Dolphinci Fourteen Limited

Report and consolidated financial statements
31 December 2019

Contents

Dolphinci Fourteen Limited

Board of Directors and other officers

Board of Directors

NAP Directors Limited
Dolphin Capital Partners Limited
DCP Directors Limited
Stefanos Dionysios Vlastos (appointed 22 October 2018, resigned 1 June 2019)
Panagiotis Aristeidis Varfis (appointed 1 June 2019)
Charalampos Anastaselos (appointed 1 June 2019)

Company Secretary

NAP Secretarial Limited
10 Giannou Kranidioti Street
Nice Day House,
Floor 6, Flat 602
1065, Nicosia
Cyprus

Registered office

10 Giannou Kranidioti Street
Nice Day House, 6th Floor
1065, Nicosia
Cyprus

Dolphinci Fourteen Limited

Management Report

1 The Board of Directors presents its report together with the audited consolidated financial statements of Dolphinci Fourteen Limited and its subsidiaries (which are collectively referred to as the "Group") for the year ended 31 December 2019.

Principal activities and nature of operations of the Group

2 The principal activity of the Group, which is unchanged from last year, is the development of a large-scale leisure-integrated residential resort in Peloponnese, Greece.

Changes in group structure

3 During the year the subsidiaries of the Group, Single Purpose Vehicle 14 S.A. and Single Purpose Vehicle 18 S.A. were merged through absorption of Single Purpose Vehicle 18 S.A. by Single Purpose Vehicle 14 S.A.. There were no other changes in the structure of the Group.

Review of developments, position and performance of the Group's business

4 The loss of the Group for the year ended 31 December 2019 was €6.686.353 (2018: loss €10.463.852). As at 31 December 2019 the Group's total assets amounted to €134.853.672 (2018: €119.271.761) and its net assets amounted to €11.342.144 (2018: €3.420.757). The financial position, development and performance of the Group as presented in these consolidated financial statements are considered satisfactory.

Principal risks and uncertainties

5 The principal risks and uncertainties faced by the Group are disclosed in Notes 6, 7 and 28 of the consolidated financial statements.

Credit risk

6 The Group's credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as outstanding receivables. For further details refer to Note 6 section "Credit risk".

Liquidity risk

7 Management monitors the current liquidity position of the Group based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management believes that it is successful in managing the Group's liquidity risk.

Future developments of the Group

8 The Board of Directors does not expect any significant changes or developments in the operations, financial position and performance of the Group in the foreseeable future.

Results

9 The Group's results for the year are set out on page 9. The loss for the year is carried forward.

Share capital

10 There were no changes in the share capital of the Company.

Board of Directors

11 The members of the Board of Directors at 31 December 2019 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2019, except from Panagiotis Aristeidis Varfis and Charalampos Anastaselos who were appointed on 1 July 2019 and Stefanos Dionysios Vlastos who resigned on 1 July 2019.

12 In accordance with the Company's Articles of Association all Directors retire each year and being eligible, offer themselves for re-election.

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

Events after the balance sheet date

14 The material post balance sheet events, which have a bearing on the understanding of the consolidated financial statements are disclosed in Note 28 of the consolidated financial statements.

Branches

15 The Group did not operate through any branches during the year.

Dolphinci Fourteen Limited

Management Report (continued)

Independent Auditors

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

By Order of the Board

NAP Secretarial Limited
Company Secretary

Limassol,
3 March 2021

Independent Auditor's 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 (the “Group”), which are presented in pages 9 - 55 and comprise the consolidated balance sheet as at 31 December 2019, and the consolidated statements of 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 accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2019, and of its consolidate financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Other information

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

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

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

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Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves 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, we report the following:

- In our opinion the management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified material misstatements in the management report.

Other Matter

This report, including the opinion, has been prepared for and only for the Group's members as a body in accordance with Section 69 of the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Comparative figures

The consolidated financial statements of the Group for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinon on those consolidated financial statements on 9 July 2019.

Petros C. Petrakis
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 3 March 2021

Dolphinci Fourteen Limited

Consolidated statement of comprehensive income for the year ended 31 December 2019

	Note	2019 €	2018 €
Revenue	8	**24.771.355**	21.299.738
Cost of sales	11	**(21.583.579)**	(15.634.076)
Gross profit		**3.187.776**	5.665.662
Administrative expenses	11	**(3.705.237)**	(9.005.966)
Other income	9	**522.580**	311.000
Other losses - net	10	**(2.296.452)**	(840.919)
Operating loss		**(2.291.333)**	(3.870.223)
Finance costs	13	**(5.078.950)**	(6.856.647)
Loss before income tax		**(7.370.283)**	(10.726.870)
Income tax credit	14	**683.930**	263.018
Loss for the year		**(6.686.353)**	(10.463.852)
Other comprehensive income:			
Gains on revaluation of land and buildings		**14.607.740**	9.205.000
Other comprehensive income for the year, net of tax		**14.607.740**	9.205.000
Total comprehensive income/ (loss) for the year		**7.921.387**	(1.258.852)
Loss attributable to:			
Equity holders of the Company		**(6.600.357)**	(10.352.024)
Non-controlling interest		**(85.996)**	(111.828)
		(6.686.353)	(10.463.852)
Total comprehensive income/ (loss) attributable to:			
Equity holders of the Company		**7.835.391**	(1.147.024)
Non-controlling interest		**85.996**	(111.828)
		7.921.387	(1.258.852)

The notes on pages 15 to 55 are an integral part of these consolidated financial statements.

Dolphinci Fourteen Limited

Consolidated balance sheet
at 31 December 2019

	Note	**2019** €	2018 €
Assets			
Non-current assets			
Property, plant and equipment	15	**104.091.322**	86.275.801
Right-of-use assets		**59.509**	-
Investment property	16	**10.065.821**	8.154.481
Deferred income tax assets	23	**-**	855.097
		114.216.652	95.285.379
Current assets			
Inventories	19	**18.228.672**	19.103.250
Prepayments		**1.070.127**	649.837
Trade receivables	18	**369.999**	1.828.000
Financial assets at amortised cost	18	**54.295**	195.981
Tax refundable		**34.670**	-
Cash and bank balances	20	**879.257**	2.209.315
		20.637.020	23.986.383
Total assets		**134.853.672**	119.271.762
Equity and liabilities			
Capital and reserves			
Share capital	21	**10.000**	10.000
Share premium	21	**63.157.625**	63.157.625
Other reserves		**27.034.699**	12.526.892
Accumulated losses		**(79.892.871)**	(73.392.447)
		10.309.453	2.302.070
Minority interest		**1.032.691**	1.118.687
Total equity		**11.342.144**	3.420.757
Non-current liabilities			
Borrowings	22	**28.540.687**	72.028.297
Lease liabilities		**155.732**	-
Deferred income tax liabilities	23	**13.878.771**	10.967.576
Contract liabilities	8	**-**	3.450.176
Government Grants	24	**6.429.190**	6.740.000
		49.004.380	93.186.049
Current liabilities			
Trade and other payables	25	**6.796.423**	4.472.901
Contract liabilities	8	**14.607.107**	9.937.063
Borrowings	22	**50.003.618**	3.833.474
Provisions	26	**3.100.000**	4.421.518
		74.507.148	22.664.956
Total liabilities		**123.511.528**	115.851.005
Total equity and liabilities		**134.853.672**	119.271.762

Dolphinci Fourteen Limited

Consolidated balance sheet
at 31 December 2019 (continued)

On 3 March 2021 the Board of Directors of Dolphinci Fourteen Limited authorised these consolidated financial statements for issue.

NAP Directors Limited, Director

DCP Directors Limited, Director

The notes on pages 15 to 55 are an integral part of these consolidated financial statements.

Dolphinci Fourteen Limited

Consolidated statement of changes in equity for the year ended 31 December 2019

	Note	Attributable to owners of the parent					
		Share capital	Share premium	Other reserves	Accumulated losses[1]	Minority interest	Total
	Note	€	€	€	€	€	€
Balance at 1 January 2018		5.245	2.449.755	7.321.892	(67.040.423)	1.230.515	(56.033.016)
Prior year reclassification adjustment[2]		-	-	(4.099.933)	4.099.933	-	-
Balance at 1 January 2018 - as restated		5.245	2.449.755	3.221.959	(62.940.490)	1.230.515	(56.033.016)
Comprehensive loss							
Loss for the year		-	-	-	(10.352.024)	(111.828)	(10.463.852)
Other comprehensive income							
Property, Plant and Equipment:							
Gain on revaluation, net of tax	15	-	-	9.205.000	-	-	9.205.000
Total other comprehensive income		-	-	9.205.000	-	-	9.205.000
Total comprehensive loss for the year		-	-	9.205.000	(10.352.024)	(111.828)	(1.258.852)
Transactions with owners							
Issue of shares	21	4.755	60.707.870	-	-	-	60.712.625
Balance at 31 December 2018/ 1 January 2019		10.000	63.157.625	12.426.959	(73.292.514)	1.118.687	3.420.757
Balance at 1 January 2019		10.000	63.157.625	12.426.959	(73.292.514)	1.118.687	3.420.757
Comprehensive loss							
Loss for the year		-	-	-	(6.600.357)	(85.996)	(6.686.353)
Other comprehensive income							
Property, Plant and Equipment:							
Gain on revaluation, net of tax	15	-	-	14.607.740	-	-	14.607.740
Total other comprehensive income		-	-	14.607.740	-	-	14.607.740
Total comprehensive income for the year		-	-	14.607.740	(6.600.357)	(85.996)	7.921.387
Balance at 31 December 2019		10.000	63.157.625	27.034.699	(79.892.871)	1.032.691	11.342.144

Dolphinci Fourteen Limited

Consolidated statement of changes in equity for the year ended 31 December 2019 (continued)

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of 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 will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and was reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

(2) The adjustment of €4.099.933 in relation to the opening balances of the year 2018, constitutes a comparatives reclassification adjustment within reserves. No assets or liabilities were affected from this reclassification.

The notes on pages 15 to 55 are an integral part of these consolidated financial statements.

Dolphinci Fourteen Limited

Consolidated statement of cash flows for the year ended 31 December 2019

	Note	2019 €	2018 €
Cash flows from operating activities			
Loss before income tax		**(7.370.283)**	(10.726.870)
Adjustments for:			
Depreciation of property, plant and equipment	15	**2.093.458**	2.165.000
Reversal of impairment of property, plant and equipment	15	**-**	(585.000)
Valuation gain on investment property	16	**(502.428)**	(138.000)
Write down of inventories		**4.000.424**	1.252.919
Impairment charge on financial assets at amortised cost		**2.500.000**	-
Interest expense	13	**5.078.950**	6.450.000
Amortisation of government grant		**(310.810)**	(311.000)
		5.489.311	(1.892.951)
Changes in working capital:			
Inventories		**(3.125.846)**	-
Financial assets at amortised cost		**1.599.682**	514.000
Trade and other payables		**(1.711.720)**	6.415.266
Prepayments		**(420.290)**	-
Contract liabilities		**1.219.868**	-
Cash generated from operations		**3.051.005**	5.036.315
Income tax paid		**(35.368)**	(157.000)
Net cash generated from operating activities		**3.015.637**	4.879.315
Cash flows from investing activities			
Purchases of property, plant and equipment	15	**(540.367)**	(180.000)
Purchases of investment property	16	**(1.408.912)**	(485.000)
Net cash used in investing activities		**(1.949.279)**	(665.000)
Cash flows from financing activities			
Proceeds from bank borrowings		**-**	1.066.000
Proceeds from borrowings with related parties	27(iii)	**500.000**	-
Repayment of borrowings		**(1.611.014)**	-
Interest paid		**(1.285.402)**	(3.666.000)
Net cash used in financing activities		**(2.396.416)**	(2.600.000)
Net (decrease)/increase in cash and cash equivalents		**(1.330.058)**	1.614.315
Cash and cash equivalents at beginning of year		**2.209.315**	595.000
Cash and cash equivalents at end of year	20	**879.257**	2.209.315

The notes on pages 15 to 55 are an integral part of these consolidated financial statements.

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Giannou Kranidioti Street, Nice Day House, 6th Floor, 1065, Nicosia, Cyprus.

Principal activities

The principal activity of the company and its subsidiary companies (referred to as the "Group"), which is unchanged from last year, is the development and operation of a large-scale leisure-integrated residential resort in Peloponnese ("Porto Heli project"), Greece.

2 Basis of preparation

The consolidated financial statements of the Group 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.

As of the date of the authorization of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2019 and are relevant to the Group's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property and property, plant and equipment at fair value.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Group's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 7.

Going concern

The Group incurred a loss of €6.686.353 (2018: €10.463.852) during the year ended 31 December 2019, and as of that date, the Group's current liabilities exceeded its current assets by €53.870.128 (2018: current assets exceeded its current liabilities by €1.321.428). Out of the Group's €74.507.148 current liabilities, €50.003.618 relate to the loan payable to the Group's parent entity. An amount of €21.100.000 of this loan was repaid in 2020 and the remaining balance was settled through the issuance of share capital at a premium (Note 22).

2 Basis of preparation (continued)

Going concern (continued)

The parent company, Grivalia Hospitality S.A., has undertaken to provide the Group, if necessary, with financial and other support so as to enable the Group to conduct its operations and meet its obligations as they become due. The Directors therefore consider that the Group will continue operating as a going concern and as a result the financial statements are appropriately prepared on a going concern basis.

Basis of consolidation

(i) Subsidiaries

Subsidiaries are all entities (including structured entities) over which Dolphinci Fourteen Limited has control. The Company controls an entity when the Group 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. Subsidiaries are fully consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IAS 39 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

Inter-company transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

Basis of consolidation (continued)

(i) Subsidiaries (continued)

When the Group ceases to have control any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(ii) Transactions and non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are accounted for as equity transactions – that is, as transactions with the owners in their capacity as owners. The difference between fair value of any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Gains or losses on disposals to non-controlling interests are also recorded in equity.

3 Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2019. This adoption did not have a material effect on the accounting policies of the Group, with the exception of IFRS 16 “Leases” .

IFRS 16 "Leases"

IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

The Group has adopted IFRS 16 retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting as permitted under the transitional provisions of standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised on the opening balance sheet on 1 January 2019. Accordingly the comparative information is prepared and disclosed in accordance with IAS 17 “Leases

The adoption of IFRS 16 impacted the Group's accounting policies for leases in which it is acting as a lessee. The Group's new accounting policies following adoption of IFRS 16 at 1 January 2019 are set out in Note 4

3 Adoption of new or revised standards and interpretations (continued)

On adoption of IFRS 16, the Group recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of IAS 17 for which it was acting as a lessor. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The weighted average lessee’s incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2.5%.

Practical expedients applied

In applying IFRS 16 for the first time, the Group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics;
- reliance on previous assessments on whether leases are onerous in assessing whether the right-of-use asset is impaired;
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases;
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

The Group has also elected not to reassess whether a contract is, or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Group relied on its assessment made applying IAS 17 and IFRIC 4 “Determining whether an Arrangement contains a Lease.”

The Group recognised right-of-use asset and lease liability as at 1 January 2019. These were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.

The net impact on retained earnings on 1 January 2019 was insignificant.

The assessment of the impact of adoption of IFRS 16 on the Group's accounting policies as well as the calculation of the lease liability and associated right-of-use assets as at the date of transition required management to make certain critical judgments in the process of applying the principles of the new standard. These judgments did not have a significant effect on management's conclusion.

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these consolidated consolidated financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 16 effective from 1 January 2019, these policies have been consistently applied to all the years presented, unless otherwise stated.

Revenue

Recognition and measurement

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

Estimations for rebates and discounts are based on the Group's experience with similar contracts and forecasted sales to the customer.

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

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

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

Identification of performance obligations

The Group assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Group's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

4 Summary of significant accounting policies (continued)

Revenue (continued)

Recognition and measurement (continued)
Sale of services

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

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Group exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Group has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Interest income

Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as "Other income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Employee benefits

The Group and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Group operates a defined contribution scheme the assets of which are held in a separate trustee-administered fund. The scheme is funded by payments from employees and by the Group. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognized as an asset to the extent that a cash refund or a reduction in the future payments is available.

4 Summary of significant accounting policies (continued)

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognized termination benefits at the earlier of the following dates: (a) when the Group can no longer withdraw the offer of those benefits; and (b) when the entity recognizes costs for a restructuring that is within the scope of IAS37 an involves the payment of termination benefits. In the case of an offer made to encourage voluntary redundancy, the termination benefits are measured based on the number of employees expected to accept the offer. Benefits falling due more than 12 months after the end of the reporting period are discounted to their present value.

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

All foreign exchange gains and losses are presented in profit or loss within "other gains/(losses) – net".

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

4 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Group where there is an intention to settle the balances on a net basis.

Property, plant and equipment

Land and buildings are shown at fair value, based on valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revalued asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Increases in the carrying amount arising on revaluation of land and buildings are credited in other comprehensive income and shown as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity; all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from "other reserves" to "retained earnings".

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives. The annual depreciation rates are as follows:

	%
Land	Nil
Buildings	3
Machinery	10-33,33
Furniture and equipment	10-20

4 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

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

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other gains/(losses) – net" in profit or loss.

When revalued assets are sold, the amounts included in other reserves are transferred to retained earnings.

Leases

The Group is the lessee

Until 31 December 2018, leases of property, plant and equipment were classified as either finance leases or operating leases. In particular, leases of property, plant and equipment where the Group as lessee had substantially all the risks and rewards of ownership were classified as finance leases. Finance leases were capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment was allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, were included in borrowings. The interest element of the finance cost zwere charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the shorter of the lease term and their useful economic life, unless there is reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the Group, with limited exceptions as set out below.

4 Summary of significant accounting policies (continued)

Leases (continued)

The Group is the lessee (continued)

Contracts may contain both lease and non-lease components. The Group has elected not to separate lease and non-lease components and instead accounts for these as a single lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable;
- variable lease payment that are based on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable by the Group under residual value guarantees;
- the exercise price of a purchase option if the Group is reasonably certain to exercise that option; and
- payments of penalties for terminating the lease, if the lease term reflects the Group exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, the Group's incremental borrowing rate is used, being the rate that the Group would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

The Group is exposed to potential future increases in variable lease payments based on an index or rate, which are not included in the lease liability until they take effect. When adjustments to lease payments based on an index or rate take effect, the lease liability is reassessed and adjusted against the right-of-use asset.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability;
- any lease payments made at or before the commencement date less any lease incentives received;
- any initial direct costs; and
- restoration costs

4 Summary of significant accounting policies (continued)

Leases (continued)

The Group is the lessee (continued)

Any remeasurement of the lease liability arising if the cash flows change based on the original terms and conditions of the lease results in a corresponding adjustment to the right-of-use asset. The adjustment can be positive or negative.

Right-of-use assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Group is reasonably certain to exercise a purchase option, the right-of-use asset is depreciated over the underlying asset’s useful life.

In determining the lease term, management of the Group considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated). The lease term is reassessed if an option is actually exercised (or not exercised) or the Group becomes obliged to exercise (or not exercise) it. The assessment of reasonable certainty is only revised if a significant event or a significant change in circumstances occurs, which affects this assessment, and that is within the control of the Group.

Right-of-use assets are reviewed for impairment in accordance with the Group's accounting policy for impairment of non-financial assets.

As an exception to the above, payments associated with short-term leases and all leases of low-value assets are recognised on a straight-line basis as an expense in profit or loss. Short-term leases are leases with a lease term of 12 months or less.

Right-of-use assets are presented as separate lines on the face of the balance sheet.

4 Summary of significant accounting policies (continued)

Investment property

Property that is held for long-term rental yields or for capital appreciation or both, is classified as investment property and is not used by the Group. Investment property comprises properties under construction which are being developed for future use as investment property.

Investment property is measured initially at its cost, including related transaction costs and borrowing costs. Borrowing costs incurred for the purpose of acquiring, constructing or producing a qualifying investment property are capitalised as part of its cost. Borrowing costs are capitalised while acquisition or construction is actively underway and cease once the investment property is substantially complete, or suspended if the development of the investment property is suspended.

Investment property under construction is measured at fair value only if it can be measured reliably.

Investment property further qualified for continued use as investment property, or for which the market has become less active, continues to be valued at fair value.

The fair value of investment property reflects, among other things, rental income from current leases and assumptions about rental income from future leases in the light of current market conditions. The fair value also reflects, on a similar basis, any cash outflows (including rental payments and other outflows) that could be expected in respect of the property. Some of those outflows are reflected as a liability; whereas others, including contingent rent payments, are not recognised in the financial statements.

Subsequent expenditure is charged to the asset’s carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. Repairs and maintenance costs are charged to the income statement during the financial period in which they are incurred.

Changes in fair values are recorded in the income statement. Investment property is derecognised when disposed or when use of investment property is ended and there is no future economic benefit expected from the disposal. If an investment property becomes owner-occupied, it is reclassified as property, plant and equipment and its fair value at the date of reclassification becomes its cost for accounting purposes.

If an item of property, plant and equipment becomes an investment property because its use has changed, any difference resulting between the carrying amount and the fair value of this item at the date of transfer, is recognised in equity as a revaluation of property, plant and equipment under IAS 16. However, if a fair value gain reverses a previous impairment loss, the gain is recognised in the income statement to the extent that this gain reverses a previous impairment loss. Any remaining profit is recognized in other comprehensive income by increasing the asset revaluation reserve in equity.

Where an investment property undergoes a change in use, evidenced by commencement of development with a view to sale, the property is transferred to non-current assets as available for safe if they meet the criteria of IFRS 5. A property’s deemed cost for subsequent accounting as inventories is its fair value at the date of change in use.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred. Group didn’t capitalize borrowing costs within the period.

4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment or more frequently if events and changes in circumstances indicate that they might be impaired. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets, other than goodwill, that have suffered an impairment are reviewed for possible reversal of the impairment at each reporting date.

Government grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

Government grants relating to costs are deferred and recognised in profit or loss over the period necessary to match them with the costs that they are intended to compensate.

Financial assets

Financial assets - Classification

The Group classifies its financial assets in those to be measured at amortised cost.

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

Financial assets - Recognition and derecognition

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

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

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets - Measurement

At initial recognition, the Group measures financial assets classified at amortised cost at their fair value plus incremental transaction costs that are directly attributable to the acquisition of the financial assets. Subsequently, these are measured at amortised cost.

Fair value at initial recognition is best evidenced by the transaction price. A gain or loss on initial recognition is only recorded if there is a difference between fair value and transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets.

Debt instruments

The subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies its debt instruments as follows:

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

Financial assets – impairment – credit loss allowance for ECL

The Group assesses on a forward-looking basis the ECL for debt instruments measured at Amortised Cost. The Group measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within ‘net impairment losses on financial and contract assets’.Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at Amortised Cost are presented in the balance sheet net of the allowance for ECL.

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

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

4 Summary of significant accounting policies (continued)

Financial assets (continued)

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

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach – three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

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

Financial assets - Reclassification

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

Financial assets – write-off

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

Financial assets – modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets – modification (continued)

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

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

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are carried at Amortised Cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets at amortised cost

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

Trade receivables

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

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

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

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

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the consolidated balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

4 Summary of significant accounting policies (continued)

Transactions with equity owners/subsidiaries

The Group enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Group's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Net realisable value is the estimated selling price in the ordinary course of business less applicable variable selling expenses.

Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

Provisions

Provisions are recognised when the Group 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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the financial statements of the Group.

6 Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including fair value interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Group does not have a formal risk management policy programme. Instead the susceptibility of the Group to financial risks such as interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Market risk**

Cash flow and fair value interest rate risk

Exposure

The Group's interest rate risk arises from long-term borrowings. 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.

Sensitivity

At 31 December 2019 and 31 December 2018, if interest rates on Euro-denominated borrowings had been 1% (2018: 1%) higher/lower with all other variables held constant, impact on post-tax profit for the year would have been insignificant.

- **Credit risk**

Credit risk arises mainly from cash and cash equivalents, as well as outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis For banks and financial institutions, independently rated parties with a satisfactory credit rating are preferred. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

(ii) Impairment of financial assets

The Group has the following types of financial assets that are subject to the expected credit loss model:

- trade receivables ;
- financial assets at amortised cost (other receivables) ;and
- cash and cash equivalents.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Trade receivables

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

To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The Group defines default as a situation when the debtor is more than 120 days past due on its contractual payments.

The expected loss rates are based on the payment profiles of sales over a period of 36 month before 31 December 2019 and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables.

On that basis, the loss allowance as at 31 December 2019 was determined to be insignificant.

Trade receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Group.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amoutns previsouly written off are credited against the same line item.

Debt instruments

Financial assets at amortised cost and cash and cash equivalents

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

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the group and changes in the operating results of the borrower/counterparty.

There is no significant concentration of credit risk with respect to cash and cash equivalents, as the Group holds cash accounts in a large number of financial institutions, internationally dispersed.

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

The Group does not have any material debt financial assets that are subject to the impairment requirements of IFRS 9 and their contractual cash flows have been modified.

The Group uses the following categories for trade receivables, other receivables and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories. For counterparties which are externally rated, the Group uses external credit ratings.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

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

Category	**Company definition of category**	**Basis for recognition of expected credit loss provision**	**Basis for calculation of interest revenue**
Performing	Counterparties where credit risk is in line with original expectations	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

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

The Group provides for credit losses against other receivables and cash and cash equivalents. The following tables contain an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Group's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Other receivables

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018:

Company internal credit rating	**2019**	2018
	€	€
Performing	**54.295**	195.981
Total other receivables	**54.295**	195.981

Cash and cash equivalents

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

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018:

	External credit rating	**2019**	**2018**
	€	€	€
Performing	**CCC-CC**	865.471	2.198.000
Total cash and cash equivalents		865.471	2.198.000

- **Liquidity risk**

The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year	**Between 1 and 2 years**	**Between 2 to 5 years**	**Over 5 years**
	€	**€**	**€**	**€**
At 31 December 2018				
Borrowings	3.833.474	46.393.141	17.330.859	8.304.297
Trade and other payables	4.472.901	-	-	-
	8.306.375	46.393.141	17.330.859	8.304.297

	Less than 1 year	**Between 1 and 2 years**	**Between 2 to 5 years**	**Over 5 years**
	€	**€**	**€**	**€**
At 31 December 2019				
Borrowings	**50.003.618**	**33.144.438**	**11.648.152**	**9.125.104**
Trade and other payables	**6.796.420**	**-**	**-**	**-**
	56.800.038	**33.144.438**	**11.648.152**	**9.125.104**

6 Financial risk management (continued)

(ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Group considers equity as shown on the face of the balance sheet as capital.

(iii) Fair value estimation

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

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

Refer to Note 7 for disclosures in relation to the fair value of investment property and property, plant and equipment.

(iv) Offsetting financial assets and liabilities

The Group does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

7 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies.

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

(i) Critical accounting estimates and assumptions

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

7 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

- **Fair value of investment property**

For the revaluation of investment properties the Board of Directors relies on its own estimates or estimates from independent external professional valuers based on the provisions of IFRS 13 “Fair Value Measurement”. IFRS 13 requires that the fair value of non-financial assets is calculated based on its highest and best use taking into account the use of the asset from the perspective of market participants which are:

- Physically possible - takes into account the physical characteristics of the asset which would be taken into account by market participants (for example, property location or size);
- Legally permissible - takes into account the legal restrictions on the asset's use which would be taken into account by market participants (for example, planning or zoning regulations); and
- Economically feasible to use - takes into account whether the use of the asset that is physically possible and legally permissible generates adequate income or cash flows (considering the cost of converting the asset for that use) to achieve a return on investment that market participants would require from an investment in a similar property through the specific use.

This reassessment requires significant judgement to determine the highest and best use. The Board of Directors applies significant judgement to evaluate: the highest and best use of an investment property; whether the above criteria are met to support changes in the basis of estimation and the significant inputs and assumptions used in the estimations.

The main assumptions used to estimate the fair value of the investment properties are disclosed in Note 15.

- **Fair value of property, plant and equipment**

For the valuation of property, plant and equipment the Board of Director relies on valuations performed by external independent professional valuers, who hold recognised and relevant professional qualifications and have recent experience of the location and category of the property being valued. The Board of Directors considered the requirements of IFRS 13 "Fair value measurement" which requires that the fair value of non-financial assets to be determined based on their highest and best use.

Management estimates that the future use of leasehold asset included in property, plant and equipment are their highest and best use from a market participant's perspective and that the basis of the fair value estimation represents adequately this use. In case this changes, the asset's fair value could be significantly different as a result of the relevant conditions of the parameters used in the valuation method that will change accordingly (Note 14).

7 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions (continued)

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

8 Revenue

	2019	2018
	€	€
Hotel revenue	**21.126.933**	18.672.000
Beach club revenue	**560.974**	1.164.000
Sale of immovable properties	**-**	356.000
Provision of services	**3.083.448**	1.107.738
Total revenue from contracts with customers	**24.771.355**	21.299.738

Liabilities related to contracts with customers

The Group has recognised the following liabilities related to contracts with customers:

	2019	2018
	€	€
Contract Liabilities		
Non-current	**-**	3.450.176
Current	**14.607.107**	9.937.063
Total contract liabilities	**14.607.107**	13.387.239

Contract liabilities mainly relate to prepayments that were received for the sale of subsidiaries for which the disposal is deemed to be completed when the trading asset of the corresponding subsidiary (mainly constituting of residential villas) is delivered to the purchaser of the subsidiary. The income from the sale is expected to be recognised by the end of 2020.

As at 31 December 2019, the amount of contracts signed which are not recognised as income for the year amounted to €16.745.833 (2018: €14.400.833).

The total financing component on contract liabilities during the year was insignificant and therefore not recognised.

9 Other income

	2019	2018
	€	€
Government grants (Note 24)	**310.810**	311.000
Other income	**211.770**	-
	522.580	311.000

10 Other losses - net

	2019 €	2018 €
Investment property:		
Fair value adjustment (Note 16)	502.428	138.000
Property, plant and equipment:		
Reversal of impairment loss (Note 15)	-	585.000
Financial assets at amortised cost:		
Impairment charge (Note 18)	(2.499.995)	-
Other losses - net	(298.885)	(1.563.919)
Total other losses - net	(2.296.452)	(840.919)

11 Expenses by nature

	2019 €	2018 €
Hotel operations	8.130.600	7.196.081
Property sales	-	139.000
Depreciation charge (Note 15)	2.093.459	2.165.000
Accommodation expenses	223.867	-
Asset management fees (Note 27 (i))	564.933	420.469
Staff costs (Note 12)	6.511.324	6.502.000
Write down of inventories	4.000.424	1.252.919
Royalty fees	1.572.555	1.341.969
Auditors' remuneration	105.649	114.000
Professional fees	878.159	800.633
Litigation liability provision (Note 26)	91.261	4.422.000
Other expenses	1.116.585	285.971
Total cost of sales, administrative and other expenses	25.288.816	24.640.042

12 Staff costs

	2019 €	2018 €
Wages and salaries	5.733.884	5.140.000
Social insurance and other contributions	730.307	1.287.000
Other personnel costs	47.133	75.000
	6.511.324	6.502.000
Average number of staff employed during the year	205	205

13 Finance costs

	2019 €	2018 €
Interest expense:		
Bank borrowings	1.218.950	2.466.271
Loans from parent entity (Note 27(iii))	3.610.477	1.138.193
Loans from minority shareholder (Note 27(iii))	-	2.808.997
Other interest expense	249.523	443.186
Total finance cost	5.078.950	6.856.647

14 Income tax credit

	2019	2018
	€	€
Current tax:		
Corporation tax	**698**	8.426
Deferred tax (Note 23):		
Origination and reversal of temporary differences	**(684.628)**	(271.444)
Total deferred tax	**(684.628)**	(271.444)
Income tax credit	**(683.930)**	(263.018)

The tax on the Group's loss before tax differs from the theoretical amount that would arise using the applicable tax rate as follows:

	2019	2018
	€	€
Loss before tax	**(7.370.283)**	(10.726.870)
Tax calculated at the applicable corporation tax rate	**(1.103.403)**	(1.699.000)
Tax effect of expenses not deductible for tax purposes	**42.599**	669.556
Tax effect of allowances and income not subject to tax	**(841.004)**	(101.000)
Special contribution	**698**	8.426
Tax effect of notional income	**88.185**	-
Effect of tax losses utilised	**298**	(1.092.000)
Tax effect of tax losses for which no deferred tax asset was recognised	**1.128.697**	1.951.000
Income tax credit	**(683.930)**	(263.018)

The Companies registered in Cyprus are subject to income tax on taxable profits at the rate of 12,5% .

The subsidiaries registered in Greece is subject to corporation tax at the rate of 24% (2018: 29%).

As from tax year 2012 brought forward losses of only five years may be utilised.

15 Property, plant and equipment

	Land and buildings	Motor vehicles and cruise ship	Furniture and equipments	Total
	€	€	€	€
At 1 January 2018				
Cost	82.686.448	1.056.499	4.487.953	88.230.900
Accumulated depreciation	(8.987.113)	(665.564)	(2.661.422)	(12.314.099)
Net book amount	73.699.335	390.935	1.826.531	75.916.801
Year ended 31 December 2018				
Opening net book amount	73.699.335	390.935	1.826.531	75.916.801
Additions	32.000	74.000	109.000	215.000
Depreciation charge (Note 11)	(1.725.000)	(86.000)	(354.000)	(2.165.000)
Revaluation surplus	11.724.000	-	-	11.724.000
Reversal of impairment loss	585.000	-	-	585.000
Closing net book amount	84.315.335	378.935	1.581.531	88.440.801
At 31 December 2018				
Cost	95.027.448	1.130.499	4.498.853	100.656.800
Accumulated depreciation	(10.712.113)	(751.564)	(2.917.322)	(14.380.999)
Net book amount	84.315.335	378.935	1.581.531	86.275.801

15 Property, plant and equipment (continued)

	Land and buildings €	Motore vehicles and Cruise Ship €	Furniture and equipments €	**Total €**
Year ended 31 December 2019				
Opening net book amount	84.315.335	378.935	1.581.531	**86.275.801**
Additions	5.776	495.969	38.622	**540.367**
Depreciation charge (Note 11)	(1.731.587)	(32.360)	(329.512)	**(2.093.459)**
Revaluation surplus	19.368.613	-	-	**19.368.613**
Closing net book amount	101.958.137	842.544	1.290.641	**106.184.781**
At 31 December 2019				
Cost	111.487.922	1.509.596	4.181.571	**117.179.089**
Accumulated depreciation	(9.529.785)	(667.052)	(2.890.930)	**(13.087.767)**
Net book amount	101.958.137	842.544	1.290.641	**104.091.322**

The carrying amount at year end of land and buildings, had the cost model been used, would have been €61.5 million (2018: €63 million).

As at 31 December 2019 and 31 December 2018, part of the Group's immovable property is held as security for bank borrowings (Note 22).

Fair values of land and buildings

An independent valuation of the Group's land and buildings was performed by professional valuers to determine the fair value of the land and buildings as at 31 December 2019 and 2018. The resulting revaluation surplus net of applicable deferred income taxes was credited to other comprehensive income and is shown in 'other reserves' in shareholders equity.The following table analyses the non-financial assets carried at fair value, by valuation method. The different levels have been defined as follows:

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

	Fair value measurements at 31 December 2019 using			
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**	**Total**
Recurring fair value measurements				
Land and buildings				
Aman at Porto Heli, Peloponnesus, Greece-Amanzoe Hotel	-	-	101.958.137	101.958.137
	-	-	101.958.137	101.958.137

There were no transfers between different levels during the year.

15 Property, plant and equipment (continued)

Valuation processes of the Group

The fair value of the Group's properties as at 31 December 2019 was assessed by the Group's management and approved by the Board of Directors, considering external valuations performed by independent professional valuers. The Group's finance department includes a team that reviews the valuations on an annual basis.

At each financial year end the finance department of the Group:

- verifies all major inputs used for the valuation report;
- assesses property valuation movements compared to the prior year valuation report (if applicable); and
- holds discussions with the Board of Directors.

The finance department of the Group assesses the valuation techniques, including the market price of the recent transactions of comparative information.

Information about fair value measurements using significant unobservable inputs (Level 3)

Description	**Valuation technique**	**Unobservable inputs**		**Relationship of unobservable inputs to fair values**
Aman at Porto Heli, Peloponnesus, Greece-Amanzoe Hotel	Income approach	Room occupancy rate	2019: 42% 2018: 39%	The estimated fair value would increase/(decrease) if: 1. Occupancy rate was higher/(lower);
		Average daily rate per occupied room	2019: €1.881 2018: €1.758	2. Average daily rate per occupied room was higher/(lower);
		Gross operating margin rate	2019: 48% 2018: 47%	3. Gross opreating margin was higher/(lower);
		Risk-adjusted discount rate	2019: 8,7% 2018: 10,9%	4. Risk-adjusted discount rate was lower/ (higher);

15 Property, plant and equipment (continued)

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair values
Aman at Porto Heli, Peloponnesus, Greece-Amanzoe Hotel	Combined Approach:			
	Market approach (for land and components)	Premiums/ (Discounts) on the following: 1. Location	2019: from -20% to 0% 2018: from -20% to 0%	The estimated fair value would increase/(decrease) if: 1. Premiums were higher/ (lower);
		2. Site size	2019: from -20% to 0% 2018: from -30% to 0%	2. Discounts were lower/ (higher);
		3. Asking vs Transaction	2019: from -25% to -20% 2018: from -25% to -20%	3. Weights on comparables with premiums were higher/ (lower);
		4. Frontage sea view	2019: from 0% to +10% 2018: from 0% to +10%	4. Weights on comparables with discounts were lower/ (higher);
		5. Maturity/ Development potential	2019: from +50% to -20% 2018: from +50% to -20%	
		6. Strategic Investment approval	2019: 15% 2018: 15%	
		7. Weight allocation	2019: from +10% to +30% 2018: from +10% to +40%	

16 Investment property

	2019	2018
	€	€
At beginning of year	**8.154.481**	8.016.000
Additions	**1.408.912**	-
Fair value gains (Note 10)	**502.428**	138.481
At end of year	**10.065.821**	8.154.481

As at 31 December 2019 and 31 December 2018, part of the Group's investment properties is held as security for bank borrowings (Note 22).

16 Investment property (continued)

The fair value of investment property amounting to €10.065.821 (2018: €8.154.481) has been categorised as a Level 3 fair value based on the inputs to the valuation techniques used.

Valuation processes

An independent valuation of the Group's investment properties was performed by professional valuers to determine its fair value. The Group's finance department reviews these valuations of investment properties at least every six months. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO and the Board of Directors at least once every six months. At each financial year end the finance department:

- verifies all major inputs and assumptions used for the valuation report;
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the Board of Directors.

Changes in Level 2 and 3 fair values are analysed at each reporting date during the quarterly valuation discussions between the CFO and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

Information about fair value measurement using significant unobservable inputs (Level 3)

Property Location	Valuation technique	Significant unobservale inputs		Inter-relationship between key unobservale inputs and fair value measurement
Aman at Porto Heli, Peloponnesus, Greece-Amanzoe Hotel	Market approach	Premiums/ (Discounts) on the following:		The estimated fair value would increase/(decrease) if:
		1.Location	2019: from -20% to 0%: 2018: from -20% to 0%	1. Premiums were higher/ (lower);
		2. Site size	2019: from -30% to 0% 2018: from -20% to 0%	2. Discounts were lower/ (higher);
		3. Asking vs Transaction	2019: from -25% to -20% 2018: from -25% to -20%	3. Weights on comparables with premiums were higher/ (lower);
		4. Frontage sea view	2019: from 0% to +10% 2018: from 0% to +10%	4. Weights on comparables with discounts were lower/ (higher)
		5. Maturity/ Development potential	2019: from +50% to -20 2018: from +50% to -20%	
		6. Strategic Investment approval	2019:15% 2018: 15%	
		7. Weight allocation	2019: from +10% to +30% 2018: from +10% to +40%	

17 Investments in subsidiaries

The Group's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Single Purpose Vehicle One Limited	Holding of investments	Cyprus	100	100
Single Purpose Vehicle Two Limited	Holding of investments	Cyprus	58	64
Single Purpose Vehicle Six Limited	Holding of investments	Cyprus	100	100
Dolphinci Thirty Nine Limited	Holding of investments	Cyprus	100	100
Single Purpose Vehicle Twenty Five Limited	Holding of investments	Cyprus	100	100
Single Purpose Vehicle 14 S.A.	Operation of Hotel	Greece	100	100
Single Purpose Vehicle 21 S.A.	Operation of Hotel	Greece	64	64
Zoe Yacths Nepa S.A.	Operating of Cruise Ship	Greece	100	100
Single Purpose Vehicle 12 S.A.	Investment in properties	Greece	100	100
AZ Aphrodite Villa Limited	Dormant	Cyprus	100	100
Dolphinci Sixteen Limited	Dormant	Cyprus	100	100
Dolphin Capital Properties 5 S.A.	Operation of Hotel	Greece	100	100
Amaltheia Capital Limited	Dormant	Cyprus	100	100
CCMD22 Limited	Dormant	Cyprus	100	100
Single Purpose Vehicle 18 S.A.	Operation of Beach Club	Greece	-	100

During the year the subsidiaries of the Group, Single Purpose Vehicle 14 S.A. and Single Purpose Vehicle 18 S.A. were merged through absorption of Single Purpose Vehicle 18 S.A. by Single Purpose Vehicle 14 S.A..

The non-controlling interest as at 31 December 2019 amounting to €1.032.691 (2018: €1.118.687) relates to Single Purpose Vehicle Two Limited Group.

18 Financial assets

(a) Trade receivables

	2019 €	2018 €
Trade receivables from contracts with customers	**369.999**	1.828.000
Less: loss allowance of trade receivables	**-**	-
Trade receivables – net	**369.999**	1.828.000

(i) Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure

Information about the current year impairment of trade receivables and the Group's exposure to credit risk can be found in Note 6.

18 Financial assets (continued)

(a) Trade receivables (continued)

The carrying amounts of the Group's trade and other receivables are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	**369.999**	1.828.000
	369.999	1.828.000

(b) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2019 €	2018 €
Other receivables	**54.295**	195.981
Total current	**54.295**	195.981
Less: Loss allowance for debt investments at amortised cost	**-**	-
Financial assets at amortised cost - net	**54.295**	195.981

The fair value of the above financial assets at amortised cost approximate their carrying amounts.

The carrying amounts of the Group's financial assets at amortised cost are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	**54.295**	195.981
	54.295	195.981

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Group does not hold any collateral as security.

(i) Impairment and risk exposure

Note 6 sets out information about the impairment of financial assets and the group's exposure to credit risk.

19 Inventories

	2019 €	2018 €
Materials	**189.404**	5.794
Work in progress	**18.039.268**	19.097.456
	18.228.672	19.103.250

During the year the Group has written-down inventories to their net realizable value and recognised a charge of €4.000.424 (2018: €1.252.919).

19 Inventories (continued)

Inventories include an amount of €3.3000.000 stated at net realisable value. All other inventories are stated at cost.

20 Cash and cash equivalents

	2019	2018
	€	€
Cash and bank balances	**879.257**	2.209.315

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2019	2018
	€	€
Cash and bank balances	**879.257**	2.209.315

Cash and cash equivalents are denominated in the following currencies:

	2019	2018
	€	€
Euro - functional and presentation currency	**879.257**	2.209.315

Reconciliation of liabilities arising from financing activities:

	Bank Borrowings	Borrowings from related parties	Total
		€	€
Opening Balance at 1 January 2019	29 468 630	46.393.141	75.861.771
Cash changes:			
Loans granted	-	500.000	500.000
Repayment of principal	(2 646 893)	-	(2.646.893)
Non-cash changes:			
Interest charged (Note 13)	1 218 950	3.610.477	4.829.427
Closing Balance 31 December 2019	28 040 687	50.503.618	78.544.305

21 Share capital and share premium

	Share capital	Share premium	Total
	€	€	€
At 1 January 2018	5.245	2.455.295	2.460.540
Issue of shares	4.755	60.702.330	60.707.085
At 31 December 2018/ 1 January 2019/ 31 December 2019	10.000	63.157.625	63.167.625

The total authorized number of ordinary shares is 500 000 shares (2018: 500 000 shares) with a par value of €1 per share. All issued shares are fully paid.

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

22 Borrowings

	2019 €	2018 €
Current		
Bank borrowings	**-**	3.833.474
Borrowings from parent entity(Note 27(iii))	**50.003.618**	-
Non-current		
Bank borrowings	**28.040.687**	25.635.156
Borrowings from parent entity (Note 27(iii))	**-**	46.393.141
Borrowings from minority shareholder (Note 27(iii))	**500.000**	-
	28.540.687	72.028.297
Total borrowings	**78.544.305**	75.861.771
Maturity of non-current borrowings:		
Between 1 and 2 years	**-**	46.393.141
Between 2 and 5 years	**11.648.152**	17.330.859
Over 5 years	**16.892.535**	8.304.297
	28.540.687	72.028.297

On 1 August 2018, following the acquisition of the Group from Grivalia Hopitality S.A., the existing loan with the previous shareholder was assigned to Grivalia Hospitality S.A.. The loan bears interest of 6% p.a., is unsecured and is repayable by 1 August 2020. In July 2020, the Group repaid €21.100.000 of this loan and the remaining balance was settled through the issuance of share capital at a premium. On 1 January 2019, following the signing of an amendment agreement, the interest rate of the loan from the parent entity was increased to 8% p.a..

On 1 December 2019, the parent Company, Dolphinci Fourteen Limited, entered into a loan agreement, with the minority shareholder for a total amount of €1.000.000. The loan is unsecured, bears interest of 3% and is repayable by 1 December 2028. As at 31 December 2019, €500.000 remained undrawn from the loan facility.

Bank borrowings bear interest of 12 month Euribor plus 3.1% p.a. and are repayable by 16 equal quarterly installments of the principal amount until maturity of the loan on September 2026. Interest will be paid every 6 months commencing on 20 March 2020.

The bank borrowings are secured as follows:

(i) Lien up to €59.000.000 on immovable properties held by the Greek subsidiaries forming the Porto Heli project.

The weighted average effective interest rates at the balance sheet date were as follows:

	2019 %	2018 %
Borrowings from parent entity (Note 27(iii))	**8**	6
Borrowings from minority shareholder (Note 27(iii))	**3**	-
Bank Borrowings	**3,7**	3,7

The fair value of the above borrowings approximate their fair value.

The carrying amounts of the Group's borrowings are denominated in Euro.

23 Deferred income tax liabilities

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction, is as follows:

Deferred tax liabilities

	Revaluation €
At 1 January 2018	(8.859.000)
Charged/(credited) to:	
Profit or loss (Note 14)	410.000
Other comprehensive income	(2.519.000)
At 31 December 2018	(10.968.000)
At 1 January 2019	(10.968.000)
Charged/(credited) to:	
Other comprehensive income	(2.910.771)
At 31 December 2019	(13.878.771)

Deferred tax assets

	Revaluation of land and buildings €
At 1 January 2018	994.000
Charged/(credited) to:	
Profit or loss (Note 14)	(139.000)
At 31 December 2018	855.000
At 1 January 2019	855.000
Charged/(credited) to:	
Profit or loss (Note 14)	(855.000)
At 31 December 2019	-

24 Government Grants

	2019 €	2018 €
Government Grants	**6.429.190**	6.740.000

Government grant relates to a total grant of €7.843.109 provided to the subsidiary Company, Single Purpose Vehicle Fourteen S.A. in 2010, which corresponds to 35% of the total expected cost of the "Porto Heli project". The grant is amortised over the expected useful life of the project.

25 Trade and other payables

	2019 €	2018 €
Payable to Group Resort operator	**1.572.555**	-
Payables to related parties (Note 27(ii))	**1.161.257**	61.000
Other payables	**4.062.611**	4.411.901
Total financial payables within trade and other payables at amortised cost	**6.796.423**	4.472.901

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

25 Trade and other payables (continued)

The Group, has signed a License and Royalty agreement (the "Agreement") with Amanresorts IPR B.V. (the "AMAN") under which AMAN will:

- Permit to the Group the use of AMAN brand marks;
- Provide marketing and sale services; and
- Operate the Group's Resort.

The Group will additionally pay 10% royalty fees to AMAN for the sale of each residential Villa.

26 Provisions

	2019	2018
	€	€
Litigation Liability Provision	**3.100.000**	4.421.518

Single Purpose Vehicle 14 S.A., a subsidiary of the Group was in dispute with a third party concerning a €3.970.000 assigment agreement of claims to this party by one of the subsidiary's contractors. In November 2019, Single Purpose Vehicle 14 S.A. signed a private out-of-court settlement agreement with the National Bank of Greece regarding the "DOMOTECHNIKI BUSINESS " case. In 2020, the balance was fully settled (Note 28).

27 Related party transactions

The Group is controlled by Grivalia Hospitality S.A., registered in Luxemburg, which owns 85% of the Group's shares. Grivalia Hospitality S.A. is jointly controlled by Eurolife ERB Insurance Group (25%), Eurobank Ergasias S.A. Group (25%) and M&G Investments Management Limited (50%). The remaining 15% of the shares are held by Dolphin Capital Partners Limited ("DCP").

The following transactions were carried out with related parties:

(i) Purchases of services

	2019	2018
	€	€
Asset management fees (Note 11)	**564.933**	420.469

During 2018, the Group 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 extend for further 3 years, provided that DCP shall retain a minimum of 5% shareholding interest in the Group. According to the agreement, DCP is entitled to:

- Fixed management fees of €500.000 annually;
- Villa administration and sale fees equal to 2% of the Villa gross sale value, of any sale of any estate home lots sold by any member of the Group during the agreement period; and

27 Related party transactions (continued)

(i) Purchases of services (continued)

- Incentive fee up to 2,5% in the case the Group realises its targets in terms of Hotel operating income and villa sales cash flows.

(ii) Year-end balances

	2019	2018
	€	€
Payables to related parties (Note 25):		
Minority shareholder	**251.659**	61.000
Common control entities	**909.598**	-
	1.161.257	61.000

The above balances bear no interest and are repayable on demand.

(iii) Borrowings from related parties

	2019	2018
	€	€
Borrowings from parent entity:		
At beginning of year	**46.393.141**	45.254.948
Interest charged (Note 13)	**3.610.477**	1.138.193
At end of year (Note 22)	**50.003.618**	46.393.141
Borrowings from minority shareholder:		
Borrowings advanced during year	**500.000**	-
At end of year (Note 22)	**500.000**	-

The terms and conditions of the above borrowings are disclosed in Note 22.

28 Events after the balance sheet date

With the recent and rapid development of the COVID-19 outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have imposed travel restrictions along with strict quarantine measures. Industries such as construction, tourism, hospitality and leisure and entertainment are expected to be directly affected by the above measures.

The economic impact of the current crisis on the global economy and overall business activities cannot be reliably evaluated at this stage. The situation is still evolving and therefore there is high level of uncertainty emanating from the inability to reliably predict the impact of the crisis.

The current economic conditions internationally could negatively affect the Group in terms of (1) the cash flow forecasts of management (2) the ability of trade and other debtors to settle the amounts due, and (3) the fair values of investment properties and property, plant and equipment.

28 Events after the balance sheet date (continued)

From the analysis carried out by Management, for the cash flow forecasts, no liquidity needs have been identified and / or does not appear that the situation will cause going concern issues to the Group. The Group has no current liabilities to external borrowings and the most significant liabilities are to related parties (Note 27). Additionally, no disruption or delay has been caused on the construction Group's project.

Management will continue to monitor the situation closely and assess additional measures as a contingency plan in case the period of disruption is extended.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019. If the pandemic ends up having a significant impact on the Company, then it will be reflected in the 2020 financial statements.

In June 2020, the subsidiaries Single Purpose Vehicle 14 S.A. ("SPV14") and Dolphin Capital Properties 5 S.A. obtained a joint loan from National Bank of Greece for a maximum facility of €55.000.000. The loan will be split into two parts: (1) €27.800.000 will finance the full repayment of the outstanding loan balance to Piraeus bank from SPV14 and €6.200.000 to finance the operations of the Group; and (2) the remaining €21.000.000 will be used for the repayment of the loan to the parent entity, Grivalia Hospitality S.A..

The bank loan is secured as follows:

1) Second class mortgage on SPV14 properties, except the Hotel facilities;

2) Fifth class mortgage on the Hotel facilites; and

3) Corporate guarantee amounting to €66.000.000

In June and July 2020, SPV14 repaid the remaining amount of €3.100.000 to National Bank of Greece, based on the private out-of-court settlement agreement signed in November 2019 , regarding the pledge agreement against SPV14, in regards to "DOMOTECHNIKI SA-TECHNICAL COMMERCIAL INDUSTRIAL AND TOURIST" case (Note 26).

Additionaly, in June 2020 SPV14 signed a lease agreement for properties forming "Tourism Accomodation 4", with an initial duration of sixty years. The total consideration to be paid by the lessee for the entire duration of the lease amounts to €1.200.000.

In July 2020, the subsidiary, SPV14 commenced the operations of "Amanzoe Beach Club" in the area of "Ampelia Korakias" in which the hotel of the Group operates.

In 2020 the Company issued 31.500 ordinary shares of nominal value of €1 each, at a premium of €1.097,9 per share amounting to a total of €34.615.425. The borrowing to the parent entity, Grivalia Hospitality S.A. outstanding as at that date was fully settled through this issuance (Note 22). The minority shareholder waived the right to participate in this issuance and as a result the shareholding was diluted to 3,6%.

During 2020, the Company changed its name to AZOE Holdings Limited.

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

Dolphinci Fourteen Limited

Report and financial statements
31 December 2019

Contents

Dolphinci Fourteen Limited

Board of Directors and other officers

Board of Directors

NAP Directors Limited
DCP Directors Limited
Stephanos Dionysios Vlastos (resigned 1 June 2019)
Panagiotis Aristeidis Varfis (appointed 1 June 2019)
Charalambos Anastaselos (appointed 1 June 2019)

Company Secretary

NAP Secretarial Limited
10 Giannou Kranidioti Street
Nice Day House, 6th Floor, Flat 602
1065, Nicosia
Cyprus

Registered office

10 Giannou Kranidioti Street
Nice Day House, 6th Floor
1065, Nicosia
Cyprus

Independent Auditor's Report

To the Members of Dolphinci Fourteen Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of parent Company Dolphinci Fourteen Limited (the "Company"), which are presented on pages 5 to 35 and comprise the balance sheet as at 31 December 2019, and the statements of comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

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 the Auditors Law of 2017 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whose knowledge this report may come to.

Comparative figures

The financial statements of the Company for the year ended 31 December 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on 19 December 2019

Petros C. Petrakis
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

Limassol, 29 September 2020

Dolphinci Fourteen Limited

Statement of comprehensive income for the year ended 31 December 2019

	Note	2019 €	2018 €
Income	8	**4.361.440**	1.922.167
(Impairment)/Reversal of impairment loss on loans and other receivables		**(2.500.000)**	909.751
Administrative expenses	10	**(2.267.589)**	(253.976)
Other operating income/(expense)	9	**(223.527)**	280.001
Other gains/(losses) - net		**4**	(4.145)
Operating (loss)/profit		**(629.672)**	2.853.798
Finance costs	11	**(3.610.477)**	(4.431.675)
Loss before income tax		**(4.240.149)**	(1.577.877)
Income tax expense	12	**-**	-
Loss and total comprehensive loss for the year		**(4.240.149)**	(1.577.877)

The notes on pages 9 to 35 are an integral part of these financial statements.

Dolphinci Fourteen Limited

Balance sheet
at 31 December 2019

	Note	**2019** **€**	2018 €
Assets			
Non-current assets			
Investment in subsidiaries	13	**46.474.741**	23.352.046
Financial assets at amortised cost	14	**70.499.857**	92.386.113
		116.974.598	115.738.159
Current assets			
Financial assets at amortised cost	14	**9.109.090**	6.459.528
Tax refundable		**22.974**	22.974
Cash and bank balances	15	**3.059**	709.300
		9.135.123	7.191.802
Total assets		**126.109.721**	122.929.961
Equity and liabilities			
Capital and reserves			
Share capital	16	**10.000**	10.000
Share premium	16	**63.157.625**	63.157.625
(Accumulated losses)/ Retained earnings		**(2.170.895)**	2.069.254
Total equity		**60.996.730**	65.236.879
Non-current liabilities			
Borrowings	17	**500.000**	46.393.141
Current liabilities			
Trade and other payables	18	**2.427.278**	616.496
Contract liabilities	8	**12.182.095**	10.683.445
Borrowings	17	**50.003.618**	-
		64.612.991	11.299.941
Total liabilities		**65.112.991**	57.693.082
Total equity and liabilities		**126.109.721**	122.929.961

On 29 September 2020 the Board of Directors of Dolphinci Fourteen Limited authorised these financial statements for issue.

Panagiotis Aristeidis Varfis, Director

Charalambos Anastaselos, Director

The notes on pages 9 to 35 are an integral part of these financial statements.

Dolphinci Fourteen Limited

Statement of changes in equity
for the year ended 31 December 2019

	Note	Share capital €	Share premium €	Retained earnings/ (Accumulated losses)(1) €	Total €
Balance at 1 January 2018		5.245	2.449.755	5.901.231	8.356.231
Adjustment on initial application of IFRS9		-	-	(2.254.100)	(2.254.100)
Balance at 1 January 2018 - as restated		5.245	2.449.755	3.647.131	6.102.131
Comprehensive loss					
Loss for the year		-	-	(1.577.877)	(1.577.877)
Transactions with owners					
Issue of shares	16	4.755	60.707.870	-	60.712.625
Total transactions with owners		4.755	60.707.870	-	60.712.625
Balance at 31 December 2018/1 January 2019		10.000	63.157.625	2.069.254	65.236.879
Comprehensive loss					
Loss for the year		-	-	(4.240.149)	(4.240.149)
Balance at 31 December 2019		10.000	63.157.625	(2.170.895)	60.996.730

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of 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 will be payable on such deemed dividend to the extent that the shareholders for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents and domiciled. The special contribution for defence rate increased from 15% to 17% in respect of profits of year of assessment 2009 and to 20% in respect of profits of years of assessment 2010 and 2011 and was reduced back to 17% in respect of profits of years of assessment 2012 onwards. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 9 to 35 are an integral part of these financial statements.

Dolphinci Fourteen Limited

Statement of cash flows
for the year ended 31 December 2019

	Note	2019 €	2018 €
Cash flows from operating activities			
Loss before income tax		**(4.240.149)**	(1.577.876)
Adjustments for:			
Interest income	9	**(1.861.440)**	(1.922.167)
Interest expense	11	**3.610.477**	4.431.675
Reversal of penalty fee accruals		**(1.473)**	(505.001)
Loss on disposal of investment in subsidiaries		**-**	4.000
Impairment/ (Reversal) of impairment loss on loans receivable		**2.500.000**	(909.751)
		7.415	(479.120)
Changes in working capital:			
Financial assets at amortised cost		**(5.148.562)**	1.687.113
Trade and other payables		**1.812.255**	(2.797.263)
Contract liabilities		**1.498.651**	1.379.921
Net cash used in operating activities		**(1.830.241)**	(209.349)
Cash flows from investing activities			
Loans granted to related parties	19(iv)	**(826.000)**	(1.959.390)
Loan repayments received from related parties	19(iv)	**1.452.000**	3.325.000
Net cash from investing activities		**626.000**	1.365.610
Cash flows from financing activities			
Proceeds from borrowings		**500.000**	1.050.850
Interest paid		**-**	(1.500.000)
Net cash from/(used in) financing activities		**500.000**	(449.150)
Net (decrease)/increase in cash and cash equivalents		**(704.241)**	707.111
Cash and cash equivalents at beginning of year		**709.300**	2.189
Cash and cash equivalents at end of year	15	**5.059**	709.300

The notes on pages 9 to 35 are an integral part of these financial statements.

Notes to the financial statements

1 General information

Country of incorporation

The Company is incorporated and domiciled in Cyprus as a private limited liability company in accordance with the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 10 Giannou Kranidioti Street, Nice Day House, 6th Floor, 1065, Nicosia, Cyprus.

Principal activities

The Company's principal activity, which is unchanged from last year, is the holding of investments in other entities and the provision of advisory services.

2 Basis of preparation

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

As of the date of the authorization of the financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2019 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

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

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates and requires management to exercise its judgment in the process of applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 7.

2 Basis of preparation (continued)

Consolidated financial statements

At the time of approval of these separate financial statements the Company was in the process of preparation of the consolidated financial statements in accordance with IFRS as adopted by the European Union for the Company and its subsidiries (the "Group") as required by International Financial Reporting Standard 10 "Consolidated Financial Statements". The Company applied an interpretation contained in the agenda paper issued by the European Commission Directorate-General for Internal Market and Services for the meeting of the Accounting Regulatory Committe (document ARC/08/2007) about the relationship between the IAS Regulation and the 4th and 7th Company Law Directives. The Commission Services Department was of the opinion that, if a company chooses or is required to prepare its annual accounts in accordance with IFRS as adopted by the EU, it can prepare and file them independently from the preparation and filing of its consolidated accounts and, thus, in advance, where the national law transposing the Directives requires or permits separate publication. The Company has considered the interpretation and has concluded that this interpretation remains applicable with the issue of the EU Accounting Directive (2013/34/EU) which has repealed the 4th and 7th Company Law Directives and has been transposed into the Cyprus Companies Law, Cap. 113. The Company has therefore prepared these separate financial statements in accordance with IFRS as adopted by the European Union in advance of the preparation and filing of its consolidated financial statements.

In the consolidated financial statements, subsidiary undertakngs - which are those companies over which the Company, directly or indirectly, exercises control - will be fully consolidated.

Users of these separate financial statements should read them together with the Company's consolidated financial statements as at and for the year ended 31 December 2019, when they become available, in order to obtain full information on the financial position, financial performance and cash flows of the Group as a whole. When the preparation of consolidated financial statements is completed, these will be available at the Company's registered office at 10 Giannou Kranidioti Street, Nice Day House, 6th Floor, 1065, Nicosia, Cyprus.

Going concern

The Company incurred a loss of €4.240.149 (2018: €1.577.877) during the year ended 31 December 2019, and as of tha date, the Company's current liabilities exceeded its current assets by €55.477.868 (2018: €4.108.138). Out of the Company's €63.264.337 current liabilities, €50.003.618 relate to the loan payable to the Company's parent entity, which is repayable by 1 August 2020.

The parent company has undertaken to provide the Company, if necessary, with financial and other support so as to enable the Company to conduct its operations and meet its obligations as they become due. The Directors therefore consider that the Company will continue as a going concern and that the financial statements are appropriately prepared on a going concern basis.

3 Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning 1 January 2019. This adoption did not have a significant effect on the accounting policies of the Company.

4 Summary of significant accounting policies

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

Revenue

Recognition and measurement

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

Estimations for rebates and discounts are based on the Company's experience with similar contracts and forecasted sales to the customer.

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

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

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

4 Summary of significant accounting policies (continued)

Revenue (continued)
Identification of performance obligations

The Company assesses whether contracts that involve the provision of a range of goods and/or services contain one or more performance obligations (that is, distinct promises to provide a service) and allocates the transaction price to each performance obligation identified on the basis of its stand-alone selling price. A good or service that is promised to a customer is distinct if the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is the good or service is capable of being distinct) and the Company's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the good or service is distinct within the context of the contract).

Sale of services

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

In case of fixed-price contracts, the customer pays the fixed amount based on a payment schedule. If the services rendered by the Company exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

If the contract includes an hourly fee, revenue is recognised in the amount to which the Company has a right to invoice. Customers are invoiced on a monthly basis and consideration is payable when invoiced.

Contract liabilities

If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised.

Costs to obtain or fulfil contracts with customers

The Company recognize the incremental costs incurred to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and presents them as “Other assets” on the balance sheet. Incremental costs of obtaining contracts are those costs that the Company incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in “cost of sales” in income statement. The Company recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

Foreign currency translation

(i) Functional and presentation currency

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

(ii) Transactions and balances

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

All foreign exchange gains and losses are presented in profit or loss within “other gains/(losses) – net”.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

Deferred income tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Company where there is an intention to settle the balances on a net basis.

4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

Financial assets

Financial assets - Classification

The Company classifies its financial assets in those to be measured at amortised cost.

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

Financial assets - Recognition and derecognition

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

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

Financial assets - Measurement

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

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Debt instruments

The subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company classifies its debt instruments as follows:

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

Financial assets – impairment – credit loss allowance for ECL

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within ‘net impairment losses on financial and contract assets’.Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at Amortised Cost are presented in the balance sheet net of the allowance for ECL.

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

4 Summary of significant accounting policies (continued)

Financial assets (continued)

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

For all financial instruments that are subject to impairment under IFRS 9, the Company applies general approach – three stage model for impairment. The Company applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to Note 6, Credit risk section for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

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

Financial assets - Reclassification

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

Financial assets – write-off

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

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return) or change in the currency denomination.

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Financial assets – modification (continued)

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

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

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. Cash and cash equivalents are carried at Amortised Cost because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Financial assets at amortised cost

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

4 Summary of significant accounting policies (continued)

Financial assets (continued)

Interest income

Interest income on financial assets at amortised cost and financial assets at FVOCI calculated using the effective interest method is recognised in the income statement as "Other income". Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance).

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment (for liquidity services) and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished (i.e. when the obligation specified in the contract is discharged, cancelled or expires). The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

Trade and other payables

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Trade and other payable are classified as current liabilities if payment is due within one year or less (or in the normal operating cycle of the business if longer). If not, they are presented as non-current liabilities. Trade and other payables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method.

4 Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company 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

Investments in subsidiaries are measured at cost less impairment. Investments in subsidiaries are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised through profit or loss for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. An impairment loss recognised in prior years is reversed where appropriate if there has been a change in the estimates used to determine the recoverable amount.

Transactions with equity owners/subsidiaries

The Company enters into transactions with shareholders and subsidiaries. When consistent with the nature of the transaction, the Company's accounting policy is to recognise (a) any gains or losses with equity holders and other entities which are under the control of the ultimate shareholder, directly through equity and consider these transactions as the receipt of additional capital contributions or the payment of dividends; and (b) any losses with subsidiaries as cost of investment in subsidiaries. Similar transactions with non-equity holders or subsidiaries, are recognised through the profit or loss.

Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

Share premium is the difference between the fair value of the consideration receivable for the issue of shares and the nominal value of the shares. Share premium account can only be resorted to for limited purposes, which do not include the distribution of dividends, and is otherwise subject to the provisions of the Cyprus Companies Law on reduction of share capital.

4 Summary of significant accounting policies (continued)

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 the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards interpretations and amendments to existing standards are effective for annual periods beginning after 1 January 2019, and have not been applied in preparing these financial statements. None of these is expected to have a significant effect on the financial statements of the Company.

6 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including fair value and cash flow interest rate risk), credit risk and liquidity risk.

The Company does not have a formal risk management policy programme. Instead the susceptibility of the Company to financial risks such as interest rate risk, credit risk and liquidity risk is monitored as part of its daily management of the business.

- **Market risk**

Cash flow and fair value interest rate risk

Exposure

The Company's interest rate risk arises from long-term borrowings and loans receivable. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings and loans receivable issued at fixed rates expose the Company to fair value interest rate risk.

Sensitivity

At 31 December 2019 and 31 December 2018, if interest rates on Euro-denominated borrowings and loans receivable had been 1% higher/lower with all other variables held constant, impact on post-tax profit for the year would have been insignificant.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk**

Credit risk arises from cash and cash equivalents, as well as outstanding receivables and loans receivable.

(i) Risk management

Credit risk is managed on a individual basis. For banks and financial institutions, independently rated parties with a satisfactory credit rating are preferred.

(ii) Impairment of financial assets

The Company has two types of financial assets/instuments that are subject to the expected credit loss model:

- financial assets at amortised cost (loans receivable, receivables from related parties and other receivables) ;and
- cash and cash equivalents

Debt instruments

Financial assets at amortisd cost and cash and cash equivalents

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

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

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the company. Where debt financial assets have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company uses the following categories for receivables from related parties, loans receivable and cash and cash equivalents which reflect their credit risk and how the loss provision is determined for each of those categories.

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

Category	**Company definition of category**	**Basis for recognition of expected credit loss provision**	**Basis for calculation of interest revenue**
Performing	Counterparties where credit risk is in line with original expectations	Stage 1: 12 month expected losses. Where the expected lifetime of an asset is less than 12 months, expected losses are measured at its expected lifetime.	Gross carrying amount
Underperforming	Counterparties for which a significant increase in credit risk has occurred compared to original expectations; a significant increase in credit risk is presumed if interest and/or principal repayments are 30 days past due (see above in more detail)	Stage 2: Lifetime expected losses	Gross carrying amount
Non-performing	Interest and/or principal repayments are 90 days past due or it becomes probable a customer will enter bankruptcy	Stage 3: Lifetime expected losses	Amortised cost carrying amount (net of credit allowance)
Write-off	Interest and/or principal repayments are 180 days past due and there is no reasonable expectation of recovery.	Asset is written off	None

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

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

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

The Company provides for credit losses against receivables from related parties, loans receivable, other receivables and cash and cash equivalents. The following tables contain an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Company's maximum exposure to credit risk on these assets as at 31 December 2019 and 31 December 2018.

Loans to related parties

Company internal credit rating	**2019**	2018
	€	€
Performing	**71.809.017**	93.695.273
Total loans to related parties	**71.809.017**	93.695.273

The loss allowance for these assets as at 31 December 2018 and 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

	Stage 1 Performing	**Total**
	€	**€**
Opening balance as at 1 January 2018 (calculated under IAS 39)	-	-
Amounts restated through opening retained earnings	2.218.911	2.218.911
Reversal of expected credit loss	(909.751)	(909.751)
Closing balance as at 31 December 2018/ 31 December 2019	**1.309.160**	**1.309.160**

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Receivables from related parties

Company internal credit rating	2019 €	2018 €
Performing	9.141.162	6.489.423
Total receivables from related parties	**9.141.162**	6.489.423

The loss allowance for these assets as at 31 December 2018 and 31 December 2019 reconciles to the opening loss allowance for that provision as follows:

	Stage 1 Performing €	Total €
Opening balance as at 1 January 2018 (calculated under IAS 39)	-	-
Amounts restated through opening retained earnings	35.189	35.819
Loss allowance as at 31 December 2018/ 31 December 2019	**35.189**	**35.819**

Other receivables

Company internal credit rating	2019 €	2018 €
Performing	3.117	5.294
Total other receivables	**3.117**	5.294

Cash and cash equivalents

	External credit rating €	2019 €	2018 €
Performing	BBB-B	3.059	709.300
Total cash and cash equivalents		3.059	709.300

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

- **Liquidity risk**

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, with the exception of borrowings, equal their carrying balances as the impact of discounting is not significant.

	Less than 1 year €	Between 1 and 2 years €
At 31 December 2018		
Borrowings	-	47.970.245
Trade and other payables	616.496	-
	616.496	47.970.245

6 Financial risk management (continued)

(i) Financial risk factors (continued)

	Less than 1 year €	Over 5 years €
At 31 December 2019		
Borrowings	50.003.618	635.000
Trade and other payables	2.427.278	-
	52.430.896	635.000

(ii) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

The Company considers equity as shown on the face of the balance sheet as capital.

(iii) Fair value estimation

The carrying value less impairment provision of receivables and payables are assumed to approximate their fair values. The fair value of financial assets and liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available for similar financial instruments.

(iv) Offsetting financial assets and liabilities

The Company does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

7 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the company’s accounting policies.

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

7 Critical accounting estimates and judgements (continued)

(i) Critical accounting estimates and assumptions

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

- **Impairment of subsidiaries**

  The Company follows the guidance of IAS 36 "Impairment of assets" to determine whether investment in subsidiary is impaired. The Company reviews the carrying value for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable.

  At 31 December 2019, Management assessed whether the Company's investments in subsidiaries have suffered any impairment, in accordance with the accounting policy stated in Note 4. The recoverable amount of the investments in subsidiaries as at 31 December 2019 has been determined by Management using the net asset valuation method. Following the impairment assessment, no impairment charge was considered necessary for the investment in subsidiaries.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain. 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 current and deferred income tax assets and liabilities in the period in which such determination is made.

8 Income

	2019	2018
	€	€
Interest income	**1.861.440**	1.922.167
Services rendered	**2.500.000**	-
Total income	**4.361.440**	1.922.167

8 Income (continued)

Liabilities related to contracts with customers

The Company has recognised the following assets and liabilities related to contracts with customers:

	2019	2018
	€	€
Contract liabilities		
Current	**12.182.095**	10.683.445
Total contract liabilities	**12.182.095**	10.683.445

Contract liabilities relate to prepayments that were received for the sale of subsidiaries for which the disposal is deemed to be completed when the asset (mainly residential villas) of the subsidiary is delivered to the purchaser of the subsidiary. The income from the sale is expected to be recognised by the end of 2020.

As at 31 December 2019, the amount of contracts signed which are not recognised as income for the year amounted to €16.745.833 (2018: €14.400.833).

The total financing component on contract liabilities during the year was insignificant and therefore not recognised.

9 Other operating (expenses)/ income

	2019	2018
	€	€
Other expenses	**(225.000)**	(225.000)
Reversal of penalty fee accrual	**1.473**	505.001
	(223.527)	280.001

10 Expenses by nature

	2019	2018
	€	€
Auditors' remuneration	**29.155**	38.755
Auditors' remuneration - prior years	**-**	(3.500)
Royalty fees to Group resort operator (Note 18)	**1.572.555**	-
Bank charges	**2.363**	2.438
Professional fees	**54.609**	83.902
Asset management fees (Note 19 (i))	**564.933**	122.469
Other expenses	**43.974**	9.912
Total administrative expenses	**2.267.589**	253.976

11 Finance cost

	2019 €	2018 €
Interest expense:		
Loans from previous shareholder	-	2.808.997
Loans from parent entity (Note 19(iii))	3.610.477	1.138.193
Other interest expense	-	484.485
Total finance cost	**3.610.477**	4.431.675

12 Income tax expense

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

	2019 €	2018 €
Loss before tax	(4.240.149)	(1.577.877)
Tax calculated at the applicable corporation tax rate of 12.5%	(530.019)	(197.235)
Tax effect of expenses not deductible for tax purposes	312.544	348.224
Tax effect of allowances and income not subject to tax	(276.444)	(176.594)
Tax effect on notional income on receivables from related parties	87.527	26.662
Tax effect of group tax relief	-	(1.057)
Tax effect of tax losses for which no deferred tax asset was recognised	406.392	-
Income tax charge	-	-

The Company is subject to income tax on taxable profits at the rate of 12,5% .

As from tax year 2012 brought forward losses of only five years may be utilised.

From 1 January 2009 onwards, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011, and to 30% as from 29 April 2013.

13 Investments in subsidiaries

	2019 €	2018 €
At beginning of year	23.352.046	23.354.046
Additions	23.122.695	2.000
Disposals	-	(4.000)
At end of year	**46.474.741**	23.352.046

13 Investments in subsidiaries (continued)

The Company's interests in its subsidiaries, all of which are unlisted, were as follows:

Name	Principal activity	Country of incorporation	2019 % holding	2018 % holding
Dolphinci Thirty Nine Limited	Holding of investments	Cyprus	100	100
Single Purpose Vehicle One Limited	Holding of investments	Cyprus	100	100
Single Purpose Vehicle Two Limited	Holding of investments	Cyprus	64	64
Single Purpose Vehicle Six Limited	Holding of investments	Cyprus	100	100
Single Purpose Vehicle Twenty Five Limited	Holding of investments	Cyprus	100	100
AZ Aphrodite Villa Limited	Dormant	Cyprus	100	100
Amaltheia Capital Limited	Dormant	Cyprus	100	100
Dolphinci Sixteen Limited	Dormant	Cyprus	100	100
CCMD22 Limited	Property development	Cyprus	100	100
Single Purpose Vehicle 14 S.A. (indirect)	Operation of Hotel	Greece	100	1000
Single Purpose Vehicle 12 S.A. (indirect)	Investment in properties	Greece	100	100
Single Purpose Vehicle 21 S.A. (indirect)	Operation of Hotel	Greece	64	64
Dolphin Capital Properties 5 S.A. (indirect)	Operation of Hotel	Greece	100	100
Zoe Yachts Nepa S.A. (indirect)	Operating of Cruise Ship	Greece	100	100
Single Purpose Vehicle 18 S.A. (indirect)	Operation of Beach club	Greece	-	100

On 1 July 2019, the indirect subsidiaries Single Purpose Vehicle 14 S.A. and Single Purpose Vehicle 18 S.A. were merged through absorption of Single Purpose Vehicle 18 S.A. by Single Purpose Vehicle 14 S.A..

On 30 November 2019, the Company acquired 1.000 additional ordinary shares in its subsidiary, Dolphinci Thirty Nine Limited, with a nominal value of €1 per share at a premium of €618,29 each. Loans receivable amounting to €619.285,98 were capitalised to finance this acquisition (Note 14).

On 30 November 2019, the Company acquired 1.000 additional ordinary shares in its subsidiary, Single Purpose Vehicle Six Limited, with a nominal value of €1 per share at a premium of €22.501,41 each.

On 5 April 2019, the Company agreed to dispose its subsidiary CCMD22 Limited to a third party for a total consideration of €2.345.000. As at 31 December 2019 the sale is not deemed to be completed as the conditions of the sale have not been fulfilled.

14 Financial assets

(a) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2019 €	2018 €
Non-Current		
Loans receivable from related parties (Note 19 (iii))	**71.809.017**	93.695.273
Total non-current	**71.809.017**	93.695.273
Less: Loss allowance for non current debt investments at amortised cost	**(1.309.160)**	(1.309.160)
Non-current - net carrying amount	**70.499.857**	92.386.113
Current		
Receivables from related parties (Note 19 (ii))	**9.141.162**	6.489.423
Other receivables	**3.117**	5.294
Total current	**9.144.279**	6.494.717
Less: Loss allowance for current debt investments at amortised cost	**(35.189)**	(35.189)
Current financial assets at amortised cost - net	**9.109.090**	6.459.528
Total financial assets at amortised cost - net	**79.608.947**	98.845.641

On 1 January 2008, the Company granted a loan facility of €70.000.000 to its subsidiary Single Purpose Vehicle One Limited. The loan bears interest of Euribor plus 2,35%. On 17 December 2019, following the signing of an amendment to the initial agreement, the maturity of the loan was extended until 2029. This is the only loan receivable outstanding as at 31 December 2019.

On 30 November 2019, loans receivable amounting to €619.285,98 were capitalised for the acquistion of 1.000 additional ordinary shares in its subsidiary, Dolphinci Thirty Nine Limited, with a nominal value of €1 per share at a premium of €618,29 each (Note 13).

On 28 July 2019, following the acquistion of Single Purpose Vehicle 18 S.A. by Single Purpose Vehicle 1 Limited from Single Purpose Vehicle 6 Limited, the loan receivable from Single Purpose Vehicle 6 Limited amounting to €22.335.563 was transferred to Single Purpose Vehicle 1 Limited as a consideration of the acquisition.

On 30 November 2019, Single Purpose Vehicle 6 Limited assigned the payable balance of the Company amounting to €22.502.410, in relation to the increase in share capital at a premium (Note 13) to Single Purpose Vehicle 1 Limited. This payable amount was netted off to the loans receivable of Single Purpose Vehicle 1 Limited to the Company (Note 19(iii)).

The fair value of the above financial asset at amortised cost approximate their carrying value.

The carrying amounts of the Company's financial assets at amortised cost are denominated in the following currencies:

	2019 €	2018 €
Euro - functional and presentation currency	**79.608.947**	98.845.641
	79.608.947	98.845.641

14 Financial assets (continued)

Financial assets at amortised cost (continued)

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Company does not hold any collateral as security.

(i) Impairment and risk exposure

Note 6 sets out information about the impairment of financial assets and the Company's exposure to credit risk.

15 Cash and cash equivalents

	2019	2018
	€	€
Cash at bank	**3.059**	709.300

Cash and cash equivalents include the following for the purposes of the statement of cash flows:

	2019	2018
	€	€
Cash and bank balances	**3.059**	709.300

Cash and cash equivalents are denominated in the following currencies:

	2019	2018
	€	€
Euro - functional and presentation currency	**3.059**	709.300

Reconciliation of financing activities:

	Borrowings from related parties €
Opening balance as at 01 January 2019	46.393.141
Cash changes:	
Loans granted	500.000
Non-cash changes:	
Interest charged (Note 11)	3.610.477
Closing balance 31 December 2019	50.503.618

16 Share capital and share premium

	Number of shares	Share capital €	Share premium €	Total €
At 1 January 2018	5 245	5.245	2.449.755	2.455.000
Issue of shares	4 755	4.755	60.707.870	60.712.625
At 31 December 2018/ 1 January 2019/ At 31 December 2019	10 000	10.000	63.157.625	63.167.625

The total authorized number of ordinary shares is 100 000 shares (2018: 10 000 shares) with a par value of €1 per share. All issued shares are fully paid.

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

17 Borrowings

	2019 €	2018 €
Current		
Borrowings from parent entity (Note 19(iii))	**50.003.618**	-
Non-current		
Borrowings from parent entity (Note 19(iii))	**-**	46.393.141
Borrowings from minority shareholder (Note 19(iii))	**500.000**	-
Total borrowings	**50.503.618**	46.393.141
Maturity of non-current borrowings		
Between 1 and 2 years	**-**	46.393.141
Over 5 years	**500.000**	-
	500.000	46.393.141

On 1 August 2018, following the acquisition of the Company by Grivalia Hospitality S.A., the existing loan with the previous shareholder was assigned to Grivalia Hospitality S.A.. The loan bears interest of 6%, is unsecured and is repayable by 1 August 2020. In July 2020, the Company repaid €21.100.000 of this loan and as at the date of signing of these financial statements, the Company is in negotiations with the parent entity for the rearrangement of the terms of the loan.

On 1 January 2019, following the signing of an amendment agreement, the interest rate of the loan from the parent entity was increased to 8%.

On 1 December 2019, the Company entered into a loan agreement with the minority shareholder for a total amount of €1.000.000. The loan is unsecured, bears interest of 3% and is repayable by 1 December 2028. As at 31 December 2019, €500.000 remained undrawn from the loan facility.

The weighted average effective interest rates at the balance sheet date were as follows:

	2019 %	2018 %
Borrowings from parent entity	**8**	6
Borrowings from minority shareholder	**3**	-

The fair value of the above borrowings approximate their fair value.

The carrying amount of the Company's borrowings are denominated in Euro.

18 Trade and other payables

	2019 €	2018 €
Payable to Group Resort operator	**1.572.555**	-
Payables to related parties (Note 19(ii))	**757.659**	569.343
Other payables	**67.243**	47.153
Accrued expenses	**29.821**	-
Total financial payables within trade and other payables at amortised cost	**2.427.278**	616.496

The fair value of trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

The Company and its subsidiaries (the "Group"), have signed a License and Royalty Agreement (the "Agreement") with Amanresorts IPR B.V. (the "AMAN") under which AMAN will:

- Permit to the Group the use of AMAN brand marks;
- Provide marketing and sale services; and
- Operate the Group's Resort.

The Group will additionally pay 10% royalty fees to AMAN for the sale of each residential Villa.

19 Related party transactions

The Company is controlled by Grivalia Hospitality S.A., incorporated in Luxembourg, which owns 85% of the Company's shares. Grivalia Hospitality S.A. is jointly controlled by Eurolife ERB Insurance Group (25%), Eurobank Ergasias S.A. Group (25%) and M&G Investments Management Limited (50%). The remaining 15% of the shares are held by Dolphin Capital Partners Limited ("DCP").

The following transactions were carried out with related parties:

(i) Purchases of services

	2019 €	2018 €
Asset management fees (Note 10)	**564.933**	122.469

During 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 extend for further 3 years, provided that DCP shall retain a minimum of 5% shareholding interest in the Company. According to the agreement, DCP is entitled to:

- Fixed management fees of €500.000 annually;
- Villa administration and sale fees equal to 2% of the Villa gross sale value, of any sale of any estate home lots sold by any memebr of the Group during the agreement period; and
- Incentive fee up to 2,5%, in the case the Group realises its targets in terms of Hotel operating income and villa sales cash flows.

19 Related party transactions (continued)

(ii) Year-end balances

	2019	2018
	€	€
Receivables from related parties (Note 14):		
Subsidiaries	**9.141.162**	6.489.423
Payables to related parties (Note 18):		
Subsidiaries	**506.000**	508.000
Minority shareholder	**251.659**	61.343
	757.659	569.343

The above balances bear no interest and are repayable on demand.

(iii) Borrowings from related parties

	2019	2018
	€	€
Borrowings from parent entity:		
At beginning of year	**46.393.141**	45.254.948
Interest charged (Note 11)	**3.610.477**	1.138.193
At end of year (Note 17)	**50.003.618**	46.393.141
Borrowings from minority shareholder:		
At beginning of year	**-**	-
Borrowings advanced during year	**500.000**	-
At end of year (Note 17)	**500.000**	-

The terms and conditions of the above borrowings are disclosed in Note 17.

(iv) Loans to related parties

	2019	2018
	€	€
Loans to subsidiaries:		
At beginning of year	**92.386.113**	93.138.716
Loans advanced during year	**826.000**	1.959.390
Loans repaid during year	**(1.452.000)**	(3.325.000)
Interest charged (Note 9)	**1.861.440**	1.922.167
Netted of with payable balance (Note 14)	**(22.502.410)**	-
Expected credit loss allowance	**-**	(1.309.160)
Balance capitalised (Note 13)	**(619.286)**	-
At end of year (Note 14)	**70.499.857**	92.386.113

The terms and conditions of the above borrowings are disclosed in Note 14.

20 Events after the balance sheet date

With the recent and rapid development of the COVID-19 outbreak, the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments have imposed travel restrictions along with strict quarantine measures. Industries such as construction, tourism, hospitality and leisure and entertainment are expected to be directly affected by the above measures.

The economic impact of the current crisis on the global economy and overall business activities cannot be reliably evaluated at this stage. The situation is still evolving and therefore there is high level of uncertainty emanating from the inability to reliably predict the impact of the crisis.

The current economic conditions internationally could negatively affect the Company in terms of (1) the cash flow forecasts of management (2) the ability of trade and other debtors to settle the amounts due, and (3) the fair values of properties of its subsidiaries.

Management will continue to monitor the situation closely and assess additional measures as a contingency plan in case the period of disruption is extended.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2019. If the pandemic ends up having a significant impact on the Company, then it will be reflected in the 2020 financial statements.

In July 2020, the Company repaid €21.100.000 of its loan with the parent entity (Note 17).

There were no other material events after the balance sheet date, which have a bearing on the understanding of the financial statements.

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