

VONPENDE HOLDINGS P.L.C.
REPORT AND CONSOLIDATED FINANCIAL
STATEMENTS
Period from 1 January 2020 to 30 June 2020

C.EFSTATHIOU
AUDIT LTD

Εγκριμένοι Λογιστές

Certified Public Accountants

Λεωφ. Κέννεντυ 8, Γραφείο 201
1087 Λευκωσία, Κύπρος
Τ.Θ. 20791
1663 Λευκωσία, Κύπρος
Τ / 22 76 88 22
Φ / 22 76 81 95

8 Kennedy Ave., Office 201
1087 Nicosia, Cyprus
P.O.Box 20791
1663 Nicosia, Cyprus
T / 22 76 88 22
F / 22 76 81 95

E / audit@ceaudit.com.cy

www.ceaudit.com.cy

VONPENDE HOLDINGS P.L.C.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

CONTENTS	PAGE
Board of Directors and other officers	1
Management Report	2 - 3
Independent auditor's report	4 - 6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8-9
Consolidated statement of changes in equity	10 - 11
Consolidated cash flow statement	12-13
Notes to the consolidated financial statements	14 - 43

VONPENDE HOLDINGS P.L.C.

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Marina Tsoy Stella Koukounis Georgios Koufaris
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 Office no.306 3rd floor, P.C. 1097, Nicosia, Cyprus
Registered office:	Angelou Terzaki Street, 110 Office No.4, 2402 Egkomi, Nicosia Cyprus
Bankers:	Credit Suisse AG, Zurich EcommBX Limited, Cyprus JSC Bank "National Standard", Russia Mirabaud (Middle East) Limited, United Arab Emirates
Registration number:	HE216944

VONPENDE HOLDINGS P.L.C.

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the period from 1 January 2020 to 30 June 2020.

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, the ownership and leasing of residential property, the distribution and provision of telecommunication equipment and the completion of networking solutions, wireless and wired.

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 7, 8 and 33 of the consolidated financial statements.

Results

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

Share capital

Issued capital

On 3 June, 2020 the Company issued 79.428 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 3,90 each.

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 2020 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 2020 to 30 June 2020.

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.

Operating Environment of the Group

Any significant events that relate to the operating environment of the Group are described in note 33 to the consolidated financial statements.

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 37 to the consolidated financial statements.

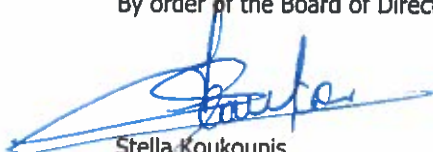
VONPENDE HOLDINGS P.L.C.

MANAGEMENT REPORT

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, 30 September 2020

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 43 and comprise the consolidated statement of financial position as at 30 June 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the period from 1 January 2020 to 30 June 2020, 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 2020, and of its consolidated financial performance and its consolidated cash flows for the period from 1 January 2020 to 30 June 2020 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' International Code of Ethics for Professional Accountants (including International Independence Standards) (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.

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 and 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.



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

Nicosia, 30 September 2020

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

Period from 1 January 2020 to 30 June 2020

		1.1.2020 to 30.6.2020	2019
	Note	EUR	EUR
Revenue	10	44.870.945	77.712.158
Cost of sales	11	<u>(18.211.374)</u>	<u>(41.516.268)</u>
Gross profit		26.659.571	36.195.890
Other operating income	12	31.134	3.347.216
Distribution expenses		(85.370)	(28.153)
Administration expenses	13	(668.701)	(1.161.936)
Other expenses	14	<u>(1.108.798)</u>	<u>(3.541.312)</u>
Operating profit		24.827.836	34.811.705
Net finance income	15	<u>1.931.628</u>	1.441.044
Profit before tax		26.759.464	36.252.749
Tax	16	<u>(147.559)</u>	<u>(5.130.596)</u>
Net profit for the period/year		26.611.905	31.122.153
Other comprehensive income			
Financial assets at fair value through other comprehensive income - Fair value gains/(losses)		94.614.446	(32.326.040)
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		<u>-</u>	<u>(6.974.661)</u>
Other comprehensive income/(loss) for the period/year		94.614.446	(39.300.701)
Total comprehensive income/(loss) for the period/year		121.226.351	(8.178.548)
Profit per share attributable to equity holders of the parent (EUR)	17	104,94	178,69

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

30 June 2020

	Note	2020 EUR	2019 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	18	6.356	4.281
Investment properties	19	95.565	97.441
Goodwill	20	740.321	740.321
Investments in subsidiaries	21	48.659.519	52.042.017
Other financial assets at amortised cost	23	12.900.666	12.919.617
Loans receivable	24	<u>181.718.056</u>	<u>530.525.257</u>
		<u>244.120.483</u>	<u>596.328.934</u>
Current assets			
Inventories	25	2.474.363	2.424.479
Trade and other receivables	26	1.573.090	9.055.265
Loans receivable	24	244.286.819	-
Financial assets at fair value through profit or loss	27	233.611	205.468
Cash and cash equivalents	28	<u>6.969.541</u>	<u>5.348.881</u>
		<u>255.537.424</u>	<u>17.034.093</u>
Total assets		<u>499.657.907</u>	<u>613.363.027</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	29	3.170.000	2.177.150
Share premium		1.856.553	1.546.784
Fair value reserve - Financial assets at fair value through other comprehensive income		(91.239.578)	(185.854.024)
Non-refundable advances		352.243	474.081
Retained earnings		145.773.946	123.558.327
Non-controlling interests		<u>5.745.449</u>	<u>11.709.321</u>
Total equity		<u>65.658.613</u>	<u>(46.388.361)</u>
Non-current liabilities			
Borrowings	30	<u>430.272.078</u>	<u>566.223.894</u>
		<u>430.272.078</u>	<u>566.223.894</u>
Current liabilities			
Trade and other payables	31	3.685.745	93.505.780
Current tax liabilities	32	<u>41.471</u>	<u>21.714</u>
		<u>3.727.216</u>	<u>93.527.494</u>
Total liabilities		<u>433.999.294</u>	<u>659.751.388</u>
Total equity and liabilities		<u>499.657.907</u>	<u>613.363.027</u>

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

On 30 September 2020 the Board of Directors of Vonpende Holdings P.L.C. authorised these consolidated financial statements for issue.



.....
Stella Koukounis
Director



.....
Georgios Koufaris
Director

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2020 to 30 June 2020

Note	Share capital EUR	Share premium EUR	Share comprehensive income EUR	Non- refundable advances EUR	Retained earnings EUR	Non- controlling interests EUR	Total EUR	Total EUR	Total EUR	Attributable to equity holders of the Company	
										Share comprehensive income EUR	Non- refundable advances EUR
Balance at 1 January 2019	2.177.150	1.546.784	(146.553.323)	384.358	69.687.522	26.606.686	(46.150.823)				
Comprehensive income											
Net profit for the year	-	-	-	-	30.391.299	730.854	31.122.153				
Other comprehensive loss for the year	-	-	(32.326.040)	-	-	-	(32.326.040)				
Total comprehensive income/(loss) for the year	-	-	(32.326.040)	-	30.391.299	730.854	(1.203.887)				
Other movements											
Non refundable capital contribution	-	-	-	89.723	-	-	89.723				
Exchange difference	-	-	(6.974.661)	-	23.479.506	(15.628.219)	876.626				
Total other movements	-	-	(6.974.661)	89.723	23.479.506	(15.628.219)	966.349				
Balance at 31 December 2019 / 1 January 2020	2.177.150	1.546.784	(185.854.024)	474.081	123.558.327	11.709.321	(46.388.361)				
Comprehensive income											
Net profit for the period	-	-	-	-	25.877.963	733.942	26.611.905				
Other comprehensive income for the period	-	-	94.614.446	-	-	-	94.614.446				
Total comprehensive income for the period	-	-	94.614.446	-	25.877.963	733.942	121.226.351				

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Period from 1 January 2020 to 30 June 2020

Note	Share capital EUR	Share premium EUR	Share comprehensive income EUR	Non- refundable advances EUR	Retained earnings EUR	Total EUR	Non- controlling interests EUR	Total EUR	Total EUR
			Fair value reserve - Financial assets at fair value through other						
Transactions with owners									
Issue of share capital	-	309.769	-	-	-	1.302.619	-	1.302.619	1.302.619
Total transactions with owners	-	309.769	-	-	-	1.302.619	-	1.302.619	1.302.619
Other movements									
Withdrawal for the year	-	-	-	(121.838)	-	(121.838)	-	(121.838)	(121.838)
Exchange difference	-	-	-	-	(3.662.344)	(3.662.344)	(6.697.814)	(10.360.158)	(10.360.158)
Total other movements	-	-	-	(121.838)	(3.662.344)	(3.784.182)	(6.697.814)	(10.481.996)	(10.481.996)
Balance at 30 June 2020	3.170.000	1.856.553	(91.239.578)	352.243	145.773.946	59.913.164	5.745.449	65.658.613	65.658.613

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED CASH FLOW STATEMENT

Period from 1 January 2020 to 30 June 2020

	Note	1.1.2020 to 30.6.2020 EUR	2019 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		26.759.464	36.252.749
Adjustments for:			
Depreciation of property, plant and equipment	18	2.339	6.278
Unrealised exchange loss		414	1.106
Fair value gains on financial assets at fair value through profit or loss		(26.503)	(3.417)
Interest income		(15.750.647)	(42.325.197)
Interest expense	15	10.533.155	28.342.910
Dividend income		(2.077.504)	(3.024.764)
Loss from liquidation		2.150	3.541.312
		19.442.868	22.790.977
Changes in working capital:			
Increase in inventories		(49.884)	(2.320.385)
Decrease/(increase) in trade and other receivables		7.484.423	(4.225.773)
Increase in financial assets at fair value through profit or loss		-	(203.157)
Decrease in bank deposits		663.453	66.159
(Decrease)/increase in trade and other payables		(2.247.348)	85.639.393
Decrease in amounts owed by group companies		-	48.051
Decrease in amounts owed to group companies		(249)	(12.061.713)
Cash generated from operations		25.293.263	89.733.552
Interest received		15.729.401	43.863.401
Dividends received		2.077.504	3.352.562
Interest paid		(11.920)	(57.013)
Tax paid		(127.381)	(5.086.133)
Net cash generated from operating activities		42.960.867	131.806.369
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	18	(2.538)	(3.687)
Payment for purchase of investments in subsidiaries	21	(34.389)	(12.618.876)
Loans granted		(510.858)	(26.596)
Loans repayments received		104.974.257	230.418.824
Proceeds from sale of financial assets at amortised cost		-	270.009.898
Interest received		378	1.693
Dividends received		-	1.884.505
Proceeds from liquidation of investments in subsidiaries undertakings		-	5.799.305
Net cash generated from investing activities		104.426.850	495.465.066
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		1.302.619	-
Advances from shareholders		10.000	50.385
Repayments of borrowings		(135.857.068)	(612.588.045)
Proceeds from borrowings		-	2.200.068
Interest paid		(10.533.155)	(28.342.910)
Dividends paid		(26.000)	(1.100.000)
Refinancing of loans		-	12.199.259

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

CONSOLIDATED CASH FLOW STATEMENT

Period from 1 January 2020 to 30 June 2020

	1.1.2020 to 30.6.2020	2019
Note	EUR	EUR
Net cash used in financing activities	<u>(145.103.604)</u>	<u>(627.581.243)</u>
Net increase/(decrease) in cash and cash equivalents	2.284.113	(309.808)
Cash and cash equivalents at beginning of the period/year	<u>4.018.642</u>	<u>4.328.451</u>
Cash and cash equivalents at end of the period/year	<u><u>6.302.755</u></u>	<u><u>4.018.643</u></u>

The notes on pages 14 to 43 form an integral part of these consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

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 Angelou Terzaki Street, 110, Office No.4, 2402, Egkomi, Nicosia, Cyprus. Its business address at Akamantis Business Center, Egypt street, 10, Office no. 306, 3rd floor, P.C. 1097, Nicosia, Cyprus.

Principal activities

The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans, the ownership and leasing of residential property, the distribution and provision of telecommunication equipment and the completion of networking solutions, wireless and wired.

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 investments in subsidiary companies which are classified as financial assets at fair value through other comprehensive income and measured at fair value and financial assets at fair value through profit or loss.

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 Group'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.

3. Functional and presentation currency

The consolidated financial statements are presented in Euro (EUR) which is the functional currency of the Group.

4. Adoption of new or revised standards and interpretations

During the current period 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 2020. This adoption did not have a material effect on the accounting policies of the Group.

5. 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", "Kirnione Holdings Limited", "Lebset Developments Limited" and "Winncom Technologies Holding Limited" (the Irish "Group"). The Irish "Group" consists of "Winncom Technologies Holding Limited" and its subsidiary Winncom Technologies EU Limited.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

Basis of consolidation (continued)

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:

- 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

Business combinations (continued)

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.

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 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

Recognition and measurement

Revenue represents the amount of consideration to which the Group expects to be entitled in exchange for transferring the promised goods or services to the customer, excluding amounts collected on behalf of third parties (for example, value-added taxes); the transaction price. The Group includes in the transaction price an amount of variable consideration as a result of rebates/discounts only to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved. Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

The Group recognises revenue when the parties have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations, the Group can identify each party's rights and the payment terms for the goods or services to be transferred, the contract has commercial substance (i.e. the risk, timing or amount of the Group's future cash flows is expected to change as a result of the contract), it is probable that the Group will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer and when specific criteria have been met for each of the Group's contracts with customers.

The Group bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. In evaluating whether collectability of an amount of consideration is probable, the Group considers only the customer's ability and intention to pay that amount of consideration when it is due.

Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimates are reflected in the consolidated statement of profit or loss and other comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

Revenue recognition (continued)

- **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.

- **Income from investments in securities**

Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

The difference between the fair value of investments at fair value through profit or loss as at 30 June 2020 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity. When financial assets at fair value through other comprehensive income are sold or impaired, the accumulated fair value adjustments are transferred to retained earnings.

- **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. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Finance income

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

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

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.

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:

	%
Computer 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.

Investment properties

Investment property 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 furniture 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

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 instruments

Financial assets - Classification

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, the 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 recognised when the entity becomes a party to the contractual provisions of the instrument.

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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Measurement (continued)

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. There are three measurement categories into which the Group classifies its debt instruments:

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, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in "other income". Foreign exchange gains and losses are presented in "other gains/(losses)" and impairment expenses are presented as separate line item in the consolidated statement of profit or loss and other comprehensive income.

FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within "other gains/(losses)" in the period in which it arises.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's Management has elected to present fair value gains and losses on equity investments 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 equity investments 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 FVTPL 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. 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

Financial instruments (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 other expenses.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

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

For all other financial instruments 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 7, 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 7, Credit risk section.

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.

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 (e.g. 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - modification (continued)

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 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.

Classification as 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.

Classification as 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 7, 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.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

Financial instruments (continued)

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.

Trade payables

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

Financial liabilities - Modifications

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Group and the costs can be measured reliably.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

5. Significant accounting policies (continued)

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.

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

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.

6. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

7. Financial risk management

Financial risk factors

The Group is exposed to market price risk, interest rate risk, credit 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:

7.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio.

7.2 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.

7.3 Credit risk

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

The Group's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

These policies enable the Group to reduce its credit risk significantly.

(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 (bonds and loans receivables)
- cash and cash equivalents

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables the Group applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- For all other financial assets 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"). 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.

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

Significant increase in credit risk

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/counterparty'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 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/counterparty.

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. No significant changes to estimation techniques or assumptions were made during the reporting period.

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.

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due. (Note: there is a rebuttable presumption that default does not occur later than when a financial asset is 90 days past due, unless an entity has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate. IFRS 7 para 35F(d) how it determined that financial assets are credit-impairment financial assets.)

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Write-off

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 debt financial asset for write off when a debtor fails to make contractual payments for a prolonged period of time. Where debt financial assets 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.

The Group's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

The Group's cash and cash equivalents held with JSC Bank "National Standard", Russia and Mirabaud (Middle East) Limited, are not eligible for participation in any Deposit Guarantee Scheme, however the identified impairment loss (ECL) was immaterial.

The Group's cash and cash equivalents held with Credit Suisse AG are eligible for participation and are fully covered by the Deposit Guarantee Scheme of Switzerland which covers accounts up to 100.000 CHF per bank per depositor. In this respect, the Company's exposure at default is extinct hence, no ECL arises.

The Group's cash and cash equivalents held at Ecomm8X, an Electronic Money Institution regulated by the Central Bank of Cyprus operating under license No.115.1.318/2018, are not eligible for participation in the Deposit Guarantee Scheme of the European Union, however the identified impairment loss (ECL) is immaterial.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Financial assets at amortised cost

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

Loans to third parties

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 30 June 2020 and 31 December 2019:

Group internal credit rating	2020 EUR	2019 EUR
Performing	426.004.875	530.525.257
Total	426.004.875	530.525.257

The Group does not hold any collateral as security for any loans to related parties.

There were no significant loans to related parties written off during the period that are subject to enforcement activity.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Trade and other receivables

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 30 June 2020 and 31 December 2019:

Group internal credit rating	2020 EUR	2019 EUR
Performing	<u>1.573.090</u>	<u>8.999.145</u>
Total	<u>1.573.090</u>	<u>8.999.145</u>

There were no significant other receivables written off during the period that are subject to enforcement activity.

Debt investments at amortised cost

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 30 June 2020 and 31 December 2019:

Group internal credit rating	2020 EUR	2019 EUR
Performing	<u>12.900.666</u>	<u>12.919.617</u>
Total	<u>12.900.666</u>	<u>12.919.617</u>

Cash and cash equivalents

The Group assesses, on a group basis, its exposure to credit risk arising from cash at bank. This assessment takes into account, ratings from external credit rating institutions and internal ratings, if external are not available.

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 30 June 2020 and 31 December 2019:

Group internal credit rating	2020 EUR	2019 EUR
Performing	<u>6.969.541</u>	<u>5.348.881</u>
Total	<u>6.969.541</u>	<u>5.348.881</u>

There were no significant cash at bank balances written off during the period that are subject to enforcement activity.

7.4 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

7. Financial risk management (continued)

7.5 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.

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

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.

8. 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.

- **Calculation of loss allowance**

When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Provision for obsolete and slow-moving inventory**

The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

The amount of provision is recognised in profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

8. Critical accounting estimates, judgments and assumptions (continued)

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 7, Credit risk section.

- **Impairment of non-financial assets**

The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial 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 Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Valuation of non-listed investments**

The Group uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the reporting date.

- **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.

9. Fair value measurement

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 - inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 - inputs for the asset or liability that are not based on observable market data (unobservable inputs).

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

9. Fair value measurement (continued)

30 June 2020	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Investment in subsidiaries (Note 20)	-	-	48.659.519	48.659.519
Financial assets at fair value through profit or loss				
Equity securities listed on a Stock Exchange (Note 26)	147.163	-	-	147.163
Debt securities listed on a Stock Exchange (Note 26)	86.448	-	-	86.448
Total	233.611	-	48.659.519	48.893.130
31 December 2019	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Investment in subsidiaries (Note 20)	-	-	52.042.017	52.042.017
Financial assets at fair value through profit or loss				
Equity securities listed on a Stock Exchange (Note 26)	98.982	-	-	98.982
Debt securities listed on a Stock Exchange (Note 26)	106.486	-	-	106.486
Total	205.468	-	52.042.017	52.247.485

Transfers between levels

There have been no transfers between different levels during the period.

Valuation techniques

Listed investments

The fair values of investments traded on active liquid markets are determined with reference to quoted market prices. These investments are included within Level 1 of the hierarchy.

Non-listed investments

The fair values of non-listed securities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. The Group classifies the fair value of these investments as Level 3.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

9. Fair value measurement (continued)

Reconciliation of Level 3 fair value measurements

	EUR	Total EUR
Balance at 1 January	52.042.017	52.042.017
Net additions	24.389	24.389
Liquidation proceeds	8.531.634	8.531.634
Liquidation loss	(8.522.634)	(8.522.634)
Net disposals	(1.150)	(1.150)
Fair value adjustment	(3.414.737)	(3.414.737)
Balance at 30 June	48.659.519	48.659.519

10. Revenue

	1.1.2020 to 30.6.2020 EUR	2019 EUR
Coupon income	3.725	847.326
Sales of cement products	-	76.833
Sales	5.078.057	8.104.421
Freight income	190.939	237.062
Dividend income	-	1.140.259
Interest income	15.746.544	42.362.775
Profit from sale of investments in subsidiaries	-	24.403.800
Loss on trading on financial assets at fair value through profit or loss	-	(6.111.606)
Net gain on trading in financial instruments	23.848.170	6.644.268
Rental income	3.510	7.020
	44.870.945	77.712.158

11. Cost of sales

	1.1.2020 to 30.6.2020 EUR	2019 EUR
Purchases of cement products	-	71.983
Cost of sales	4.719.657	7.581.893
Investment activity performance fee	1.796.376	486.693
Interest expense	11.695.341	33.375.699
	18.211.374	41.516.268

12. Other operating income

	1.1.2020 to 30.6.2020 EUR	2019 EUR
Amount payable written off	4.067	227.629
Net foreign exchange income	-	3.102.665
Fair value gains on financial assets at fair value through profit or loss	26.503	3.417
Other income	564	13.505
	31.134	3.347.216

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

13. Administration expenses

	1.1.2020 to 30.6.2020	2019
	EUR	EUR
Directors fees and staff costs	71.150	376.937
Rent	2.640	27.409
Directors services	7.500	15.000
Annual levy	1.750	2.228
Services paid	13.208	39.509
Auditors' remuneration - current period	18.840	72.607
Auditors' remuneration - prior years	17.500	10.500
Accounting fees	4.800	12.000
Legal fees	37.241	156.846
Other professional fees	74.098	269.591
Other expenses	411.939	172.792
Custodian fees	5.696	239
Depreciation	2.339	6.278
	<u>668.701</u>	<u>1.161.936</u>

14. Other expenses

	1.1.2020 to 30.6.2020	2019
	EUR	EUR
Group loss from liquidation of subsidiary	-	3.541.312
Other expenses	1.000	-
Net foreign exchange loss	1.107.798	-
	<u>1.108.798</u>	<u>3.541.312</u>

15. Finance income/(costs)

	1.1.2020 to 30.6.2020	2019
	EUR	EUR
Interest income	2.077.882	1.886.198
Finance income	<u>2.077.882</u>	<u>1.886.198</u>
Interest expense	(30)	(1.450)
Sundry finance expenses	(146.224)	(443.704)
Finance costs	<u>(146.254)</u>	<u>(445.154)</u>
Net finance income	<u>1.931.628</u>	<u>1.441.044</u>

16. Tax

	1.1.2020 to 30.6.2020	2019
	EUR	EUR
Corporation tax	147.371	74.699
Overseas tax	-	5.055.234
Defence contribution	188	663
Charge for the period/year	<u>147.559</u>	<u>5.130.596</u>

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

17. Profit per share attributable to equity holders of the parent

	1.1.2020 to 30.6.2020	2019
Profit attributable to shareholders (EUR)	<u>26.611.905</u>	31.122.153
Weighted average number of ordinary shares in issue during the period	<u>253.600</u>	174.172
Profit per share attributable to equity holders of the parent (EUR)	<u><u>104,94</u></u>	<u>178,69</u>

18. Property, plant and equipment

	Computer hardware and operating systems EUR
Cost	
Balance at 1 January 2019	4.634
Additions	<u>8.011</u>
Balance at 31 December 2019/ 1 January 2020	12.645
Additions	<u>2.538</u>
Balance at 30 June 2020	<u><u>15.183</u></u>
Depreciation	
Balance at 1 January 2019	1.900
Charge for the period	<u>6.464</u>
Balance at 31 December 2019/ 1 January 2020	8.364
Charge for the period	<u>463</u>
Balance at 30 June 2020	<u><u>8.827</u></u>
Net book amount	
Balance at 30 June 2020	<u><u>6.356</u></u>
Balance at 31 December 2019	<u><u>4.281</u></u>

19. Investment properties

	2020 EUR	2019 EUR
Cost		
Balance at 1 January	<u>112.333</u>	112.333
Balance at 30 June/31 December	<u><u>112.333</u></u>	112.333
Depreciation		
Balance at 1 January	14.892	11.140
Charge for the period	<u>1.876</u>	3.752
Balance at 30 June/31 December	<u><u>16.768</u></u>	14.892
Net book amount		
Balance at 30 June/31 December	<u><u>95.565</u></u>	<u><u>97.441</u></u>

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

19. Investment properties (continued)

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

20. Goodwill

	Goodwill EUR
Cost	
Balance at 1 January 2019	4.131.632
Additions from acquisitions of subsidiaries	26.769
Goodwill eliminated on disposals of subsidiaries	<u>(3.418.080)</u>
Balance at 31 December 2019/ 1 January 2020	<u>740.321</u>
Balance at 30 June 2020	<u>740.321</u>
Net book amount	
Balance at 30 June 2020	<u>740.321</u>
Balance at 31 December 2019	<u>740.321</u>

On 28 December 2016, Vonpende Holdings Limited acquired 52% of Lebset Development Limited and this resulted into a goodwill of EUR 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 EUR 0,9 millions and € 3,4 millions respectively.

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

The main operations of Mezorex Enterprises Limited, are the holding of investments and investment of its funds.

In December 2017, Vonpende Holdings Limited increased its shareholding to 95,10% in Eystorn Enterprises Limited, Kirnion 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.

In February 2019, the Group increased its shareholding in Eystorn Enterprises Limited, Kirnion Holdings Limited and Lebset Development Limited to 100%. The Group disposed its interest in Mezorex Enterprises Limited in September 2019 and realized a loss of EUR 9.252.343.

In February 2019, Vonpende Holdings P.L.C. acquired 67% of Winncom Technologies Holding Limited resulting a goodwill on acquisition to EUR 26.769. The main operation of Winncom Technologies Holding Limited is that of an investment holding company. Winncom Technologies Holding Limited has two subsidiaries Winncom Technologies EU Limited and Winncom Technologies Corp.

On 7 January 2020 the Group's investment in Linxton Investments Limited was liquidated.

On 18 February 2020 the Group's investment in Eystorn Enterprises Limited was liquidated.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

21. Investments in subsidiaries

	2020 EUR	2019 EUR
Balance at 1 January	52.042.017	65.385.186
Additions	24.389	24.698.571
Disposals	(1.150)	(5.715.700)
Liquidation loss	(8.522.634)	-
Liquidation proceeds	8.531.634	-
Fair value adjustment	(3.414.737)	(32.326.040)
Balance at 30 June/31 December	<u>48.659.519</u>	<u>52.042.017</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2020 Holding %	2019 Holding %
LLC "Hotel"	Russia	Purchase and sale of own non-residential immovable property	100	100
LLC "Capitalstroyinvest"	Russia	Purchase and sale of own non-residential immovable property	100	100
LLC "Community-Group"	Russia	Letting and management of own and rented realty	100	100
CJSC "Ezhin-1"	Russia	Letting and management of own and rented realty	100	100
CJSC "Kapmar-1"	Russia	Letting and management of own and rented untenable realty	100	100
LLC "Estate Finance"	Russia	Wholesale non-specialized	70	70
LLC "MBK"	Russia	Activity in the field of law	100	100
CJSC "VIMS"	Russia	Investments in securities	100	100
JSC "Trading Town "Cheremushkinskiy"	Russia	Letting of own realty	56,001	56,001
CJSC "Astra Vosem"	Russia	Letting of own and rented untenable realty	100	100
LLC "NITS"	Russia	Letting and management of own or rented untenable realty	100	100
LLC "Business Active"	Russia	Activity in the field of Law	90	-

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

21. Investments in subsidiaries (continued)

Involvement with unconsolidated entities.

The Company did not consolidate the above subsidiaries as they are individually and collectively immaterial to consolidate.

On 3 January 2020, a 90% share in the charter capital of the LLC "Business Active", a company duly registered under the laws of the Russian Federation with a nominal value of RUB 374.133.771, owned by Linxton Investments Limited was transferred as liquidation proceeds to the Company.

22. Interest bearing bonds

	2020 EUR	2019 EUR
Balance at 1 January	-	2.514.217
Disposals	-	(2.514.217)
Balance at 30 June/31 December	-	-

The effective interest rate on investment in debt securities is 2,50% plus annual Euro Libor, and these debt securities mature on 28 February 2021.

Purchase and sales of debt instruments are recognised on the trade date, which is the date that the Company commits to purchase or sell the asset. The cost of the purchase includes transactions costs. The investments are subsequently carried at amortised cost using the effective yield method.

Debt instruments are classified as non-current assets, unless they mature within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

23. Other financial assets at amortised cost

	2020 EUR	2019 EUR
Balance at 1 January	12.919.617	284.627.053
Redemption	-	(270.009.898)
Interest accrued	161.332	1.170.929
Interest repayments	(180.283)	(2.868.467)
Balance at 30 June/31 December	12.900.666	12.919.617

Debt investments at amortised cost represent 12.820 subordinated non-secured, non-guaranteed callable coupon-bonds of nominal value of EUR 1.000 each, which are subject to a floating interest rate equal to the 12-month EUR Libor, in force on the first calendar day of the year plus 2,80% per annum and are repayable by 2029.

24. Loans receivable

	2020 EUR	2019 EUR
Loans receivable	426.004.875	530.525.257
	426.004.875	530.525.257
Less current portion	(244.286.819)	-
Non-current portion	181.718.056	530.525.257

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

24. Loans receivable (continued)

The loans are repayable as follows:

	2020	2019
	EUR	EUR
Within one year	244.286.819	-
Between one and five years	181.425.708	530.198.885
After five years	292.348	326.372
	<u>426.004.875</u>	<u>530.525.257</u>

The exposure of the Group to credit risk in relation to loans receivable is reported in note 7 of the consolidated financial statements.

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

25. Inventories

	2020	2019
	EUR	EUR
Finished products and goods for resale	2.474.363	2.424.479
	<u>2.474.363</u>	<u>2.424.479</u>

The cost of inventories recognised as expense and included in "cost of sales" amounted to EUR4.769.542 (2019: EUR10.838.281).

No provision was recognized in cost of sales (2019: Nil) against stock during the period due to slow moving and obsolete stock.

26. Trade and other receivables

	2020	2019
	EUR	EUR
Trade receivables	1.444.036	2.690.699
Vat receivable	19.851	21.726
Promissory notes receivable	-	675
Deposits and prepayments	3.975	4.399
Other receivables	87.407	6.308.446
Corporation tax receivable	17.821	29.320
	<u>1.573.090</u>	<u>9.055.265</u>

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

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the consolidated financial statements.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

27. Financial assets at fair value through profit or loss

	2020 EUR	2019 EUR
Balance at 1 January	205.468	-
Additions	-	203.157
Change in fair value	26.503	3.417
Exchange differences	(414)	(1.106)
Coupon income	3.725	-
Coupon received	(1.671)	-
Balance at 30 June/31 December	<u>233.611</u>	<u>205.468</u>

	Fair values 2020 EUR	Cost 2020 EUR	Fair values 2019 EUR	Cost 2019 EUR
Equity securities listed on a Stock Exchange	147.163	99.077	98.982	99.077
Debt securities listed on a Stock Exchange	86.448	104.080	106.486	104.080
	<u>233.611</u>	<u>203.157</u>	<u>205.468</u>	<u>203.157</u>

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 30 June by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

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

28. Cash and cash equivalents

Cash balances are analysed as follows:

	2020 EUR	2019 EUR
Cash at bank	6.969.541	5.348.881
	<u>6.969.541</u>	<u>5.348.881</u>

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the consolidated financial statements.

29. Share capital

	2020 Number of shares	2020 EUR	2019 Number of shares	2019 EUR
Authorised				
Ordinary shares of EUR 12,50 each	253.600	3.170.000	253.600	3.170.000
	<u>253.600</u>	<u>3.170.000</u>	<u>253.600</u>	<u>3.170.000</u>
Issued and fully paid				
Balance at 1 January	174.172	2.177.150	174.172	2.177.150
Issue of shares	79.428	992.850	-	-
Balance at 30 June/31 December	<u>253.600</u>	<u>3.170.000</u>	<u>174.172</u>	<u>2.177.150</u>

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

29. Share capital (continued)

Issued capital

On 3 June, 2020 the Company issued 79.428 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 3,90 each.

30. Borrowings

	2020 EUR	2019 EUR
Non-current borrowings		
Trade loans payable	<u>430.272.078</u>	<u>566.223.894</u>

Maturity of non-current borrowings:

	2020 EUR	2019 EUR
Between one and five years	317.058.907	368.231.181
After five years	<u>113.213.171</u>	<u>197.992.713</u>
	<u>430.272.078</u>	<u>566.223.894</u>

31. Trade and other payables

	2020 EUR	2019 EUR
Trade payables	1.353.514	2.143.844
Vat	860	-
Amounts owned to group undertaking	1.974.671	2.474.735
Social insurance and other taxes	11.603	17.663
Tenants' deposits	1.170	1.170
Accruals	221.707	866.596
Other creditors	122.206	57.511
Deferred income	-	381.158
Defence tax on rent payable	14	8
Payables to related parties	-	<u>87.563.095</u>
	<u>3.685.745</u>	<u>93.505.780</u>

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

32. Current tax liabilities

	2020 EUR	2019 EUR
Corporation tax	41.015	20.938
Special contribution for defence	<u>456</u>	<u>776</u>
	<u>41.471</u>	<u>21.714</u>

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

33. Operating Environment of the Group

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Group'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 Group.

On the basis of the evaluation performed, the Group's management has concluded that no provisions or impairment charges are necessary. The Group's Management believes that it is taking all the necessary measures to maintain the viability of the Group and the smooth conduct of its operations in the current business and economic environment.

34. Significant subsidiaries

In period 2020 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 principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans, the ownership and leasing of residential property, the distribution and provision of telecommunication equipment and the completion of networking solutions, wireless and wired. On 18 February 2020 Eyestorn Enterprises Limited was liquidated and a loss on liquidation amounting to EUR 2.150 was recognised.

Name	Country of incorporation	Principal activities	30 June 2020 %	31 December 2019 %
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
Kirnione Holdings Limited	Cyprus	Trading in investments and investment of its funds	100	100
Lebset Developments Limited	Cyprus	Holding of investments	100	100
Winncom Technologies Holding Limited	Ireland	Investment holding Company	67	67

35. Contingent liabilities

The Group had no contingent liabilities as at 30 June 2020.

VONPENDE HOLDINGS P.L.C.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

Period from 1 January 2020 to 30 June 2020

36. Commitments

The Group had no capital or other commitments as at 30 June 2020.

37. Events after the reporting period

On 29 July 2020, the Group acquired the 100% of the issued share capital of Elbridge Investments Limited (Cyprus).

On 5 August 2020, the Group acquired the 100% of the issued share capital of Alodie Properties Limited (Cyprus).

On 14 August 2020, the Group acquired an office situated at Angelou Terzaki, 110, Makedonitissa, Nicosia, Cyprus.

On 17 August, 2020 the Group disposed of the investment in LLC "Capitalstroyinvest" to LLC "City Development". Shares were officially transferred to LLC "City Development" on 24 August, 2020.

On 7 September, 2020 two of the subsidiaries of the Group (Kirnione Holdings Limited and Lebset Developments Limited) were merged, whereby the affected subsidiary Kirnione Holdings Limited is the surviving Company. Due to the dissolution of Lebset Developments Limited being absorbed by Kirnione Holdings Limited, its subsidiary LLC "Hotel" will automatically become subsidiary of Kirnione Holdings Limited.

On 7 September, 2020 the share capital of Kirnione Holdings Limited was increased from EUR 100.000 divided into EUR 100.000 ordinary shares of EUR 1 each to EUR 100.010 divided into 100.010 ordinary shares of EUR 1 each with the additional issue of 10 ordinary shares of EUR 1 each, in consideration of the merger.

Independent auditor's report on pages 4 to 6