

DOLPHINCI FOURTEEN LIMITED
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 31 December 2018

DOLPHINCI FOURTEEN LIMITED

Report and consolidated financial statements

For the year ended 31 December 2018

CONTENTS

	<u>Page</u>
Officers and professional advisors	1
Management report	2 - 3
Independent auditors' report	4 - 6
Consolidated statement of profit or loss and other comprehensive income	7
Consolidated statement of financial position	8
Consolidated statement of changes in equity	9
Consolidated statement of cash flows	10
Notes to the consolidated financial statements	11 - 40

DOLPHINCI FOURTEEN LIMITED

Officers and professional advisors

Board of Directors	NAP Directors Ltd Stefanos Dionysios Vlastos (appointed on 22 October 2018) Dolphin Capital Partners Ltd (resigned on 23 November 2018) DCP Directors Ltd (appointed on 23 November 2018)
Secretary	NAP Secretarial Ltd
Independent auditors	KPMG Limited 14 Esperidon Street 1087 Nicosia Cyprus
Legal advisors	N. Papageorgiou LLC
Bankers	Eurobank Ergasias S.A. Bank of Cyprus Public Company Ltd Alpha Bank Ltd Astro Bank Ltd Piraeus Bank S.A.
Registered office	10 G. Kranidioti Street Nice Day House, 6 th Floor 1065 Nicosia Cyprus

DOLPHINCI FOURTEEN LIMITED

MANAGEMENT REPORT

The Board of Directors of DolphinCI Fourteen Limited (the "Company") presents to the members its Annual Report together with the audited consolidated financial statements of the Company and its subsidiary companies (together referred to as the "Group") for the year ended 31 December 2018.

PRINCIPAL ACTIVITY

The principal activity of the Group is the development of a large-scale leisure-integrated residential resort in Peloponnese, Greece.

FINANCIAL RESULTS

The Group's financial results for the year ended 31 December 2018 are set out on page 7 of the consolidated financial statements. The loss for the year attributable to the owners of the Company amounted to €10.353 thousand (2017: €12.056 thousand loss). The Board of Directors proposes that the loss be transferred to accumulated losses.

DIVIDENDS

During 2018, the Board of Directors of the Company did not declare any dividends.

During 2017, the Board of Directors of the Company decided to cancel the declaration of dividend of 2016 for the amount of €2.696.000.

MAIN RISKS AND UNCERTAINTIES

The main risks and uncertainties faced by the Group and steps taken to manage these risks, are described in note 23 of the consolidated financial statements. In addition, the Company is subject to the risk of not being able to continue as a going concern, without the financial support of its shareholders. The shareholders have indicated their intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

FUTURE DEVELOPMENTS

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

SHARE CAPITAL

During the year, the Company issued to the subscribers of its Memorandum of Association 4.755 ordinary shares of nominal €1 each, at a premium of €12.766 per share.

BRANCHES

During the year ended 31 December 2018, the Group did not operate any branches.

BOARD OF DIRECTORS

The members of the Group's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2018. Mr. Stefanos Dionysios Vlastos was appointed as director on 22 October 2018.

Dolphin Capital Partners Ltd resigned on 23 November 2018 and, on the same date, DCP Directors Ltd were appointed in their place.

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.

DOLPHINCI FOURTEEN LIMITED

MANAGEMENT REPORT (continued)

EVENTS AFTER THE REPORTING PERIOD

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

INDEPENDENT AUDITORS

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

By order of the Board of Directors,



NAP Secretarial Ltd
Secretary

Nicosia, 9 July 2019



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Chartered Accountants
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4

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

DOLPHINCI FOURTEEN LIMITED

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of DolphinCI Fourteen Limited (the "Company") and its subsidiaries (together with the Company, the "Group"), which are presented on pages 7 to 40 and comprise the consolidated statement of financial position as at 31 December 2018, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 "Auditors' responsibilities for the audit of the consolidated financial statements" section of our report. We remained independent of the Group throughout the period of our appointment in accordance with the *Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code")*, and the ethical requirements in Cyprus that are relevant to our audit of the consolidated financial statements, 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
DOLPHINCI FOURTEEN LIMITED

Report on the audit of the consolidated financial statements (continued)

Other information

The Board of Directors is responsible for the other information. The other information comprises the Management Report, but does not include the consolidated financial statements and our auditors' 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, except as required by the Companies Law, Cap.113.

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. Our report in this regard is presented in the "*Report on other legal requirements*" section.

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 IFRS-EU and the requirements of the 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 there is an intention to either liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 skepticism 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.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

DOLPHINCI FOURTEEN LIMITED

Report on the audit of the consolidated financial statements (continued)

Auditors' responsibilities for the audit of the consolidated financial statements (continued)

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

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

Report on other legal requirements

Pursuant to the additional requirements of the Auditors' Law of 2017, L.53(I)/2017, as amended from time to time ("Law L.53(I)/2017"), we report the following:

- In our opinion, the management report on pages 2 and 3, the preparation of which is the responsibility of the Board of Directors, has been prepared in accordance with the requirements of the Companies Law, Cap 113, and the information given is consistent with the consolidated financial statements.
- In the light of the knowledge and understanding of the enterprise and the Group's environment obtained in the course of our audit, we have not identified material misstatements in the management report.

Other matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/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.



Haris A. Kakoullis, CPA

Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors

14 Esperidon Street
1087 Nicosia
Cyprus

9 July 2019

DOLPHINCI FOURTEEN LIMITED

Consolidated statement of profit or loss and other comprehensive income

For the year ended 31 December 2018

	Note	31 December 2018 €'000	31 December 2017 €'000
CONTINUING OPERATIONS			
Revenue	6	21.300	18.593
Valuation gain/(loss) on investment property	12	138	(703)
Total operating profits		21.438	17.890
Operating expenses	7	(15.634)	(14.397)
Professional fees	8	(916)	(492)
Depreciation charge	13	(2.165)	(2.183)
Administrative and other expenses	9	(5.927)	(3.830)
Total operating and other expenses		(24.642)	(20.902)
Results from operating activities		(3.204)	(3.012)
Finance income		37	1
Finance costs		(6.893)	(7.941)
Net finance costs	10	(6.856)	(7.940)
Reversal of/(impairment loss) on property, plant and equipment	13	585	(1.388)
Impairment loss on trading properties	14	(1.253)	(22)
Total non-operating losses		(668)	(1.410)
Loss before taxation		(10.728)	(12.362)
Taxation	11	263	245
Loss for the year		(10.465)	(12.117)
OTHER COMPREHENSIVE INCOME			
Items that will never be reclassified to profit or loss			
Revaluation of property, plant and equipment, net of tax		9.205	3.222
Other comprehensive income for the year, net of tax		9.205	3.222
Total comprehensive income for the year		(1.260)	(8.895)
Loss attributable to:			
Owners of the Company		(10.353)	(12.056)
Non-controlling interest		(112)	(61)
Loss for the year		(10.465)	(12.117)
Total comprehensive income attributable to:			
Owners of the Company		(1.148)	(8.834)
Non-controlling interests		(112)	(61)
Total comprehensive income for the year		(1.260)	(8.895)

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

The notes on pages 11 to 40 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED


Consolidated statement of financial position

As at 31 December 2018

	Note	31 December 2018 €'000	31 December 2017 €'000
ASSETS			
Investment property	12	8.154	8.016
Property, plant and equipment	13	86.276	75.917
Deferred tax assets	20	855	994
Non-current assets		95.285	84.927
Trading properties	14	19.103	19.871
Receivables and other assets	15	2.675	3.188
Cash and cash equivalents	16	2.209	595
Current assets		23.987	23.654
Total assets		119.272	108.581
EQUITY			
Share capital	17	10	5
Share premium		63.158	2.450
Accumulated losses		(77.392)	(67.039)
Revaluation reserve		16.526	7.321
Equity attributable to owners of the Company		2.302	(57.263)
Non-controlling interests		1.119	1.231
Total equity		3.421	(56.032)
LIABILITIES			
Loans and borrowings	18	72.028	121.873
Deferred revenue	19	10.190	6.985
Trade and other payables	21	4.422	5.158
Deferred tax liabilities	20	10.968	8.859
Non-current liabilities		97.608	142.875
Loans and borrowings	18	3.834	5.003
Deferred revenue	19	9.937	10.212
Trade and other payables	21	4.472	6.523
Current liabilities		18.243	21.738
Total liabilities		115.851	164.613
Total equity and liabilities		119.272	108.581

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

On 9 July 2019, the Board of Directors of DolphinCI Fourteen Limited authorised these consolidated financial statements for issue.


Notis Papageorgiou
 NAP Directors Ltd
 Director


Heros Miltiadous
 DCP Directors Ltd
 Director

The notes on pages 11 to 40 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED

Consolidated statement of changes in equity

For the year ended 31 December 2018

	Share capital €'000	Share premium €'000	Revaluation reserve €'000	Accumulated losses €'000	Total €'000	Non- controlling interests €'000	Total equity €'000
Balance at 1 January 2017	5	2.450	4.099	(57.679)	(51.125)	1.292	(49.833)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Loss for the year	-	-	-	(12.056)	(12.056)	(61)	(12.117)
Other comprehensive income for the year							
Revaluation of property, plant and equipment, net of tax	-	-	3.222	-	3.222	-	3.222
Total other comprehensive income for the year	-	-	3.222	-	3.222	-	3.222
Total comprehensive income for the year	-	-	3.222	(12.056)	(8.834)	(61)	(8.895)
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and distributions							
Cancellation of dividends	-	-	-	2.696	2.696	-	2.696
Total contributions and distributions	-	-	-	2.696	2.696	-	2.696
Total transactions with owners of the Company	-	-	-	2.696	2.696	-	2.696
Balance at 31 December 2017	5	2.450	7.321	(67.039)	(57.263)	1.231	(56.032)
Balance at 1 January 2018	5	2.450	7.321	(67.039)	(57.263)	1.231	(56.032)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR							
Loss for the year	-	-	-	(10.353)	(10.353)	(112)	(10.465)
Other comprehensive income for the year							
Revaluation of property, plant and equipment, net of tax	-	-	9.205	-	9.205	-	9.205
Total other comprehensive income for the year	-	-	9.205	-	9.205	-	9.205
Total comprehensive income for the year	-	-	9.205	(10.353)	(1.148)	(112)	(1.260)
TRANSACTIONS WITH OWNERS OF THE COMPANY							
Contributions and distributions							
Issues of shares	5	60.708	-	-	60.713	-	60.713
Total contributions and distributions	5	60.708	-	-	60.713	-	60.713
Total transactions with owners of the Company	5	60.708	-	-	60.713	-	60.713
Balance at 31 December 2018	10	63.158	16.526	(77.392)	2.302	1.119	3.421

The notes on pages 11 to 40 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED

Consolidated statement of cash flows

For the year ended 31 December 2018

	31 December 2018 €'000	31 December 2017 €'000
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the year	(10.465)	(12.117)
Adjustments for:		
Valuation gain/(loss) on investment property	(138)	703
Reversal of/(impairment loss) on property, plant and equipment	(585)	1.388
Impairment loss on trading properties	1.253	22
Depreciation charge	2.165	2.183
Taxation	(263)	(245)
Interest income	(37)	(1)
Interest expense	6.450	7.368
	(1.620)	(699)
Changes in:		
Receivables and other assets	514	1.489
Payables and other liabilities	6.105	6.864
Cash from operating activities	4.999	7.654
Tax paid	(157)	(27)
Net cash from operating activities	4.842	7.627
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisitions of property, plant and equipment	(180)	(175)
Net additions in trading properties	(485)	(1.077)
Interest received	37	1
Net cash used in investing activities	(628)	(1.251)
CASH FLOWS FROM FINANCING ACTIVITIES		
Change in loans and borrowings	1.066	(2.185)
Interest paid	(3.666)	(6.802)
Net cash used in financing activities	(2.600)	(8.987)
Net increase/(decrease) in cash and cash equivalents	1.614	(2.611)
Cash and cash equivalents at the beginning of the year	595	3.206
Cash and cash equivalents at the end of the year	2.209	595

For the purpose of the consolidated statement of cash flows, cash and cash equivalents consist of the following:

Cash in hand and at bank (see note 16)	2.209	595
Cash and cash equivalents at the end of the year	2.209	595

The Group has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

The notes on pages 11 to 40 are an integral part of these consolidated financial statements.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

1. REPORTING ENTITY

DolphinCI Fourteen Limited (the "Company") was incorporated in Cyprus on 22 June 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 10 G. Kranidioti Street, Nice Day House, 6th Floor, 1065 Nicosia, Cyprus.

The consolidated financial statements of the Company as at and for the year ended 31 December 2018 comprise the financial statements of the Company and its subsidiaries (together referred to as the "Group").

The principal activity of the Group is the development of a large-scale leisure-integrated residential resort in Peloponnese, Greece.

2. BASIS OF PREPARATION

a. Statement of compliance

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

b. Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention, with the exception of investment property and property, plant and equipment which are stated at their fair values.

c. Adoption of new and revised standards and interpretations

As from 1 January 2018, the Group adopted all changes to IFRS which are relevant to its operations. This adoption did not have a material effect on the consolidated financial statements of the Company, except for the adoption of IFRS 9 'Financial Instruments' and IFRS 15 'Revenue from Contracts with Customers' (see note 2(f)).

The following standards, amendments to standards and interpretations have been issued but are not yet effective for annual periods beginning on 1 January 2018. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early. The Group continues to assess the potential impact on its consolidated financial statements resulting from the application of the following standards.

(i) Standards and interpretations adopted by the EU

- *IFRS 16 'Leases' (effective for annual periods beginning on or after 1 January 2019)*

IFRS 16 replaces existing leases guidance including IAS 17 'Leases', IFRIC 4 'Determining whether an Arrangement contains a Lease', SIC-15 'Operating Leases—Incentives' and SIC-27 'Evaluating the Substance of Transactions Involving the Legal Form of a Lease'. The standard introduces a single, on-balance sheet lease accounting model for lessees. IFRS 16 applies a control model to the identification of leases, distinguishing between leases and service contracts on the basis of whether there is an identified asset controlled by the customer. The previous distinction between operating and finance leases is removed for lessees. Instead, a lessee recognises a right-of-use asset representing its right to use the underlying asset and a lease liability representing its obligation to make lease payments. There are recognition exemptions for short-term leases and leases of low value items. Lessor accounting remains similar to the current standard – i.e. lessors continue to classify leases as finance or operating leases. Based on assessments undertaken to date, the adoption of IFRS 16 is not expected to have a material impact on the Group's financial statements.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

2. BASIS OF PREPARATION (continued)

c. Adoption of new and revised standards and interpretations (continued)

(i) *Standards and interpretations adopted by the EU continued (continued)*

- *IFRIC 23 'Uncertainty over Income Tax Treatments' (effective for annual periods beginning on or after 1 January 2019)*

IFRIC 23 clarifies the accounting for income tax treatments that have yet to be accepted by tax authorities, whilst also aiming to enhance transparency. The key test is whether it is probable that the tax authority will accept the chosen tax treatment, on the assumption that tax authorities will have full knowledge of all relevant information in assessing a proposed tax treatment. The uncertainty is reflected using the measure that provides the better prediction of the resolution of the uncertainty being either the most likely amount or the expected value. The interpretation also requires companies to reassess the judgements and estimates applied if facts and circumstances change. IFRIC 23 does not introduce any new disclosures but reinforces the need to comply with existing disclosure requirements in relation to judgements made, assumptions and estimates used, and the potential impact of uncertainties that are not reflected. The Group is currently evaluating the expected impact of adopting the interpretation on its financial statements. As such, the expected impact of the interpretation is not yet known or reasonably estimable.

(ii) *Standards and interpretations not adopted by the EU*

- *Annual Improvements to IFRSs 2015-2017 Cycle (effective for annual periods beginning on or after 1 January 2019)*

In December 2017, the IASB published Annual Improvements to IFRSs 2015–2017 Cycle, containing the following amendments to IFRSs:

- IFRS 3 'Business Combinations' and IFRS 11 'Joint Arrangements'. The amendments to IFRS 3 clarify that when an entity obtains control of a business that is a joint operation, then the transaction is a business combination achieved in stages and the acquiring party remeasures the previously held interest in that business at fair value. The amendments to IFRS 11 clarify that when an entity maintains (or obtains) joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.
- IAS 12 'Income Taxes': the amendments clarify that all income tax consequences of dividends (i.e. distribution of profits) are recognised consistently with the transactions that generated the distributable profits – i.e. in profit or loss, other comprehensive income ('OCI') or equity.
- IAS 23 'Borrowing Costs': the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.
- The Group is currently evaluating the expected impact of adopting the amendments on its financial statements. As such, the expected impact of the amendments is not yet known or reasonably estimable.
- *Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)*

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

2. BASIS OF PREPARATION (continued)

c. Adoption of new and revised standards and interpretations (continued)

(ii) Standards and interpretations not adopted by the EU (continued)

- In March 2018 the IASB issued a comprehensive set of concepts for financial reporting, the revised 'Conceptual Framework for Financial Reporting' (Conceptual Framework), replacing the previous version issued in 2010. The main changes to the framework's principles have implications for how and when assets and liabilities are recognised and derecognized in the financial statements, while some of the concepts in the revised Framework are entirely new (such as the 'practical ability' approach to liabilities). To assist companies with the transition, the IASB issued a separate accompanying document 'Amendments to References to the Conceptual Framework in IFRS Standards'. This document updates some references to previous versions of the Conceptual Framework in IFRS Standards, their accompanying documents and IFRS Practice Statements. The Group is currently evaluating the expected impact of adopting the amendment on its financial statements. As such, the expected impact of the amendment is not yet known or reasonably estimable.
- *IFRS 3 'Business Combinations' (amendments): Definition of a Business (effective for annual periods beginning on or after 1 January 2020)*

The amendments narrow and clarify the definition of a business. They also permit a simplified assessment of whether an acquired set of activities and assets is a group of assets rather than a business. The amended definition emphasises that the output of a business is to provide goods and services to customers, whereas the previous definition focused on returns in the form of dividends, lower costs or other economic benefits to investors and others. In addition to amending the wording of the definition, the Board has provided supplementary guidance. Distinguishing between a business and a group of assets is important because an acquirer recognises goodwill only when acquiring a business. The Group is currently evaluating the expected impact of adopting the amendment on its financial statements. As such, the expected impact of the amendment is not yet known or reasonably estimable.
- *IAS 1 and IAS 8 (amendments): Definition of Material (effective for annual periods beginning on or after 1 January 2020)*

The amendments clarify and align the definition of 'material' and provide guidance to help improve consistency in the application of that concept whenever it is used in IFRS Standards. The amendments include definition guidance that until now has featured elsewhere in IFRS Standards. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards.

 - Old definition: Omissions or misstatements of items are material if they could, individually or collectively, influence the economic decisions that users make on the basis of the financial statements (IAS 1 'Presentation of Financial Statements').
 - New definition: Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity.

The Group is currently evaluating the expected impact of adopting the amendments on its financial statements. As such, the expected impact of the amendments is not yet known or reasonably estimable.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

2. BASIS OF PREPARATION (continued)

d. Use of estimates and judgements

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

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

Judgments

Information about judgments in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 4.8 "Revenue recognition" - accounting for revenue from sale of developed property.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 4.6 "Work in progress" - assumptions to determine the cost of work in progress.
- Note 15 "Provision for bad and doubtful debts" - the Company reviews its trade and other receivables for evidence of their recoverability.
- Note 11 "Income taxes" - to determine any provision for income taxes.
- Note 23 "measurement of ECL allowance for trade receivables and contract assets": key assumptions in determining the weighted-average loss rate.

Fair value measurement

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values. This includes a valuation team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Group uses market observable data as far as possible. Significant unobservable inputs and valuation adjustments are regularly reviewed and changes in fair value measurements from period to period are analysed.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- *Level 1*: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- *Level 2*: inputs other than quoted prices included in 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).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

When applicable, further information about the assumptions made in measuring fair values is included in the notes specific to that asset or liability.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

2. BASIS OF PREPARATION (continued)

e. Functional and presentation currency

The consolidated financial statements are presented in euro (€), which is the functional currency of the Group, rounded to the nearest thousand.

f. Changes in significant accounting policies

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. The nature and effects of the changes are explained below. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018).

Accordingly, the information presented for 2017 has not been restated and it is presented as previously reported under IAS 18, IAS 11 and related interpretations. Additionally, the disclosure requirements in IFRS 15 have not generally been applied to comparative information.

The adoption of IFRS 15 in the Financial Statements of the Company has not resulted in significant changes in the opening retained earnings and in the revenue recognition.

IFRS 9 Financial Instruments:

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

As a result of the adoption of IFRS 9, the Company has adopted consequential amendments to IAS 1 Presentation of Financial Statements, which require impairment of financial assets to be presented in a separate line item in the statement of profit or loss and other comprehensive income (OCI).

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

There is no effect on the opening retained earnings on 1 January 2018 from the adoption of IFRS 9.

Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

2. BASIS OF PREPARATION (continued)

f. Changes in significant accounting policies (continued)

IFRS 9 Financial Instruments: (continued)

Classification and measurement of financial assets and financial liabilities (continued)

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 4.

Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to:

- financial assets measured at amortised cost;
- debt investments at FVOCI;
- contract assets;
- lease receivables;
- loan commitments and financial guarantee contracts issued.

The new impairment model does not apply to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile.

Additional information about how the Company measures the allowance for impairment is described in note 4.

3. DETERMINATION OF FAIR VALUES

Properties

The fair value of investment property and land and buildings classified as property, plant and equipment is determined at the end of each reporting period. An external, independent valuation company, having appropriate recognised professional qualifications and recent experience in the location and category of the properties being valued, values the Group's properties at the end of each year and where necessary, semi-annually and quarterly.

The Directors have appointed American Appraisal, an internationally recognised firm of surveyors, to conduct valuations of the Group's acquired properties to determine their fair value. These valuations are prepared in accordance with generally accepted appraisal standards, as set out by the Royal Institute of Chartered Surveyors ("RICS"). Furthermore, the valuations are conducted on an "as is condition" and on an open market comparative basis.

The valuation analysis of properties is based on all the pertinent market factors that relate both to the real estate market and, more specifically, to the subject properties. The valuation analysis of a property typically uses two approaches: the direct sales comparison approach and the income approach. The direct sales comparison approach is based on the premise that persons in the marketplace buy by comparison. It involves acquiring market sales/offerings data on properties similar to the subject property. The prices of the comparables are then adjusted for any dissimilar characteristics as compared to the subject's characteristics. Once the sales prices are adjusted, they can be reconciled to estimate the fair value for the subject property. Based on the income approach, an estimate is made of prospective economic benefits of ownership. These amounts are discounted and/or capitalised at appropriate rates of return in order to provide an indication of value.

Each of the above-mentioned valuation techniques results in a separate valuation indication for the subject property. Then a reconciliation process is performed to weigh the merits and limiting conditions of each approach. Once this is accomplished, a value conclusion is reached by placing primary weight on the technique, or techniques, that are considered to be the most reliable, given all factors.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES

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

4.1 Basis of consolidation

4.1.1 Business combinations

The Group accounts for business combinations using the acquisition method when control is transferred to the Group. The consideration transferred in the acquisition is generally measured at fair value, as are the identifiable net assets acquired. Any goodwill that arises is tested annually for impairment. Any gain on a bargain purchase is recognised in profit or loss immediately. Transaction costs are expensed as incurred, except if related to the issue of debt or equity securities.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in profit or loss.

Any contingent consideration is measured at fair value at the date of acquisition. If an obligation to pay contingent consideration that meets the definition of a financial instrument is classified as equity, then it is not remeasured and settlement is accounted for within equity. Otherwise, other contingent consideration is remeasured at fair value at each reporting date and subsequent changes in the fair value of the contingent consideration are recognised in profit or loss.

4.1.2 Subsidiaries

Subsidiaries are entities controlled by the Group. The Group 'controls' an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

4.1.3 Non-controlling interests

Non-controlling interests are measured initially at their proportionate share of the acquiree's identifiable net assets at the date of acquisition.

Changes in the Group's interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

4.1.4 Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any resulting gain or loss is recognised in profit or loss. Any interest retained in the former subsidiary is measured at fair value when control is lost.

4.1.5 Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity-accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.2 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of Group companies at the exchange rates at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in profit or loss and presented within finance costs.

4.3 Investment property

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of the business, use in the production or supply of goods or services or for administration purposes. Investment property is initially measured at cost and subsequently at fair value with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, any other costs directly attributable to bringing the investment property to a working condition for their intended use and capitalised borrowing costs.

Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss. When an investment property that was previously classified as property, plant and equipment is sold, any related amount included in the revaluation reserve is transferred to retained earnings.

When the use of property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

4.4 Property, plant and equipment

Land and buildings are carried at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Revaluations are carried out with sufficient regularity such that the carrying amount does not differ materially from that which would be determined using fair value at the statement of financial position date. All other property, plant and equipment are stated at cost less accumulated depreciation and impairment losses.

Increases in the carrying amount arising on revaluation of property, plant and equipment are credited to the fair value reserve in shareholders' equity. Decreases that offset previous increases of the same asset are charged against that reserve; all other decreases are recognised in profit or loss.

The cost of self-constructed assets includes the cost of materials, direct labour, the initial estimate, where relevant, of the costs of dismantling and removing the items and restoring the site on which they are located, and appropriate proportion of production overheads.

Depreciation charge is recognised in profit or loss on a straight-line basis over the estimated useful lives of items of property, plant and equipment, unless it constitutes part of the cost of another asset in which case is included in this asset's carrying amount. Freehold land is not depreciated.

The annual rates of depreciation are as follows:

Buildings	3%
Machinery and equipment	10% - 33,33%
Motor vehicles and other	10% - 20%

The Group recognises in the carrying amount of an item of property, plant and equipment the cost of replacing part of such an item when that cost is incurred if it is probable that the future economic benefits embodied with the item will flow to the Group and the cost of the item can be measured reliably. All other costs are recognised in profit or loss as incurred.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.5 Trading properties

Trading properties (inventory) are shown at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of the business less the estimated costs of completion and the estimated costs necessary to make the sale. Cost of trading properties is determined on the basis of specific identification of their individual costs and represents the fair value paid at the date that the land was acquired by the Group.

4.6 Work in progress

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity. The Group uses its judgement to select a variety of methods and make assumptions that are mainly based on market conditions existing at each statement of financial position date.

4.7 Share capital

Share capital represents the issued amount of shares outstanding at their par value.

4.8 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The details of new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's various goods and services are set out in note 2f.

4.9 Prepayments from clients

Payments received in advance on development contracts for which no revenue has been recognised yet, are recorded as prepayments from clients as at the statement of financial position date and carried under creditors. Payments received in advance on development contracts for which revenue has been recognised, are recorded as prepayments from clients to the extent that they exceed revenue that was recognised in profit or loss as at the statement of financial position date.

4.10 Provisions

A provision is recognised in the consolidated statement of financial position when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

4.11 Expenses

Professional fees, administration and other expenses are accounted for on an accrual basis and charged to profit or loss.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments

4.12.1 Recognition and initial measurement

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

4.12.2 Classification and subsequent measurement

4.12.2.1 Financial assets - policy applicable from 1 January 2018

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits. Bank overdrafts that are repayable on demand and form an integral part of the Company's cash management are included as a component of cash and cash equivalents for the purpose only of the statement of cash flows.

Financial assets - Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

4.12.2 Classification and subsequent measurement (continued)

4.12.2.1 Financial assets - policy applicable from 1 January 2018 (continued)

Financial assets - Business model assessment: Policy applicable from 1 January 2018 (continued)

- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

4.12.2 Classification and subsequent measurement (continued)

4.12.2.1 Financial assets - policy applicable from 1 January 2018 (continued)

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018 (continued)

Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

4.12.2.2 Financial assets - Classification: Policy applicable before 1 January 2018

The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
 - held for trading;
 - derivative hedging instruments; or
 - designated as at FVTPL.

4.12.2.3 Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Before 1 January 2018, the Company subsequently measured its financial instruments as follows:

- (i) *Trade and other receivables*
Trade and other receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are stated after deducting the appropriate allowances for any impairment.
- (ii) *Cash and cash equivalents*
For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.12 Financial instruments (continued)

4.12.2 Classification and subsequent measurement (continued)

4.12.2.4 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

The financial liabilities of the Company are measured as follows:

(i) *Borrowings*

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

4.12.3 Impairment:

Policy applicable from 1 January 2018

- Financial instruments and contract assets

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

- Measurement of ECLs

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

- Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.13 Derecognition of financial assets and liabilities

Financial assets

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) when:

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

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

4.14 Offsetting financial instruments

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

4.15 Impairment of non-financial assets

The carrying amounts of the Group's assets, other than investment property (see accounting policy 4.3), are reviewed at each statement of financial position date to determine whether there is any indication of impairment. If any such indication exists, the assets' recoverable amount is estimated. The recoverable amount is the greater of the net selling price and value in use of an asset. In assessing value in use of an asset, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is recognised whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to cash-generating units and then, to reduce the carrying amount of the other assets in the unit on a pro rata basis.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

4. SIGNIFICANT ACCOUNTING POLICIES (continued)

4.16 Income tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss, except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

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

Deferred tax is recognised using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

In determining the amount of current and deferred tax, the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to the tax liabilities will impact tax expense in the period that such a determination is made.

4.17 Finance income and costs

Finance income comprises interest income on funds invested and is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and bank charges.

4.18 Comparatives

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

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

5. SUBSIDIARIES

As at 31 December 2018, the Group's most significant subsidiaries were the following:

Name	Country of incorporation	Shareholding interest
Single Purpose Vehicle One Limited ("SPV 1")	Cyprus	100%
Single Purpose Vehicle Six Limited ("SPV 6")	Cyprus	100%
DolphinCI Thirty Nine Limited ("DCI 39")	Cyprus	100%
Single Purpose Vehicle Two Limited ("SPV 2")	Cyprus	64%
Eidikou Skopou Dekatessera S.A. ("ES 14")	Greece	100%
Eidikou Skopou Dekakto S.A. ("ES 18")	Greece	100%
Eidikou Skopou Eikosi Ena S.A. ("ES 21")	Greece	64%
Dolphin Capital Properties Five S.A. ("DCP 5")	Greece	100%

The above shareholding interest percentages are rounded to the nearest integer.

As at 31 December 2017, all or part of the shares held by the Company in some of its subsidiaries are pledged as a security for loans. During 2018, these pledges have been released (see note 18).

6. REVENUE

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 €'000
Hotel revenue	18.672	16.991
Beach club revenue	1.164	1.046
Sale of trading properties	356	-
Other profits	1.108	556
Total	21.300	18.593

7. OPERATING EXPENSES

	From 1 January 2018 to 31 December 2018 €'000	From 1 January 2017 to 31 December 2017 €'000
Cost of sales relates to:		
Hotel operations	8.449	6.398
Property sales	139	-
Personnel expenses (see below)	6.502	5.923
Branding management fees	298	1.522
Other operating expenses	246	554
Total	15.634	14.397

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

7. OPERATING EXPENSES (continued)

Personnel Expenses

	From 1 January 2018 to 31 December 2018	From 1 January 2017 to 31 December 2017
	€'000	€'000
Wages and salaries	5.140	4.660
Compulsory social security contributions	1.287	1.114
Other personnel costs	75	149
Total	6.502	5.923

The average number of employees employed by the Group during the year was 205 (2017: 188).

8. PROFESSIONAL FEES

	From 1 January 2018 to 31 December 2018	From 1 January 2017 to 31 December 2017
	€'000	€'000
Legal fees	103	44
Auditors' remuneration	114	89
Accounting expenses	80	74
Project design and development fees	511	137
Consultancy fees	15	16
Other professional fees	93	132
Total	916	492

9. ADMINISTRATIVE AND OTHER EXPENSES

	From 1 January 2018 to 31 December 2018	From 1 January 2017 to 31 December 2017
	€'000	€'000
Travelling	101	7
Insurance	39	89
Repairs and maintenance	77	228
Advertising and promotional expenses	6	169
Immovable property and other taxes	317	179
Asset manager fees (see note 22)	122	-
Litigation liability provision (see note 21)	4.422	-
Other expenses	843	3.158
Total	5.927	3.830

10. NET FINANCE COSTS

	From 1 January 2018 to 31 December 2018	From 1 January 2017 to 31 December 2017
	€'000	€'000
Interest income	37	1
Finance income	37	1
Interest expense	(6.450)	(7.368)
Bank charges	(443)	(573)
Finance costs	(6.893)	(7.941)
Net finance costs	(6.856)	(7.940)

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

11. TAXATION

	From 1 January 2018 to 31 December 2018	From 1 January 2017 to 31 December 2017
	€'000	€'000
RECOGNISED IN PROFIT OR LOSS		
Income tax	11	-
Net deferred tax (see note 20)	(271)	(245)
Taxation recognised in profit or loss	(263)	(245)
RECOGNISED IN OTHER COMPREHENSIVE INCOME		
Revaluation of property, plant and equipment (see note 20)	2.519	1.316
Taxation recognised in other comprehensive income	2.519	1.316

Reconciliation of taxation based on taxable loss and taxation based on Group's accounting loss:

	From 1 January 2018 to 31 December 2018	From 1 January 2017 to 31 December 2017
	€'000	€'000
Loss before taxation	(10.728)	(12.362)
Taxation using domestic rates	(1.699)	(2.089)
Effect of valuation gain/(loss) on properties	104	(325)
Non-deductible expenses	544	1.500
Tax-exempt income	(101)	-
Effect of tax losses utilised	(1.092)	-
Current year losses for which no deferred tax is recognised	1.951	594
Effect of losses surrendered to group companies	-	(4)
Other	30	79
Total	(263)	(245)

The profits of the Cypriot companies of the Group are subject to a corporation tax rate of 12,50% on their total taxable profits. Tax losses of Cypriot companies are carried forward to reduce future profits for a period of five years. In addition, the Cypriot companies of the Group are subject to a 3% special contribution on rental income. Under certain conditions, interest income may be subject to special contribution at the rate of 30%. In such cases, this interest is exempt from corporation tax.

In Greece, the corporation tax rate applicable to profits is 29%. Tax losses of Greek companies are carried forward to reduce future profits for a period of five years.

Income taxes

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

12. INVESTMENT PROPERTY

	31 December 2018	31 December 2017
	€'000	€'000
At beginning of year	8.016	8.937
Transfers to trading properties (see note 14)	-	(218)
	8.016	8.719
Fair value adjustment	138	(703)
At end of year	8.154	8.016

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

12. INVESTMENT PROPERTY (continued)

As at 31 December 2018 and 31 December 2017, part of the Group's immovable property is held as security for bank loans (see note 18).

Fair value hierarchy

The fair value of investment property amounting to €8.154 thousand (2017: €8.016 thousand) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows a reconciliation from opening to closing balances of Level 3 fair value.

	31 December 2018	31 December 2017
	€'000	€'000
At beginning of year	8.016	8.937
Transfer to trading properties	-	(218)
<i>Gains recognised in profit or loss</i>		
Unrealised fair value adjustment in "Valuation gain on investment property"	138	(703)
At end of year	8.154	8.016

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of investment property, as well as the significant unobservable inputs used.

Property location	Valuation technique (see note 3)	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Aman at Porto Heli, Peloponnesus, Greece	Market approach	Premiums/(discounts) on the following: <ol style="list-style-type: none"> 1. Location: 2018: from -20% to 0% (2017: from -20% to 0%) 2. Site size: 2018: from -30% to 0% (2017: from -30% to 0%) 3. Asking vs transaction: 2018: from -30% to -10% (2017: from -30% to -5%) 4. Frontage sea view: 2018: from -10% to +10% (2017: from -10% to +10%) 5. Maturity/development potential: 2018: from -30% to +50% (2017: from -30% to +50%) 6. Strategic investment approval: 2018: 15% when applicable (2017: 15% when applicable) 7. Weight allocation: 2018: from +10% to +30% (2017: from +10% to +20%) 	The estimated fair value would increase/(decrease) if: <ol style="list-style-type: none"> 1. Premiums were higher/(lower); 2. Discounts were lower/(higher); 3. Weights on comparables with premiums were higher/(lower); 4. Weights on comparables with discounts were lower/(higher).

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT

	Land & buildings €'000	Machinery & equipment €'000	Other €'000	Total €'000
2018				
Cost or revalued amount				
At beginning of year	84.161	4.263	294	88.718
Net acquisitions of property, plant and equipment	32	109	74	215
Revaluation adjustment	11.724	-	-	11.724
At end of year	95.917	4.372	368	100.657
Depreciation and impairment losses				
At beginning of year	10.177	2.513	111	12.801
Depreciation charge for the year	1.725	354	86	2.165
Reversal of impairment loss	(585)	-	-	(585)
At end of year	11.317	2.867	197	14.381
Carrying amounts	84.600	1.505	171	86.276
2017				
Cost or revalued amount				
At beginning of year	79.564	4.215	233	84.012
Direct net acquisitions/(disposals) of property, plant and equipment	59	48	61	168
Revaluation adjustment	4.538	-	-	4.538
At end of year	84.161	4.263	294	88.718
Depreciation and impairment losses				
At beginning of year	7.052	2.112	73	9.237
Depreciation charge for the year	1.737	403	43	2.183
Disposals of property, plant and equipment	-	(2)	(5)	(7)
Impairment loss	1.388	-	-	1.388
At end of year	10.177	2.513	111	12.801
Carrying amounts	73.984	1.750	183	75.917

The carrying amount at year end of land and buildings, had the cost model been used, would had been €63 million (2017: €64 million).

As at 31 December 2018 and 31 December 2017, part of the Group's immovable property is held as security for bank loans (see note 18).

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Fair value hierarchy

The fair value of land and buildings, amounting to €84.600 thousand (2017: €73.984 thousand) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

The following table shows a reconciliation from opening to closing balances of Level 3 fair value.

	31 December 2018	31 December 2017
	€'000	€'000
At beginning of year	73.984	72.512
Direct acquisitions/(disposals)	32	59
Transfer to trading properties	-	-
<i>Profits/(Losses) recognised in profit or loss</i>		
Depreciation in "Depreciation charge"	(1.725)	(1.737)
Reversal of (impairment loss) in "Reversal of (impairment loss) of property, plant and equipment"	585	(1.388)
<i>Profits recognised in comprehensive income</i>		
Revaluation adjustment in "Revaluation on property, plant and equipment"	11.724	4.538
At end of year	84.600	73.984

Valuation techniques and significant unobservable inputs

The following table shows the valuation techniques used in measuring the fair value of land and buildings, as well as the significant unobservable inputs used.

Property location	Valuation technique (see note 3)	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement	
Aman at Porto Heli, Peloponnesus, Greece – Amanzoe Hotel	Income approach	Room occupancy rate:	2018: from 38% to 39% (weighted average 39%) 2017: from 44% to 46% (weighted average 45%)	The estimated fair value would increase/(decrease) if: 1. Occupancy rate was higher/(lower); 2. Average daily rate per occupied room was higher/(lower); 3. Gross operating margin was higher/(lower); 4. Risk-adjusted discount rate was lower/(higher); 5. Terminal capitalisation rate was lower/(higher).
		Average daily rate per occupied room:	2018: from €1.525 to €1.715 (weighted average €1.609) 2017: from €1.390 to €1.611 (weighted average €1.506)	
		Gross operating margin rate:	2018: from 43% to 45% (weighted average 44%) 2017: from 46% to 52% (weighted average 51%)	
		Risk-adjusted discount rate:	2018: 9% (2017: 11%)	
		Terminal capitalisation rate:	2018: 8% (2017: 8%)	

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

13. PROPERTY, PLANT AND EQUIPMENT (continued)

Valuation techniques and significant unobservable inputs (continued)

Property location	Valuation technique (see note 3)	Significant unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Aman at Porto Heli, Peloponnesus, Greece - Beachclub	CombinedMarket approach (Market and Income)	<p>Market approach (for land and components) Premiums/(discounts) on the following:</p> <p>1. Location: 2018: from -20% to 0% (2017: from -20% to 0%)</p> <p>2. Site size: 2018: from -20% to -10% (2017: from -20% to -10%)</p> <p>3. Asking vs transaction: 2018: from -25% to -20% (2017: from -30% to -20%)</p> <p>4. Frontage sea view: 2018: from 0% to +10% (2017: from 0% to +30%)</p> <p>5. Maturity/development potential: 2018: from -50% to -20% (2017: from -50% to -20%)</p> <p>6. Strategic investment approval : 2018: 15% (2017: 15%)</p> <p>7. Weight allocation: 2018: from +20% to +40% (2017: from +10% to +30%)</p> <p>Income approach (for building components)</p> <p>Room occupancy rate: 2018: from 30% to 33% (weighted average: 32%) (2017: from 33% to 37%) (weighted average: 36%)</p> <p>Average daily rate per occupied room: 2018: from €1.292 to €1.566 (weighted average €1.454) (2017: from €1.517 to €1.839) (weighted average €1.707)</p> <p>Gross operating margin rate: 2018: from 39% to 45% (weighted average 44%) (2017: from 32% to 42%) (weighted average 41%)</p> <p>Risk-adjusted discount rate: 2018: 9% (2017: 11%)</p> <p>Terminal capitalization rate: 2018: 8% (2017: 8%)</p>	<p>The estimated fair value would increase/(decrease) if:</p> <p>1. Premiums were higher/(lower);</p> <p>2. Discounts were lower/(higher);</p> <p>3. Weights on comparables with premiums were higher/(lower);</p> <p>4. Weights on comparables with discounts were lower/(higher);</p> <p>5. Occupancy rate was higher/(lower);</p> <p>6. Average daily rate per occupied room was higher/(lower);</p> <p>7. Gross operating margin was higher/(lower);</p> <p>8. Risk-adjusted discount rate was lower/(higher);</p> <p>9. Terminal capitalisation rate was lower/(higher).</p>

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

14. TRADING PROPERTIES

	31 December 2018	31 December 2017
	€'000	€'000
At beginning of year	19.871	18.598
Net direct additions/(disposals)	485	1.077
Transfers from investment property (see note 12)	-	218
Impairment loss	(1.253)	(22)
At end of year	19.103	19.871

15. RECEIVABLES AND OTHER ASSETS

	31 December 2018	31 December 2017
	€'000	€'000
Trade receivables	1.828	1.075
Receivables from related parties (see note 22)	-	154
Prepayments and other assets	651	1.498
VAT receivables	196	461
At end of year (see note 23)	2.675	3.188

Provision for bad and doubtful debts

The Group reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through the consolidated statement of comprehensive income. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

16. CASH AND CASH EQUIVALENTS

	31 December 2018	31 December 2017
	€'000	€'000
Bank balances	2.198	580
Cash in hand	11	15
Total	2.209	595

Funds in bank accounts of Group companies are pledged as a security for loans (see note 18).

17. CAPITAL AND RESERVES

Capital

Authorised

	31 December 2018		31 December 2017	
	Number of shares	€'000	Number of shares	€'000
Ordinary shares of €1 each	10.000	10	10.000	10

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

17. CAPITAL AND RESERVES (continued)

Issued and fully paid

	31 December 2018		31 December 2017	
	Number of shares	Share capital €'000	Number of shares	Share capital €'000
Balance at 1 January	5.245	5	5.245	5
Issue of shares	4.755	5	-	-
Balance at 31 December	10.000	10	5.245	5

Part of the Company's shares in issue (4.495 shares) were pledged as a security against the Company's loans and borrowings. During 2018, the securities were released (see note 18).

During July 2018, the Company issued to the subscribers of its Memorandum of Association 4.755 ordinary shares of nominal €1 each, at a premium of €12.766 per share.

18. LOANS AND BORROWINGS

	Total		Within one year		Within two to five years		More than five years	
	2018	2017	2018	2017	2018	2017	2018	2017
	€'000	€'000	€'000	€'000	€'000	€'000	€'000	€'000
Loans in euro	75.862	126.876	3.834	5.003	63.724	108.802	8.304	13.071
Total	75.862	126.876	3.834	5.003	63.724	108.802	8.304	13.071

Terms and Conditions

The terms and conditions of outstanding loans were as follows:

Description	Currency	Interest rates		Maturity dates	2018	2017
		2018	2017		€'000	€'000
Secured loan	Euro	Euribor (12m) +3,6%	Euribor (6m) +6,5%	2026	29.469	29.601
Secured loan	Euro	-	11%	2020	-	43.946
Unsecured loan	Euro	-	Euribor (12m) +2,2%	2020	-	53.329
Unsecured loan	Euro	6%	-	2020	46.393	-
Total					75.862	126.876

On 1 August 2018, the Company's parent acquired the secured loan from Colony Capital Luxembourg S.a.r.l. ('Colony') acting on behalf of managed funds. As a result of this transaction, all securities in regards to Colony loan were released (see below). The outstanding balance of the aforementioned loan at the date of the assignment was €45.255 thousand.

The Company has finalised the amendment in the terms of a secured loan with a financial institution. As indicated on the above table, the margin on the interest rate of the aforementioned loan was decreased to 3,6% (2017: 6,5%). In addition, part of the lien on immovable properties was released. The amendment agreement became effective 13 November 2018.

Securities

As at 31 December 2018, the Group's loans and borrowings were secured as follows:

- Lien up to €59 million on immovable properties of the Greek subsidiaries of The Porto Heli project.

As at 31 December 2017, the Group's loans and borrowings were secured as follows:

- Lien up to €59 million on immovable properties of the Greek subsidiaries of The Porto Heli project.
- Pledge of 4.495 shares of the Company and all shares of six Cypriot and Greek subsidiaries of the Amanzoe project for a Company loan received from Colony acting on behalf of managed funds.
- Fixed and floating charges over the rights, titles and interests of the Company and three Cypriot subsidiaries of the Amanzoe project, charge over their bank accounts and assignment of their intra-group receivables for the loan from Colony.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

19. DEFERRED REVENUE

	31 December 2018	31 December 2017
	€'000	€'000
Government grant	6.740	6.985
Advances from clients	13.387	10.212
Total	20.127	17.197
Non-current portion	10.190	6.985
Current portion	9.937	10.212
Total	20.127	17.197

20. DEFERRED TAX ASSET AND LIABILITIES

	31 December 2018		31 December 2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€'000	€'000	€'000	€'000
Balance at the beginning of the year	994	(8.859)	996	(7.790)
Recognised in profit or loss (see note 11)	(139)	410	(2)	247
Recognised in other comprehensive income (see note 11)	-	(2.519)	-	(1.316)
Balance at the end of the year	855	(10.968)	994	(8.859)

Deferred tax assets and liabilities are attributable to the following:

	31 December 2018		31 December 2017	
	Deferred tax assets	Deferred tax liabilities	Deferred tax assets	Deferred tax liabilities
	€'000	€'000	€'000	€'000
Revaluation of investment property	-	(126)	-	(14)
Revaluation of trading properties	-	(1.902)	-	(2.166)
Revaluation of property, plant and equipment	-	(8.278)	-	(5.972)
Other temporary differences	-	(663)	-	(707)
Tax losses	855	-	994	-
Total	855	(10.968)	994	(8.859)

21. TRADE AND OTHER PAYABLES

	31 December 2018	31 December 2017
	€'000	€'000
Litigation liability provision	4.422	-
Payables to related companies (see note 22)	61	5.244
Other payables and accrued expenses	4.411	6.437
Total	8.894	11.681
Non-current portion	4.422	5.158
Current portion	4.472	6.523
Total	8.894	11.681

A subsidiary of the Group is in dispute with a third party concerning a €3.970 thousand assignment of claims to this party by one of the subsidiary's contractors. Although the Group has recognized a €4.422 thousand non-current provision regarding this claim, which includes all applicable interest and penalties, the Group's intention is to defend its position vigorously and its lawyers are handling the ongoing litigation.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

22. RELATED PARTY TRANSACTIONS

The Company is controlled by Grivalia Hospitality S.A. ('Grivalia'), registered in Luxemburg, which owns 85% of the Company's shares. Until July 2018, the Company was controlled by Dolphin Capital Investors Limited ('DCI BVI'), registered in the British Virgin Islands and listed in the AIM Market of the London Stock Exchange.

The transactions and balances with related parties are as follows:

	Amounts recognised in statement of profit or loss		Balance outstanding	
	2018 €'000	2017 €'000	2018 €'000	2017 €'000
Asset manager fees (note 9)				
Dolphin Capital Partners Ltd ('DCP')	(122)	-	(61)	-
Interest-bearing loans (note 18)				
Grivalia	(1.138)	-	(46.393)	-
DCI BVI	(484)	(931)	-	(53.329)
Other receivables (note 15)				
DCI BVI group companies	-	(2.517)	-	154
Other payables (note 21)				
DCI BVI	-	-	-	(5.158)
DCI BVI group companies	-	-	-	(86)
	(1.744)	(3.448)	(46.454)	(58.419)

During 2017, the formerly related company DCI Holdings Five Limited was struck off and, as a result, the Company wrote off the receivable amount of €2.517 thousand to profit or loss.

During July 2018, the interest-bearing loan payable and other payable between the Company and DCI BVI, amounting to €54.864 thousand and €5.849 thousand respectively, were utilised for the subscription in ordinary shares of the Company (see note 17).

During August 2018, the Company's parent, Grivalia, acquired the secured loan from Colony Capital Luxemburg S.a.r.l. (see note 18).

During October 2018, the Company entered into an agreement with DCP, its 15% shareholder, for the provision of asset management services. The agreement will be effective for 5 years from the signing date with an option to extent for further 3 years, provided that DCP shall be retaining a minimum of 5% shareholding interest in the Company. According to the agreement, DCP is entitled to:

- i. Fixed management fees
The annual management fee equals to €500 thousand, payable quarterly.
- ii. Villa administration and sale fees
Villa administration and sale fees equals to 2% of the Villa gross sale value, of any sale of any estate home lots sold, leased on a long term lease or otherwise transferred by any member of the Group during the agreement period, less any refund, indemnities or compensations paid by the Group to third party villa owners/tenants.
- iii. Incentive fee
Incentive fee will be up to 2,5%, in the case the Group realises its targets in terms of Hotel operating income and villa sales cash flows. The incentive fee shall be in the form of additional common shares in the Company that will be issued at no cost to DCP, the number of which shall be calculated in accordance with the asset management services agreement.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

23. FINANCIAL RISK MANAGEMENT

Financial risk factors

The Group is exposed to credit risk, liquidity risk and market risk from its use of financial instruments. The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the statement of financial position date. The Group has policies in place to ensure that sales are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of the reporting period was as follows:

	Carrying amount	
	31 December 2018	31 December 2017
	€'000	€'000
Receivables and other assets (see note 15)	2.675	3.188
Cash and cash equivalents (see note 16)	2.209	595
Total	4.884	3.783

Impairment of financial assets

The Company hold two types of financial assets that are subject to credit loss risk:

- Trade receivables and
- Other current assets.

Trade and other receivables

Exposure to credit risk

The maximum exposure to credit risk for trade and other receivables at the end of the reporting year by geographic region was in Europe.

Cash and cash equivalents

While cash and cash equivalents are also subject to the impairment under IFRS 9, the identified impairment loss was not significant due to the fact that the cash and cash equivalents of the Company are held in reliable financial institutions within the European Union.

Exposure to credit risk

The table below shows an analysis of the Group's bank deposits by the credit rating of the bank in which they are held:

	No. of Banks	31 December 2018	31 December 2017
		€'000	€'000
Bank group based on credit ratings by Moody's			
Rating Caa to C	5	2.198	580
Total bank balances		2.198	580

The Company applies the IFRS 9 simplified approach to measure expected credit losses using a lifetime expected loss allowance for all trade receivables and other current assets. It is mentioned that the expected credit losses are based on the difference between the cash inflows which are receivable and the actual cash inflows that the Company expects to receive. All cash inflows in delay are discounted.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

23. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(ii) Liquidity risk

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

The following table presents the contractual maturities of financial liabilities. The table has been prepared on the basis of contractual undiscounted cash flows of financial liabilities, and on the basis of the earliest date on which the Group might be forced to pay.

	Carrying amounts €'000	Contractual cash flows €'000	Within one year €'000	One to two year €'000	Three to five years €'000	Over five years €'000
31 DECEMBER 2018						
Loans and borrowings	75.862	(84.457)	(4.288)	(57.361)	(10.592)	(12.276)
Trade and other payables	8.894	(8.894)	(4.472)	(4,422)	-	-
	84.695	(93.351)	(8.700)	(61.783)	(10.592)	(12.276)
31 DECEMBER 2017						
Loans and borrowings	126.876	(167.037)	(10.802)	(9.063)	(130.790)	(16.382)
Payables to related companies	5.244	(5.244)	(86)	-	(5.158)	-
Trade and other payables	2.501	(2.501)	(2.501)	-	-	-
	134.621	(174.782)	(13.389)	(9.063)	(135.948)	(16.382)

(iii) Market risk

Market risk is the risk that changes in market prices such as interest rates will affect the Group's income or the value of its holdings of financial instruments.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Group's income and operating cash flows are independent of changes in market interest rates as the Group has no interest-bearing assets. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. 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.

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December would have decreased equity and profit or loss by €295 thousand (2017: €829 thousand). This analysis assumes that all other variables remain constant. For a decrease of 100 basis points there would be an equal and opposite impact on equity and profit or loss.

Capital management

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 to equity ratio.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

23. FINANCIAL RISK MANAGEMENT (continued)

Financial risk factors (continued)

(iv) Country risk developments

The general economic environment prevailing in the south-east Europe area and internationally may affect the Group's operations. Factors such as inflation, unemployment, public health crises, international trade and development of the gross domestic product directly impact the economy of each country and variation in these and the economic environment in general affect the Group's performance to a certain extent.

The global fundamentals of the hospitality sector remained strong during 2017 and 2018, with both international tourism and wealth continuing to grow, even though economic activity in Greece continued to face significant challenges.

Gross Domestic Product (GDP) of Greece grew 1.4% in 2017 compared to 2016. The country also realised a 1.9% year-on-year GDP increase in 2018. In addition, macroeconomic indicators have been quite encouraging about the country's economic prospects. S&P, Fitch and Moody's upgraded the country's credit rating in 2018 and made very favourable assessments of the Greek economy's progress. In August 2018, Greece successfully exited its final, three-year bailout programme that had been agreed in August 2015 to help it cope with the continued fallout from a debt crisis.

The tourism sector is expected to have a significant impact on the recovery of the country's economy and on curbing the external trade deficit. According to the provisional data issued by the Bank of Greece, more than 30 million tourists arrived in Greece in 2018, a rise of 10.8%, while travel revenues exceeded 16 billion euros for the year, up 10% compared to 2017, posting a new record. According to the Greek Tourism Confederation, tourism traffic and revenues are expected to stay the same for 2019.

24. GOING CONCERN BASIS

Even though the Group's current assets exceeded its current liabilities by €5.744 thousand as at 31 December 2018, the Group incurred a loss of €10.465 thousand for the year then ended, out of which €5,090 thousand relates to non-recurring expenses. In addition out of the Group's €115.851 thousand of liabilities, €46.393 thousand relate to the loan payable to the Company's parent, which matures on 6 August 2020. The Group is dependent upon the continuing financial support of its shareholders, without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The shareholders have indicated their intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

25. CONTINGENT LIABILITIES

Companies of the Group are involved in pending litigations. Such litigations principally relate to day-to-day operations as a developer of second-home residences and largely derive from certain clients and suppliers. Based on the Group's legal advisers, Management believes that there is sufficient defence against any claim and they do not expect that the Group will suffer any material loss. All provisions in relation to this matter which are considered necessary have been recorded in these consolidated financial statements.

In addition to the tax liabilities that have already been provided for in the consolidated financial statements based on existing evidence, there is a possibility that additional tax liabilities may arise after the examination of the tax and other matters of the companies of the Group in the relevant tax jurisdictions.

The Group, under its normal course of business, guaranteed the development of properties in line with agreed specifications and time limits in favour of other parties.

DOLPHINCI FOURTEEN LIMITED

Notes to the consolidated financial statements

For the year ended 31 December 2018

26. COMMITMENTS

The Group as of 31 December 2018 had a total of €1.350 thousand contractual capital commitments on property, plant and equipment (31 December 2017: €2.462 thousand).

27. SUBSEQUENT EVENTS

There were no material events after the reporting period, which affect the consolidated financial statements as at 31 December 2018.

DOLPHINCI FOURTEEN LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

DOLPHINCI FOURTEEN LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2018

C O N T E N T S

	<u>Page</u>
Officers and professional advisors	1
Independent auditors' report	2 - 4
Statement of financial position	5
Statement of profit or loss and other comprehensive income	6
Statement of changes in equity	7
Statement of cash flows	8
Notes to the financial statements	9 - 32

DOLPHINCI FOURTEEN LIMITED
OFFICERS AND PROFESSIONAL ADVISORS

Board of Directors	NAP Directors Ltd Dolphin Capital Partners Ltd (resigned on 23 November 2018) DCP Directors Ltd (appointed on 23 November 2018) Stephanos Dionysios Vlastos (appointed on 22 October 2018) (resigned on 1 June 2019) Panagiotis Aristeidis Varfis (appointed on 1 June 2019) Charalampos Anastaselos (appointed on 1 June 2019)
Secretary	NAP Secretarial Ltd
Independent auditors	KPMG Limited 14 Esperidon Street 1087 Nicosia Cyprus
Legal advisors	N. Papageorgiou LLC
Bankers	Bank of Cyprus Public Company Ltd Eurobank Cyprus Limited
Registered office	10 G. Kranidioti street Nice Day House, 6th floor P.C. 1065 Nicosia Cyprus



KPMG Limited
Chartered Accountants
14 Esperidon Street, 1087 Nicosia, Cyprus
P.O. Box 21121, 1502 Nicosia, Cyprus
T: +357 22 209000, F: +357 22 678200

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

DOLPHINCI FOURTEEN LIMITED

Report on the audit of the financial statements

Opinion

We have audited the financial statements of DolphinCI Fourteen Limited (the "Company"), which are presented on pages 5 to 32 and comprise the statement of financial position as at 31 December 2018, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of DolphinCI Fourteen Limited as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union ("IFRS-EU") and the requirements of the Cyprus Companies Law, Cap. 113, as amended from time to time (the "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 "*Auditors' responsibilities for the audit of the financial statements*" section of our report. We remained independent of the Company throughout the period of our appointment, in accordance with the Code of Ethics for Professional Accountants of the International Ethics Standards Board for Accountants ("IESBA Code") and the ethical requirements in Cyprus that are relevant to our audit of the financial statements, 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.

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INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF
DOLPHINCI FOURTEEN LIMITED

Report on the audit of the financial statements (continued)

Responsibilities of the Board of Directors and those charged with governance for the financial statements

The Board of Directors is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRS-EU and the requirements of the Companies Law, Cap. 113, and for such internal control as the Board of Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Directors and those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditors' responsibilities for the audit of the financial statements

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

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

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

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF

DOLPHINCI FOURTEEN LIMITED

Report on the audit of the financial statements *(continued)*

Auditors' responsibilities for the audit of the financial statements *(continued)*

We communicate with those charged with governance 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.

Other Matters

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Section 69 of Law L.53(I)/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.

We have reported separately on the consolidated financial statements of the Company and its subsidiaries for the year ended 31 December 2018.



Haris A. Kakoullis, CPA
Certified Public Accountant and Registered Auditor
for and on behalf of

KPMG Limited
Certified Public Accountants and Registered Auditors
14 Esperidon Street
1087 Nicosia
Cyprus

19 December 2019

DOLPHINCI FOURTEEN LIMITED
STATEMENT OF FINANCIAL POSITION

As at 31 December 2018

	Note	2018 €	2017 €
ASSETS			
Investments in subsidiaries	13	23.352.046	23.354.046
Loans receivable	14	<u>92.386.113</u>	<u>93.138.717</u>
Total non-current assets		<u>115.738.159</u>	<u>116.492.763</u>
Other receivables		5.294	5.290
Receivables from subsidiaries	21	6.454.234	4.428.329
Receivables from related companies	21	-	150.000
Refundable tax	20	22.974	22.974
Cash and cash equivalents	15	<u>709.300</u>	<u>2.189</u>
Total current assets		<u>7.191.802</u>	<u>4.608.782</u>
Total assets		<u>122.929.961</u>	<u>121.101.545</u>
EQUITY			
Share capital	16	10.000	5.245
Share premium		63.157.625	2.449.755
Retained earnings		<u>2.069.255</u>	<u>5.901.231</u>
Total equity		<u>65.236.880</u>	<u>8.356.231</u>
LIABILITIES			
Loans and borrowings	17	46.393.141	97.275.034
Payable to parent	21	-	<u>2.801.965</u>
Total non-current liabilities		<u>46.393.141</u>	<u>100.076.999</u>
Creditors and accruals	18	47.152	606.791
Payables to subsidiaries	21	8.000	2.258.000
Payables to related company	21	561.343	500.000
Deferred income	19	<u>10.683.445</u>	<u>9.303.524</u>
Total current liabilities		<u>11.299.940</u>	<u>12.668.315</u>
Total liabilities		<u>57.693.081</u>	<u>112.745.314</u>
Total equity and liabilities		<u>122.929.961</u>	<u>121.101.545</u>

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

On 19 December 2019, the Board of Directors of DolphinCI Fourteen Limited approved and authorised these financial statements for issue.

.....
 Director

.....
 Director

The notes on pages 9 to 32 are an integral part of these financial statements.

DOLPHINCI FOURTEEN LIMITED**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME****For the year ended 31 December 2018**

	Note	2018 €	2017 €
Revenue	8	1.922.167	2.307.640
Reversal of impairment loss on loans and other receivables	21 (i) & (iii)	909.751	-
Interest expense	17	(484.485)	(931.378)
Administrative expenses	9	(251.537)	(127.872)
Loss on disposal of subsidiaries	13	(4.000)	-
Impairment of investments in subsidiaries	13	-	(4.000.000)
Amounts with related parties written off	21	-	(2.493.005)
Other operating income/ (expenses)	10	<u>280.001</u>	<u>(307.787)</u>
Operating profit/(loss)		<u>2.371.897</u>	<u>(5.552.402)</u>
Finance income		-	409
Finance costs		<u>(3.949.773)</u>	<u>(4.676.844)</u>
Net finance expenses	11	<u>(3.949.773)</u>	<u>(4.676.435)</u>
Loss before taxation		(1.577.876)	(10.228.837)
Taxation	12	<u>-</u>	<u>(123)</u>
Loss for the year		<u>(1.577.876)</u>	<u>(10.228.960)</u>
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(1.577.876)</u>	<u>(10.228.960)</u>

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

The notes on pages 9 to 32 are an integral part of these financial statements.

DOLPHINCI FOURTEEN LIMITED**STATEMENT OF CHANGES IN EQUITY**For the year ended 31 December 2018

	Note	Share capital €	Share premium €	Retained earnings €	Total €
Balance at 1 January 2017		<u>5.245</u>	<u>2.449.755</u>	<u>13.434.191</u>	<u>15.889.191</u>
Loss for the year		<u>-</u>	<u>-</u>	<u>(10.228.960)</u>	<u>(10.228.960)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>(10.228.960)</u>	<u>(10.228.960)</u>
Cancellation of dividends		<u>-</u>	<u>-</u>	<u>2.696.000</u>	<u>2.696.000</u>
Total transactions with owners		<u>-</u>	<u>-</u>	<u>2.696.000</u>	<u>2.696.000</u>
Balance at 31 December 2017		<u>5.245</u>	<u>2.449.755</u>	<u>5.901.231</u>	<u>8.356.231</u>
Balance at - 1 January 2018 as previously reported		5.245	2.449.755	5.901.231	8.356.231
Adjustment on initial application of IFRS 9	6	<u>-</u>	<u>-</u>	<u>(2.254.100)</u>	<u>(2.254.100)</u>
Balance at 1 January 2018		<u>5.245</u>	<u>2.449.755</u>	<u>3.647.131</u>	<u>6.102.131</u>
Loss for the year		<u>-</u>	<u>-</u>	<u>(1.577.876)</u>	<u>(1.577.876)</u>
Total comprehensive income for the year		<u>-</u>	<u>-</u>	<u>(1.577.876)</u>	<u>(1.577.876)</u>
Issue of share capital	16	<u>4.755</u>	<u>60.707.870</u>	<u>-</u>	<u>60.712.625</u>
Total transactions with owners		<u>4.755</u>	<u>60.707.870</u>	<u>-</u>	<u>60.712.625</u>
Balance at 31 December 2018		<u>10.000</u>	<u>63.157.625</u>	<u>2.069.255</u>	<u>65.236.880</u>

Share premium is the amount of capital received from shareholders in excess of par value and is not distributable.

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

The notes on pages 9 to 32 are an integral part of these financial statements.

DOLPHINCI FOURTEEN LIMITED**STATEMENT OF CASH FLOWS****For the year ended 31 December 2018**

	2018	2017
	€	€
Cash flows from operating activities		
Loss for the year	(1.577.876)	(10.228.960)
Adjustments for:		
Exchange loss	-	50
Reversal of penalty fee accruals	(505.001)	-
Loss on disposal of investment in subsidiaries	4.000	-
Impairment charge - investments in subsidiaries	-	4.000.000
Amounts with related parties written off	-	2.493.005
Reversal of impairment loss on loans and receivables	(909.751)	-
Interest income	(1.922.167)	(1.920.569)
Interest expense	4.431.675	5.605.875
Income tax expense	-	123
Cash flows generated from/(used in) operations before working capital changes	<u>(479.120)</u>	<u>(50.476)</u>
Decrease in other receivables	-	135.333
Decrease/(increase) in receivables from own subsidiaries	1.687.113	(277.750)
Increase in receivables from related companies	-	(150.000)
(Decrease)/increase in creditors and accruals	(2.858.606)	8.483
Increase in payables to own subsidiaries	-	2.245.000
Increase in payables to related companies	61.343	-
Decrease in payables to parent	-	(2.695.650)
Increase in deferred income	<u>1.379.921</u>	<u>2.675.542</u>
Cash flows generated from operations	<u>(209.349)</u>	<u>1.890.482</u>
Taxation refunded	-	1.645
Net cash flows generated from operating activities	<u>(209.349)</u>	<u>1.892.127</u>
Cash flows from investing activities		
Loans granted	(1.959.390)	(4.779.200)
Loans repayments received	3.325.000	1.741.000
Interest received	-	409
Net cash flows generated from/(used in) investing activities	<u>1.365.610</u>	<u>(3.037.791)</u>
Cash flows from financing activities		
Proceeds from borrowings	1.050.850	205.000
Interest paid	(1.500.000)	(3.098.626)
Dividends paid	-	2.696.000
Net cash flows used in financing activities	<u>(449.150)</u>	<u>(197.626)</u>
Net increase/(decrease) in cash and cash equivalents	707.111	(1.343.290)
Cash and cash equivalents at the beginning of the year	2.189	1.345.479
Effect of exchange rate fluctuations on cash and cash equivalent	-	(50)
Cash and cash equivalents at end of the year	<u>709.300</u>	<u>2.189</u>

The Company has initially applied IFRS 15 and IFRS 9 at 1 January 2018. Under the transition methods chosen, comparative information has not been restated.

The notes on pages 9 to 32 are an integral part of these financial statements.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

1. Reporting entity

DolphinCI Fourteen Limited (the "Company") was incorporated in Cyprus on 22 June 2006 as a private limited liability company under the Cyprus Companies Law, Cap. 113. Its registered office is at 10 G. Kranidioti street, Nice Day House, 6th floor, P.C. 1065 Nicosia, Cyprus.

The Company's principal activity, during the year, was the acquisition and holding of investments in other entities, the extension of loans to related companies and the provision of advisory services.

2. Basis of accounting**2.1 Statement of compliance**

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

The Company has also prepared consolidated financial statements in accordance with IFRSs for the Company and its subsidiaries (the "Group").

Users of these parent's separate financial statements should read them together with the Group's consolidated financial statements as at and for the year ended 31 December 2018 in order to obtain a proper understanding of the financial position, the financial performance and the cash flows of the Company and the Group.

2.2 Basis of measurement

The financial statements have been prepared under the historical cost convention.

3. Functional and presentation currency

The financial statements are presented in Euro (€), which is the functional currency of the Company.

4. Adoption of new and revised IFRSs and interpretations by the EU

During the current year the Company adopted all the changes to IFRS that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. This adoption did not have a material effect on the accounting policies of the Company except for the adoption of IFRS 9 Financial Instruments and IFRS 15 Revenue from Contracts with Customers (see Note 6).

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

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

5. Use of estimates and judgments

In preparing these financial statements, management has made judgments, estimates and assumptions that affect the application of the Company's accounting policies and the reported amounts of assets, liabilities, income and expenses. The estimates and underlying assumptions are based on historical experience and various other factors that are deemed to be reasonable based on knowledge available at that time. Actual results may deviate from such estimates.

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

5.1 Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties at the reporting date that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities in the next financial year is included in the following notes:

- Note 20 "Income taxes" - to determine any provision for income taxes.
- Note 13 "Impairment of investments in subsidiaries" - determine the recoverability of investments in subsidiaries whenever indicators of impairment are present.

6. Changes in significant accounting policies

The Company has adopted the following new standards, amendments to a standard and new interpretations with a date of initial application of 1 January 2018. The nature and effects of the changes are explained below.

The Company has initially applied IFRS 15 note 6.1 and IFRS 9 note 6.2 at 1 January 2018. The nature and effects of the changes are explained below. A number of other new standards are also effective from 1 January 2018, but they do not have a material effect on the Company's financial statements.

6.1 IFRS 15 Revenue from Contracts with Customers:

IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaced IAS 18 Revenue, IAS 11 Construction Contracts and related interpretations. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The Company has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 January 2018).

Due to the transition methods chosen by the Company in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards, except for and separately presenting impairment loss on trade receivables and contract assets.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

6. Changes in significant accounting policies *(continued)***6.2 IFRS 9 Financial Instruments:**

IFRS 9 sets out requirements for recognising and measuring financial assets, financial liabilities and some contracts to buy or sell non-financial items. This standard replaces IAS 39 Financial Instruments: Recognition and Measurement.

Additionally, the Company has adopted consequential amendments to IFRS 7 Financial Instruments: Disclosures that are applied to disclosures about 2018 but have not been generally applied to comparative information.

There is no effect on the opening retained earnings on 1 January 2018 from the adoption of IFRS 9 (for a description of the transition method, see 6.2.3 below).

6.2.1 Classification and measurement of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortised cost, FVOCI and FVTPL.

The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

IFRS 9 largely retains the existing requirements in IAS 39 for the classification and measurement of financial liabilities.

For an explanation of how the Company classifies and measures financial instruments and accounts for related gains and losses under IFRS 9, see Note 7.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2018****6. Changes in significant accounting policies (continued)**

The effect of adopting IFRS 9 on the carrying amount of financial assets at 1 January 2018 relates solely to the new impairment requirements.

The following table reconciles the carrying amounts of financial assets under IAS 39 to the carrying amounts under IFRS 9 on transition to IFRS 9 on 1 January 2018.

	Original classification under IAS39	New classification under IFRS 9	Original amount under IAS 39	New carrying amount under IFRS 9
			€	€
Financial assets				
<i>Amortised cost</i>				
Other receivables	Loans and receivables	Amortised cost	4.583.619	4.558.784
Loans from related parties	Loans and receivables	Amortised cost	<u>93.138.717</u>	<u>90.909.452</u>
Total financial assets			<u><u>97.722.336</u></u>	<u><u>95.468.236</u></u>

6.2.2 Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to:

- financial assets measured at amortised cost;
- debt investments at FVOCI;
- contract assets;
- lease receivables;
- loan commitments and financial guarantee contracts issued.

The new impairment model does not apply to investments in equity instruments.

Under IFRS 9, credit losses are recognised earlier than under IAS 39.

For assets in the scope of the IFRS 9 impairment model, impairment losses are generally expected to increase and become more volatile. The Company has determined that the application of IFRS 9 impairment requirements at 1 January 2018 results in an additional allowance for impairment as follows.

Loss allowance at 31 December 2017 under IAS 39	€
Additional impairment recognised at 1 January 2018 on:	-
Receivables from subsidiaries	24.835
Loans to subsidiaries	<u>2.229.265</u>
Loss allowance at 1 January 2018 under IFRS 9	<u><u>2.254.100</u></u>

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

6. Changes in significant accounting policies *(continued)*

Additional information about how the Company measures the allowance for impairment is described in note 7.

6.2.3 Transition

Changes in accounting policies resulting from the adoption of IFRS 9 have been applied retrospectively, except as described below.

- The Company has used an exemption not to restate comparative information for prior periods with respect to classification and measurement (including impairment) requirements. Differences in the carrying amounts of financial assets and financial liabilities resulting from the adoption of IFRS 9 are recognised in retained earnings and reserves as at 1 January 2018. Accordingly, the information presented for 2017 does not generally reflect the requirements of IFRS 9, but rather those of IAS 39.

7. Significant accounting policies

The following accounting policies have been applied consistently for all the years presented in these financial statements, except if mentioned otherwise (see also note 6).

7.1 Subsidiaries

Investments in subsidiaries are stated at cost, which includes transaction costs, less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

7.2 Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control over a product or service to a customer.

Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control - at a point in time or over time - requires judgement.

The details of new significant accounting policies and the nature of the changes to previous accounting policies in relation to the Company's various goods and services are set out in note 6.1.

7.3 Finance income

Interest income is recognised based on an accrual basis.

7.4 Finance costs

Interest expense and other borrowing costs are recognised in profit or loss using the effective interest method.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

7. Significant accounting policies *(continued)***7.5 Taxation**

Tax liabilities and assets for the current and prior periods 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. Current taxation includes any adjustments to tax payable in respect of previous periods.

7.6 Deferred income

Deferred income represents income receipts which relate to future periods.

7.7 Financial instruments**7.7.1 Recognition and initial measurement**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus, for an item not at fair value through profit or loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

7.7.2 Classification and subsequent measurement**7.7.2.1 Financial assets - policy applicable from 1 January 2018**

On initial recognition, a financial asset is classified as measured at: amortised cost; Fair Value through Other Comprehensive income (FVOCI) debt investment; Fair Value through Other Comprehensive income (FVOCI) equity investment; or FVTPL.

Financial assets are not reclassified subsequent to their initial recognition unless the Company changes its business model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the business model.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as at FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

7. Significant accounting policies *(continued)*

7.7 Financial instruments *(continued)*

- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits.

Financial assets - Business model assessment: Policy applicable from 1 January 2018

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated - e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

Financial assets - Assessment whether contractual cash flows are solely payments of principal and interest: Policy applicable from 1 January 2018

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable-rate features;
- prepayment and extension features; and

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018**7. Significant accounting policies (continued)****7.7 Financial instruments (continued)**

- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

Financial assets - Subsequent measurement and gains and losses: Policy applicable from 1 January 2018

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.
Debt investments at FVOCI	These assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss. Other net gains and losses are recognised in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.
Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are never reclassified to profit or loss.

7.7.2.2 Financial assets - Classification: Policy applicable before 1 January 2018

The Company classified its financial assets into one of the following categories:

- loans and receivables;
- held to maturity;
- available for sale; and
- at FVTPL, and within this category as:
 - held for trading;
 - derivative hedging instruments; or
 - designated as at FVTPL.

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

7. Significant accounting policies *(continued)*

7.7 Financial instruments (continued)

7.7.2.3 Financial assets - Subsequent measurement and gains and losses: Policy applicable before 1 January 2018

Financial assets at FVTPL	Measured at fair value and changes therein, including any interest or dividend income, were recognised in profit or loss.
Held-to-maturity financial assets	Measured at amortised cost using the effective interest method.
Loans and receivables	Measured at amortised cost using the effective interest method.
Available-for-sale financial assets	Measured at fair value and changes therein, other than impairment losses, interest income and foreign currency differences on debt instruments, were recognised in OCI and accumulated in the fair value reserve. When these assets were derecognised, the gain or loss accumulated in equity was reclassified to profit or loss.

Before 1 January 2018, the Company subsequently measured its financial instruments as follows:

(i) Trade and other receivables

Trade and other receivables are initially recognised at fair value and are subsequently measured at amortised cost using the effective interest rate method. Trade and other receivables are stated after deducting the appropriate allowances for any impairment.

(ii) Loans granted

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

(iii) Cash and cash equivalents

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

7.7.2.4 Financial liabilities - Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

7. Significant accounting policies (continued)**7.7 Financial instruments (continued)**

The financial liabilities of the Company are measured as follows:

(i) 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.

7.7.3 Impairment:

Policy applicable from 1 January 2018

- *Financial instruments and contract assets*

The Company recognises loss allowances for ECLs on:

- financial assets measured at amortised cost;
- debt investments measured at FVOCI; and
- contract assets.

The Company measures loss allowances at an amount equal to lifetime ECLs, except for:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables and contract assets are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

Lifetime ECLs are the ECLs that result from all possible default events over the expected life of a financial instrument.

- *Measurement of ECLs*

ECLs are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive). ECLs are discounted at the effective interest rate of the financial asset.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

7. Significant accounting policies (continued)**7.7 Financial instruments (continued)**

- Presentation of allowance for ECL in the statement of financial position

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. For debt securities at FVOCI, the loss allowance is charged to profit or loss and is recognised in OCI.

7.8 Derecognition of financial assets and liabilities*Financial assets*

The Company derecognises a financial asset (or, where applicable a part of a financial asset or part of a Company of similar financial assets) when:

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

Any interest in such derecognised financial assets that is created or retained by the Company is recognised as a separate asset or liability.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when it is replaced by another from the same lender on substantially different terms, or when the terms of the liability are substantially modified, and the cash flows of the modified liability are substantially different, in which case a new financial liability based on the modified terms is recognised at fair value.

On derecognition of a financial liability, the difference between the carrying amount extinguished and the consideration paid (including any non-cash assets transferred or liabilities assumed) is recognised in profit or loss.

7.9 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.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2018****7. Significant accounting policies (continued)****7.10 Provisions**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

7.11 Comparatives

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

8. Revenue

The effect of initially applying IFRS 15 on the Company's revenue from the contracts with customers is described in note 6.1 Due to the transition method chosen in applying IFRS 15, comparative information has not been restated to reflect the new requirements.

	2018 €	2017 €
Interest income (Note 20 (iii))	1.922.167	1.920.160
Cancellation of agreement (Note 18)	-	237.480
Services rendered	-	150.000
	<u>1.922.167</u>	<u>2.307.640</u>

9. Administrative expenses

	2018 €	2017 €
Promotional expenses	5.190	3.489
Independent auditors' remuneration - current year	38.755	38.258
Independent auditors' remuneration - prior years	(3.500)	-
Accounting fees	666	666
Legal fees	40.938	10.000
Other professional fees	41.487	65.682
Irrecoverable VAT	4.657	9.427
Other expenses	875	350
Asset management fees (note 21)	122.469	-
	<u>251.537</u>	<u>127.872</u>

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

10. Other operating (income)/ expenses

	2018 €	2017 €
Royalty fees	225.000	85.000
Reversal of penalty fee accrual (note 18)	(505.001)	-
Other expenses	<u>-</u>	<u>222.787</u>
	<u>(280.001)</u>	<u>307.787</u>

11. Net finance expenses

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.2.

	2018 €	2017 €
Interest on taxes	<u>-</u>	<u>409</u>
Finance income	<u>-</u>	<u>409</u>
Net foreign exchange transaction losses	(145)	(50)
Loan interest expense (note 17)	(3.947.190)	(4.674.497)
Bank charges	<u>(2.438)</u>	<u>(2.297)</u>
Finance costs	<u>(3.949.773)</u>	<u>(4.676.844)</u>
Net finance expenses	<u>(3.949.773)</u>	<u>(4.676.435)</u>

12. Taxation

	2018 €	2017 €
Defence tax	<u>-</u>	<u>123</u>
Charge for the year	<u>-</u>	<u>123</u>

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

12. Taxation (continued)*Reconciliation of taxation based on the taxable income and taxation based on accounting losses:*

	2018 €	2017 €
Accounting loss before taxation	<u>(1.577.876)</u>	<u>(10.228.837)</u>
Taxation calculated at the applicable tax rates	(197.235)	(1.278.605)
Tax effect of notional income on receivables from related parties	26.662	8.240
Tax effect of expenses not deductible for taxation purposes	348.224	1.324.170
Tax effect of allowances and income not subject to taxation	(176.594)	(277)
Tax effect of group tax relief	(1.057)	(53.528)
Defence tax	<u>-</u>	<u>123</u>
Taxation as per statement of profit or loss and other comprehensive income - charge	<u>-</u>	<u>123</u>

The corporation tax rate is 12,5%.

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

Tax losses may be carried forward for five years, until their final write-off.

13. Investments in subsidiaries

	2018 €	2017 €
Balance at 1 January	23.354.046	27.354.046
Additions	2.000	-
Disposals	(4.000)	-
Impairment charge	<u>-</u>	<u>(4.000.000)</u>
Balance at 31 December	<u>23.352.046</u>	<u>23.354.046</u>

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018**13. Investments in subsidiaries (continued)**

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	<u>Holding %</u>
DolphinCI Thirty Nine Limited	Cyprus	Holding of investments	100
Single Purpose Vehicle One Limited	Cyprus	Holding of investments	100
Single Purpose Vehicle Two Limited	Cyprus	Holding of investments	64
Single Purpose Vehicle Six Limited	Cyprus	Holding of investments	100
Single Purpose Vehicle Twenty Five Limited	Cyprus	Holding of investments	100
AZ Aphrodite Villa Limited	Cyprus	Dormant	100
Amaltheia Capital Limited	Cyprus	Dormant	100
DolphinCI Sixteen Limited	Cyprus	Dormant	100
CCMD 22 Limited	Cyprus	Dormant	100

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

During the year, the Company incorporated a wholly own subsidiary, CCMD 22 Limited. Also, the Company sold 100% of its interest in XX 18 SPV Limited and Polydeuces Capital Limited to third parties. As a result of the aforementioned transactions, a loss amounting to €4.000 was recognised in the statement of profit and loss.

As at 31 December 2018, all or part of the shares held by the Company in some of its subsidiaries are pledged as a security for loans (Note 17).

14. Loans receivable

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.2. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

	2018	2017
	€	€
Loans to own subsidiaries (Note 21 (iii))	93.695.273	93.138.717
Loss allowance on loans receivable	<u>(1.309.160)</u>	<u>-</u>
	<u>92.386.113</u>	<u>93.138.717</u>

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018**14. Loans receivable (continued)**

The exposure of the Company to credit risk is reported in note 22 to the financial statements.

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

15. Cash and cash equivalents

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.2. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

Cash balances are analysed as follows:

	2018 €	2017 €
Cash at bank	<u>709.300</u>	<u>2.189</u>
	<u><u>709.300</u></u>	<u><u>2.189</u></u>

16. Share capital

	2018 Number of shares	2018 €	2017 Number of shares	2017 €
Authorised				
Ordinary shares of €1 each	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>
Issued and fully paid				
Balance at 1 January	5.245	5.245	5.245	5.245
Issue of shares	<u>4.755</u>	<u>4.755</u>	<u>-</u>	<u>-</u>
Balance at 31 December	<u><u>10.000</u></u>	<u><u>10.000</u></u>	<u><u>5.245</u></u>	<u><u>5.245</u></u>

Issued capital

On 7 August 2018, the Company issued to the subscribers of its Memorandum of Association 4.755 ordinary shares of nominal value €1 each, at a premium of €12.767,165 each.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2018****17. Loans and borrowings**

	2018 €	2017 €
Colony Luxembourg S.a.r.l	-	43.945.951
Dolphin Capital Investors Limited	-	53.329.083
Loan from parent company (Note 21 (vii))	<u>46.393.141</u>	<u>-</u>
	<u>46.393.141</u>	<u>97.275.034</u>

During 2014, Colony Luxembourg S.a.r.l. ("Colony") provided a loan facility of €40.400,000 to the Company, which bore an annual rate of interest of 11% and was repayable in August 2020.

During the year, interest expense on the loan from Colony amounted to €2.808.997 (2017: €4.674.497).

On 1 August 2018, the Company's parent acquired the secured loan from Colony Capital Luxembourg S.a.r.l ('Colony') acting on behalf of managed funds. As a result of this transaction, all securities in regards to Colony loan were released (see below). The outstanding balance of the aforementioned loan at the date of the assignment was €45.254.948. Loan from the parent company bears interest rate of 6% and is repayable on 1 August 2020. Interest expense on the above loan amounted to €1.138.193 (€2017: € -).

Total interest expense included in finance costs amounted to €3.947.190 (2017: €4.674.497).

Dolphin Capital Investors Limited provided a loan to the Company, which bears an annual rate of interest of twelve (12) month EURIBOR plus 2,20% and is repayable in December 2020.

During the year, interest expense on the above loan amounted to €484.485 (2017: €931.378), which is included in the statement of profit and loss (see note 21 (vii)).

On 7 August 2018, the interest-bearing loan payable between the Company and Dolphin Capital Investors Limited amounting to €54.864.418, was utilised for the subscription in ordinary shares of the Company (see note 15).

Securities

As at December 2017, the securities over the loan received from Colony were as follows:

Pledge of 4.495 shares of the Company and all shares of six Cypriot and Greek subsidiaries of the Amanzoe project.

Fixed and floating charges over the rights, titles and interests of the Company and three Cypriot subsidiaries of the Amanzoe project, charge over their bank accounts and assignment of their intra-group receivables.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2018**18. Creditors and accruals**

	2018 €	2017 €
Penalty fee accrual	-	505.001
Other creditors	<u>47.152</u>	<u>101.790</u>
	<u><u>47.152</u></u>	<u><u>606.791</u></u>

19. Deferred income

	2018 €	2017 €
Advances from third parties	<u>10.683.445</u>	<u>9.303.524</u>
	<u><u>10.683.445</u></u>	<u><u>9.303.524</u></u>

The above advances relate to signed agreements with third parties for the sale of subsidiaries holding villas. During 2017, an agreement between the Company and a third party has cancelled, resulting to reservation fee of €237.480 being recognised in profit and loss.

20. Refundable tax

	2018 €	2017 €
Corporation tax	<u>(22.974)</u>	<u>(22.974)</u>
	<u><u>(22.974)</u></u>	<u><u>(22.974)</u></u>

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

21. Related party transactions

The Company is controlled by Grivalia Hospitality S.A. ('Grivalia'), registered in Luxemburg, which owns 85% of the Company's shares. Until July 2018, the Company was controlled by Dolphin Capital Investors Limited ('DCI BVI'), registered in the British Virgin Islands and listed in the AIM Market of the London Stock Exchange.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

21. Related party transactions (continued)

The transactions and balances with related parties are as follows:

(i) Receivables from subsidiaries

		2018	2017
		€	€
<u>Name</u>	<u>Nature of transactions</u>		
DolphinCI Sixteen Limited	Finance	80.833	1.850
DolphinCI Thirty Nine Limited	Finance	1.569.031	1.564.865
Single Purpose Vehicle One Limited	Finance	2.745.007	2.547.558
Single Purpose Vehicle Two Limited	Finance	500	500
Single Purpose Vehicle Six Limited	Finance	1.375.404	36.556
Single Purpose Vehicle Twenty Five Limited	Finance	717.000	277.000
AZ Aphrodite Villa Limited	Finance	732	-
Amaltheia Capital Limited	Finance	458	-
Polydeuces Capital Limited	Finance	458	-
Accumulated impairment loss on receivables		<u>(35.189)</u>	<u>-</u>
		<u>6.454.234</u>	<u>4.423.329</u>

On 7 August 2018, receivable amounts from DolphinCI Sixteen Limited, Single Purpose Vehicle One Limited and Single Purpose Vehicle Six Limited, of €76.262, €32.249 and €837.382, respectively, were assigned to the Company from former parent company, DCI BVI, for the subscription of ordinary shares of the Company (see note 16).

During the year, a total amount of €10.355 was recognised in the statement of profit and loss as an allowance for impairment of the above receivables.

(ii) Receivables from related companies

		2018	2017
		€	€
<u>Name</u>	<u>Nature of transactions</u>		
DCI Holdings One Limited	Trade	<u>-</u>	<u>150.000</u>
		<u>-</u>	<u>150.000</u>

On 7 August 2018, an amount of €150.000 receivable from DCI Holdings One Limited, was assigned to DCI BVI as part of the repayment of the payable amount to DCI BVI (see note 21(vi)).

During the year 2017, the related company DCI Holdings Five Limited was struck off and, as a result, the Company wrote off the receivable amount of €2.493.005 to profit or loss.

DOLPHINCI FOURTEEN LIMITEDNOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

21. Related party transactions (continued)**(iii) Loans to subsidiaries (Note 14)**

	2018 €	2017 €
Single Purpose Vehicle One Limited	70.068.552	70.664.632
Single Purpose Vehicle Six Limited	23.017.783	21.877.549
DolphinCI Thirty Nine Limited	608.938	596.536
Accumulated impairment loss on loans to subsidiaries	<u>(1.309.160)</u>	<u>-</u>
	<u>92.386.113</u>	<u>93.138.717</u>

The loans granted to the subsidiary companies, Single Purpose Vehicle One Limited and Single Purpose Vehicle Six Limited, bear an annual rate of interest of twelve(12) month EURIBOR plus 2,45% and 2,35% respectively. Both loans are repayable in December 2020.

The loan granted to the subsidiary company, DolphinCI Thirty Nine Limited, bears an annual rate of interest twelve(12) month EURIBOR plus 2,35%, and is repayable in December 2020.

During the year, interest income on the above loans amounted to €1.922.167 (2017: €1.920.160).

During the year, a total amount of €920.106 was recognised in the statement of profit and loss as a reversal of impairment on the above loans to subsidiaries.

(iv) Payables to subsidiaries

<u>Name</u>	<u>Nature of transactions</u>	2018 €	2017 €
AZ Aphrodite Villa Limited	Finance	2.000	2.000
XX 18 SPV Limited	Finance	-	2.000
Amaltheia Capital Limited	Finance	2.000	2.252.000
Polydeuces Capital Limited	Finance	2.000	2.000
CCMD 22 Limited	Finance	<u>2.000</u>	<u>-</u>
		<u>8.000</u>	<u>2.258.000</u>

On 7 August 2018, receivable amount from Amaltheia Capital Limited, of €2.250.000, was assigned to the Company from former parent company, DCI BVI, for the subscription of ordinary shares of the Company (see note 15).

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

21. Related party transactions (continued)**(v) Payables to related companies**

		2018	2017
		€	€
<u>Name</u>	<u>Nature of transactions</u>		
Eidikou Skopou 14 S.A.	Trade	500.000	500.000
Dolphin Capital Partners Limited ('DCP')	Finance	<u>61.343</u>	<u>-</u>
		<u>561.343</u>	<u>500.000</u>

During August 2018, the Company's parent, Grivalia, acquired the secured loan from Colony Capital Luxemburg S.a.r.l. (see note 17).

During October 2018, the Company entered into an agreement with DCP, its 15% shareholder, for the provision of asset management services. The agreement will be effective for 5 years from the signing date with an option to extent for further 3 years, provided that DCP shall be retaining a minimum of 5% shareholding interest in the Company. According to the agreement, DCP is entitled to:

i.Fixed management fees

The annual management fee equals to €500 thousand, payable quarterly.

ii.Villa administration and sale fees

Villa administration and sale fees equals to 2% of the Villa gross sale value, of any sale of any estate home lots sold, leased on a long term lease or otherwise transferred by any member of the Group during the agreement period, less any refund, indemnities or compensations paid by the Group to third party villa owners/tenants.

iii.Incentive fee

Incentive fee will be up to 2,5%, in the case the Group realises its targets in terms of Hotel operating income and villa sales cash flows. The incentive fee shall be in the form of additional common shares in the Company that will be issued at no cost to DCP, the number of which shall be calculated in accordance with the asset management services agreement.

(vi) Payable to parent company

	2018	2017
	€	€
DCI BVI (former parent)	<u>-</u>	<u>2.801.965</u>
	<u>-</u>	<u>2.801.965</u>

On 7 August 2018, an amount of €150.000 receivable from DCI Holdings One Limited, was assigned to DCI BVI, as part of the repayment of the payable amount to DCI BVI (see note 21 (ii)).

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS****For the year ended 31 December 2018****21. Related party transactions (continued)****(vii) Loan from parent company**

	2018 €	2017 €
Grivalia Hospitality S.A.	46.393.141	-
DCI BVI (former parent)	<u>-</u>	<u>53.329.083</u>
	<u>46.393.141</u>	<u>53.329.083</u>

On 1 August 2018, the loan payable to Colony Luxembourg S.a.r.l amounting to €45.254.948 was assigned to Grivalia Hospitality SA ("Grivalia"). Loan payable to Grivalia, bears an annual interest rate of 6% and is repayable on 1 August 2020.

During the year, interest expense on the loan from Grivalia amounted to €1.138.193 (2017: € -), which is included in finance costs (see note 17).

During the year, interest expense on the loan from DCI BVI amounted to €484.485 (2017: €931.378), which is included in the statement of profit and loss (see note 17).

22. Financial instruments - fair values and risk management

The effect of initially applying IFRS 9 in the Company's financial instruments is described in note 6.2. Due to the transition method chosen in applying IFRS 9, comparative information has not been restated to reflect the new requirements.

Financial risk factors

The Company is exposed to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market price risk
- Interest rate risk

The Board of Directors has the overall responsibility for the establishment and oversight of the Company's risk management framework.

(i) Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk, except from its cash balances and the amounts and loans with related companies. As at 31 December 2018, cash balances are held with a financial institution with a Moody's credit rating of Caa1.

DOLPHINCI FOURTEEN LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2018

22. Financial instruments - fair values and risk management (continued)*(ii) Liquidity risk*

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

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2018	Carrying amounts €	Contractual cash flows €	Within one year €	One to two years €	Three to 5 years €
Other liabilities	276.686	(276.686)	(276.686)	-	-
Payables to related parties	561.343	(561.343)	(561.343)	-	-
Payable to subsidiaries	10.000	(10.000)	(10.000)	-	-
Loan from parent company	<u>46.393.141</u>	<u>(47.970.245)</u>	<u>-</u>	<u>(47.970.245)</u>	<u>-</u>
	<u>47.241.170</u>	<u>(48.818.274)</u>	<u>(848.029)</u>	<u>(47.970.245)</u>	<u>-</u>
31 December 2017	Carrying amounts €	Contractual cash flows €	Within one year €	One to two years €	Three to 5 years €
Colony Luxembourg S.a.r.l	43.945.951	(73.355.241)	(6.222.791)	(4.660.709)	(62.471.741)
Loan from parent	53.329.083	(56.171.360)	-	-	(56.171.360)
Payable to parent	2.801.965	(2.801.965)	-	-	(2.801.965)
Payable to subsidiaries	2.258.000	(2.258.000)	(2.258.000)	-	-
Payables to related parties	500.000	(500.000)	(500.000)	-	-
Other liabilities	<u>236.415</u>	<u>(236.415)</u>	<u>(236.415)</u>	<u>-</u>	<u>-</u>
	<u>103.071.414</u>	<u>(135.322.981)</u>	<u>(9.217.206)</u>	<u>(4.660.709)</u>	<u>(121.445.066)</u>

(iii) Market price risk

Market price risk is the risk that the value of shares of the subsidiaries will fluctuate as a result of changes in market prices. Since the purpose of the subsidiaries is the direct or indirect investments in land and other properties, the risk of decline in the value of shares is connected with the risks of the industry sector. The Company's management monitors any developments in property values on a continuous basis and acts accordingly.

DOLPHINCI FOURTEEN LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2018

22. Financial instruments - fair values and risk management *(continued)**(iv) Interest rate risk*

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company is exposed to interest rate risk in regards to the loan granted to related parties and loans received from related parties. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Sensitivity analysis

An increase of 100 basis points in interest rates at 31 December 2018 would have decreased equity and profit or loss by €322.811 (2017: €65.332 increase). This analysis assumes that all other variables, in particular foreign currency rates, remain constant. For decrease of 100 basis points there would be an equal and positive impact on the profit and other equity.

23. Fair values

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

24. Going concern basis

The Company incurred a loss of €1.577.876 during the year ended 31 December 2018, and as of that date, the Company's current liabilities exceeded its current assets by €4.108.138. Out of the Company's €57.693.081 of liabilities, €46.393.141 relate to the loan payable to the Company's parent, which matures on 6 August 2020. The Company is dependent upon the continuing financial support of its shareholders, without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The shareholders have indicated their intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

25. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018.

26. Commitments

The Company had no capital or other commitments as at 31 December 2018.

27. Events after the reporting period

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