments and receiving and granting of loans	100	95,10
Winncom Technologies Holding Limited	Ireland	Holding of investments	67	-
Lebset Developments Limited	Cyprus	Holding of investments	100	95,10
Kirnione Holdings Limited	Cyprus	Trading in investments and investment of its funds	100	95,10
Mezorex Enterprises Limited	Cyprus	Holding of investments and investment of its funds	95,08	95,08

18. Interest bearing bonds

	2019 EUR	2018 EUR
Balance at 1 January	2.514.217	2.515.045
Additions	-	56.404
Redemption	(2.500.000)	-
Repayments	(42.952)	-
Interest charged	28.735	(57.232)
Balance at 30 June /31 December	-	2.514.217

The effective interest rate on investment in debt securities is 2,50% plus annual Euro Libor, and these debt securities were repayable by 31 December 2026. Nevertheless the bonds were redeemed in accordance with the notice of redemption of bonds dated 27 May 2019.

19. Debt investments at amortised cost

	2019 EUR	2018 EUR
Balance at 1 January	284.627.053	287.928.725
Additions	16.510	4.325.200
Redemption	(270.229.912)	8.562.529
Interest charged	-	7.220.657
Interest repayments	(157.450)	(6.285.000)
Balance at 30 June /31 December	**14.401.201**	284.627.053

The amount of EUR 14.401.201 concerns corporate bonds that are subject to a floating interest rate equal to annual Euro Libor rate on a drawing date plus a margin of 2,40% to 2,80% per annum, and are repayable between 2026 and 2028.

20. Loans receivable

	2019 EUR	2018 EUR
Loans receivable	748.771.368	751.279.032
	748.771.368	751.279.032
Less current portion	-	(144.462.124)
Non-current portion	748.771.368	606.816.908

The loans are repayable as follows:

	2019 EUR	2018 EUR
Within one year	-	144.462.124
Between one and five years	748.460.830	606.816.908
After five years	310.538	-
	748.771.368	751.279.032

The fair value of receivable loans approximates to their carrying amounts as presented above.

21. Trade and other receivables

	2019 EUR	2018 EUR
Trade receivables	1.769	1.541
Promisssory note receivable	681.750	2.218.174
Deposits and prepayments	20.629	18.853
Other receivables	69.823	31.968
	773.971	2.270.536

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

22. Share capital

	2019 Number of shares	2019 EUR	2018 Number of shares	2018 EUR
Authorised				
Ordinary shares of EUR 12,50 each	183.600	2.295.000	183.600	2.295.000
	183.600	**2.295.000**	183.600	2.295.000
Issued and fully paid				
Balance at 1 January	174.172	2.177.150	8.000	100.000
Issue of shares	-	-	166.172	2.077.150
Balance at 30 June /31 December	**174.172**	**2.177.150**	174.172	2.177.150

23. Other reserves

	Share premium	Fair value reserve - Financial assets at fair value through other comprehensive income	Non-refundable advances	Total
	EUR	EUR	EUR	EUR
Balance at 1 January 2018	-	(96.189.311)	-	(96.189.311)
Fair value adjustment	-	(50.364.012)	-	(50.364.012)
Issue of share capital	1.546.784	-	-	1.546.784
Funds for the year	-	-	384.358	384.358
Balance at 31 December 2018/ 1 January 2019	1.546.784	(146.553.323)	384.358	(144.622.181)
Fair value adjustment	-	(28.752.306)	-	(28.752.306)
Funds for the year	-	-	80.828	80.828
Balance at 30 June 2019	**1.546.784**	**(175.305.629)**	**465.186**	**(173.293.659)**

24. Borrowings

	2019	2018
	EUR	EUR
Current borrowings		
Trade loans payable	98.427.518	113.646.947
Non-current borrowings		
Trade loans payable	776.362.542	1.041.284.853
Total	**874.790.060**	1.154.931.800

Maturity of non-current borrowings:

	2019	2018
	EUR	EUR
Within one year	98.427.518	113.646.947
Between one and five years	337.713.532	1.041.284.853
After five years	438.649.010	-
	874.790.060	1.154.931.800

25. Trade and other payables

	2019	2018
	EUR	EUR
Trade payables	4.460	186.938
Advances received for subsidiary disposal	-	3.586.688
Commission payable	45.216	137.500
Shareholders' current accounts - credit balances (Note 27.2)	114.297	-
Social insurance and other taxes	4.075	1.986
Tenants deposits	1.170	1.170
Accruals	179.775	129.333
Defence tax on payable dividends	-	18.726
Defence tax on rent payable	(47)	19
	348.946	4.062.360

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

26. Current tax liabilities

	2019	2018
	EUR	EUR
Corporation tax	31.070	19.288
Special contribution for defence	192	113
	31.262	19.401

27. Related party transactions

The following transactions were carried out with related parties:

27.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	1.1.2019 to 30.6.2019	2018
	EUR	EUR
Directors' fees	68.746	27.000
Director services	7.500	20.250
	76.246	47.250

27.2 Shareholders' current accounts - credit balances (Note 25)

	2019	2018
	EUR	EUR
Shareholders' current accounts - credit balance	114.297	-
	114.297	-

The shareholders' current accounts are interest free, and have no specified repayment date.

28. Significant subsidiaries

For the period ended 30 June 2019 the Group includes the Company and the below listed subsidiaries. Material subsidiary Wing Hang Enterprises Ltd was incorporated in Hong Kong on 30 August 1999 as a private company with limited liability and transferred domicile to Nevis on 5 December 2003. From 5 July, 2017, Wing Hang Enterprises Limited was registered in accordance with section 354H of the Companies Law Cap. 113, as a company continuing in the Republic of Cyprus under the name of Wing Hang Enterprises (Cyprus) Limited. The Group's principal activities are the receiving and granting of loans, the trading in investments and acting as a principal in trading of cement and other products and commodities.

Name	Country of incorporation	Principal activities	30 June 2019 %	31 December 2018 %
Wing Hang Enterprises (Cyprus) Limited	Cyprus	Trading in financial instruments and receiving and granting of loans	100	100
Eyestorn Enterprises Limited	Cyprus	Holding of investments and receiving and granting of loans	100	95,10
Kirnione Holdings Limited	Cyprus	Trading in investments and investment of its funds	100	95,10
Lebset Developments Limited	Cyprus	Holding of investments	100	95,10
Mezorex Enterprises Limited	Cyprus	Holding of investments and investment of its funds	95,08	95,08
Winncom Technologies Holding Limited	Ireland	Holding of investments	67	-

Within 2019, Vonpende Holdings P.L.C. acquired 99% of Linxton Investments Limited (Cyprus) that is not considered part of the Group hence non consolidated, since the intention of the Group is for a subsequent disposal.

29. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2019.

30. Commitments

The Group had no capital or other commitments as at 30 June 2019.

31. Events after the reporting period

On 11 July, 2019 the Group purchased additional 1% in the share capital of subsidiary company Linxton Investments Limited, thus increasing its percentage shareholding in the latter to 100%.

On the same date, the Group paid the amount of EUR 10.000 as 1st installment of provisional taxation to its EUR 160.000 estimated chargeable income for the year 2019.

The 1.500 Subordinated Contingent Convertible Bonds (debt investments at amortised cost) of total nominal value of EUR 1.500.000 held by the Group were redeemed on 31 July 2019.

On 5 September 2019 the Group subscribed for 12.820 corporate Bonds, at a nominal value of EUR 1.000 each, which were settled by the way of exchanging 12.820 existing Bonds of equal value.

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