The Mall of Cyprus (MC) Plc

Report and financial statements
31 December 2018

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The Mall of Cyprus (MC) Plc

Board of Directors and other officers

Board of Directors

Takis Christodoulou
John George Mavrokordatos
George Mouskides
Martin Olivier

Company Secretary

Montrago Services Limited
195, Arch. Makariou III Str
Neocleous House
3030, Limassol
Cyprus

Registered office

3 Verginas Str
The Mall of Cyprus
Strovolos
2025, Nicosia
Cyprus

Legal Advisors

Elias Neocleous & Co LLC

Financial Controller

Antonia Constantinou

Declaration of the members of the Board of Directors and of other officers of the company for the financial statements

According to Article 9, subsections (3) (c) and (7) of the Transparency Requirements (Traded Securities on a Regulated Market) Law of 2007 ('Law'), we the members of the Board of Directors and other officers responsible for the financial statements of The Mall of Cyprus (MC) Plc for the year ended 31 December 2018, we confirm that, according to our knowledge:

a) The annual financial statements presented on pages 13 to 64 were:

(i) prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of subsection (4) of the Act, and

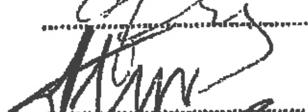
(ii) give a true and fair view of assets and liabilities, financial position and profit of The Mall of Cyprus (MC) Plc, and

b) The Management Report provides a fair overview of the developments and performance of the business and financial position of The Mall of Cyprus (MC) Plc, together with a description of the principal risks and uncertainties faced by the Company.

Members of the Board of Directors

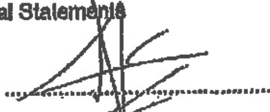
John George Mavrokordatos - Director

George Mouskides - Director

Takis Christodoulou - Director 

Martin Olivier - Director

Responsible for the Preparation of these Financial Statements

Antonia Constantinou – Financial Controller 

Nicosia, 24 April 2019

The Mall of Cyprus (MC) Plc

Management Report

1 The Board of Directors presents its report together with the audited financial statements of the Company for the year ended 31 December 2018.

Principal activities and nature of operations of the Company

2 The principal activity of the Company, which is unchanged from last year, is the leasing/granting of rights of use of space of its property, the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store and other building developments for retail/commercial purposes.

Change of financial year end

3 At the Company's Board of Directors meeting held on 6 November 2017, the Board of Directors decided to change the financial year end of the Company from 30 June to 31 December of each respective year.

4 Due to the change of financial year end from 30 June to 31 December, the Company's comparative financial information presented in these financial statements cover the 6 month period from 1 July 2017 to 31 December 2017, whereas the curent period financial information presented cover the year from 1 January 2018 to 31 December 2018. The reason for the change is the fact that the Company's shareholders' financial year end is 31 December. Therefore, the numbers related to the results and cash flows of the comparative period (6 months) as presented in these financial statements are not comparable to the current year's figures (12 months).

Changes in group structure

5 During the year there were no changes in the Group structure of the Company. The Company does not intend to proceed with any acquisitions or mergers.

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

6 The Company's turnover for the year ended 31 December 2018 was €11.458.369 compared to €6.060.813 for the six month period ended 31 December 2017. The operating profit of the Company for the year was €16.709.197 (six months period 2017: €5.556.083).

7 The profit after tax of the Company for the year ended 31 December 2018 was €12.679.097 (six month period 2017: €3.136.633).

8 As at 31 December 2018 the Company's total assets amounted to €200.479.030 (2017: €179.777.135) and its net assets amounted to €85.926.122 (2017: net assets €73.247.025). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

The Mall of Cyprus (MC) Plc

Management Report (continued)

Principal risks and uncertainties

9 The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 6 and 7 of the financial statements.

Use of financial instruments by the Company

10 The Company'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.

11 The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by Management and approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co operation with the Company's operating units. The Board provides written principles and / or oral for overall risk management, as well as written and / or oral policies covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

Cash flow and fair value interest rate risk

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

13 As at 31 December 2018, the Company's liabilities which bore variable interest rates amounted to €89.385.679. The Company's management monitors the interest rate fluctuations on a continuous basis and acts accordingly. The Company does not apply hedge accounting for cash flow interest rate risk.

Credit risk

14 Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, contractual cash flows of debt investments carried at amortised cost, as well as credit exposures to tennants, including outstanding receivables and committed transactions.

15 Credit risk is managed on a group basis. For banks and financial institutions, only those that are highly rated by the Board of Directors are accepted. If lessees / users are independently rated, these ratings are used. Otherwise, if there is no independent rating, management assesses the credit quality of the lessees / users, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the lessee / user in accordance with limits set by the Board. The utilisation of credit limits is regularly monitored. No credit limits were exceeded during the reporting period, and management does not expect any losses from non performance by these counterparties. Sales to lessees / users are settled in cash or using major credit cards.

Principal risks and uncertainties (continued)

16 The Company's credit risk arises from trade receivables amounting to €1.201.261, financial assets carried at amortised cost amounting to €594.147 and bank balances amounting to €1.467.308. On 1 January 2018 the Company adopted IFRS 9 "Financial Instruments" and its credit risk management policies have been amended accordingly to take into consideration the expected credit loss model introduced by IFRS 9. For further details refer to Note 6 Section Credit risk.

Liquidity risk

17 Management monitors the current liquidity position of the Company 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 loans and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

Future developments of the Company

18 During 2017, the Company commenced the project for the expansion of The Mall of Cyprus by about an additional area of 6000 m2, which will be used for retail, entertainment and cultural purposes in order to meet the demands of its customers/visitors and also increase the variety of offerings at the mall. The first phase of the project was completed on 28 March 2019 and most of the spaces have already been leased out. The second phase which will be completed in July 2019, will see the project almost taking its final form, with more stores and existing shops transfered in new venues. With the expansion, about an additional 300 parking places shall be created as well.

Results

19 The Company's results for the period are set out on page 13. The profit for the year is retained.

Share capital

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

Board of Directors

21 The members of the Board of Directors at 31 December 2018 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year ended 31 December 2018.

22 In accordance with the Company's Articles of Association Messrs Takis Christodoulou, John George Mavrokordatos, George Mouskides and Martin Olivier, retire at the next Annual General Meeting and, being eligible, offer themselves for re-election.

The Mall of Cyprus (MC) Plc

Management Report (continued)

Board of Directors (continued)

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

Events after the balance sheet date

24 There were no material post balance sheet events, which have a bearing on the understanding of the financial statements other than the matter referred to Note 27.

Branches

25 The Company did not operate through any branches during the period.

Directors' interests in the Company's share capital

26 The members of the Board of Directors did not control directly or indirectly the share capital of the Company, at 31 December 2018 and as at the date of this report.

27 Except from the balances and transactions disclosed in Note 26 of the financial statements, there were no other significant contracts with the Company or its subsidiaries or related companies, in which a Director or related parties had a significant interest.

Main shareholders

28 At the date of this report, the following shareholders of the Company held directly or indirectly over 5% of the Company's issued share capital:

	Percentage of shareholding %
Direct shareholder:	
Atterbury Cyprus Limited	99,67
Indirect shareholder:	
Atterbury Onroerend Goed Houdster Europe Cooperatief U.A (Netherlands) through its indirect shareholding in Atterbury Cyprus Limited	54,55

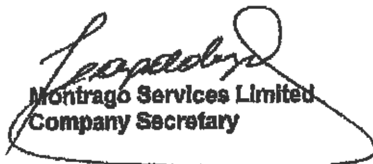
The Mall of Cyprus (MC) Plc

Management Report (continued)

Independent Auditors

29 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



Montrago Services Limited
Company Secretary

Nicosia,
24 April 2019

MONTRAGO SERVICES LIMITED

Independent Auditor's Report

To the Members of The Mall of Cyprus (MC) Plc

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of The Mall of Cyprus (MC) Plc (the "Company) give a true and fair view of the financial position of the Company as at 31 December 2018, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

What we have audited

We have audited the financial statements which are presented in pages 13 to 64 and comprise:

- the statement of financial position at 31 December 2018;
- statement of comprehensive income for the year ended 31 December 2018;
- the statement of changes in equity for the year ended 31 December 2018;
- the statement of cash flows for the year ended 31 December 2018; and
- the notes to the financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the financial statements is International Financial Reporting Standards 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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Company throughout the period of our appointment in accordance with the *International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code)* together with the ethical requirements that are relevant to our audit of the financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

PricewaterhouseCoopers Ltd, PwC Central , 43 Demostheni Severi Avenue , CY-1080 Nicosia , Cyprus
P O Box 21612, CY-1591 Nicosia, Cyprus
T: +357 - 22 555 000, F: +357 - 22 555 001, www.pwc.com/cy

PricewaterhouseCoopers Ltd is a private company registered in Cyprus (Reg. No. 143594). Its registered office is at 3 Themistocles Dervis Street, CY-1066, Nicosia. A list of the company's directors including for individuals the present and former (if any) name and surname and nationality, if not Cypriot and for legal entities the corporate name, is kept by the Secretary of the company at its registered office. PwC refers to the Cyprus member firm, PricewaterhousCoopers Ltd and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see www.pwc.com/structure for further details.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	How our audit addressed the Key Audit Matter
Valuation of Investment Property at Fair value	
Refer to Note 4, Summary of significant accounting policies, Note 7, Critical accounting estimates and judgements and Note 17 Investment property. Management estimated the fair value of the Investment Property to be €195.850.000 as at 31 December 2018. The Investment property is presented on the Balance sheet at the value of €195.850.000 which includes cummulative additions for project under construction to date of €19.691.098. The total value of the Investment property represent approximately 98% of the Company's total assets. The investment property valuations are dependent on certain key assumptions that require significant management judgement including terminal capitalisation rates, discount rate and fair market rents. Some of these estimates and judgements are subject to market forces and will change over time. The external valuations as at 31 December 2018 were utilised by management in arriving at its estimates.	Our audit procedures in relation to Management's valuation of Investment Property included an evaluation of the Management's and the Management's independent external valuer's competency, capabilities and objectivity. We have also assessed the mathematical accuracy, methodologies used and the appropriateness of the key assumptions used, by comparing with general economic and market specific expectations and engaging our in-house valuation experts to assess whether the assumptions used were within a reasonable range of acceptable assumptions. Furthermore we evaluated the adequacy of the Company's disclosures in the financial statements regarding the valuation of its investment property. The results of our audit procedures were satisfactory.

Reporting on other information

The Board of Directors is responsible for the other information. The other information comprises the information included in the Management Report and the Declaration of the members of the Board of Directors and of other officers of the company for the financial statements but does not include the financial statements and our auditor's report thereon.

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

Responsibilities of the Board of Directors and those charged with governance for the Financial Statements

The Board of Directors is responsible for the preparation of the 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.

Those charged with governance are 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 judgement and maintain professional scepticism 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 those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters.

Report on Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit , 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 financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company 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 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.

The engagement partner on the audit resulting in this independent auditor's report is Nicos A. Theodoulou.

Nicos A. Theodoulou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

PwC Central, 43 Demostheni Severi Avenue
CY-1080 Nicosia Cyprus

24 April 2019

The Mall of Cyprus (MC) Plc

Statement of comprehensive income for the year ended 31 December 2018

	Note	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Rights for use of space and other income	8	11.458.369	6.060.813
Administrative expenses	11	(1.259.747)	(637.060)
Other income	9	293.673	132.330
Other gains - net	10	6.216.902	-
Operating profit		16.709.197	5.556.083
Finance costs	13	(2.187.485)	(1.767.012)
Profit before income tax		14.521.712	3.789.071
Income tax expense	14	(1.842.615)	(652.438)
Profit and total comprehensive income for the period/year		12.679.097	3.136.633

Earnings per share attributable to the Company's shareholders (cents per share):

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Basic and fully diluted - cents (Note 15)	12,68	3,14

The notes on pages 17 to 64 are an integral part of the financial statements.

The Mall of Cyprus (MC) Plc

Statement of financial position at 31 December 2018

	Note	31 December 2018 €	31 December 2017 €
Assets			
Non-current assets			
Property, plant and equipment	16	160,840	169,239
Investment property	17	195,850,000	174,734,994
Financial assets at amortised cost	18	125,000	-
		196,135,840	174,904,233
Current assets			
Prepayments		1,205,474	1,966,397
Trade receivables	18	1,201,261	702,719
Financial assets at amortised cost	18	469,147	-
Other receivables		-	581,861
Cash in hand and at bank	19	1,467,308	1,621,925
		4,343,190	4,872,902
Total assets		200,479,030	179,777,135
Equity and liabilities			
Capital and reserves			
Share capital	20	50,000,000	50,000,000
Retained earnings		35,926,122	23,247,025
Total equity		85,926,122	73,247,025
Non-current liabilities			
Borrowings	21	78,960,281	66,964,888
Deferred income tax liabilities	22	18,402,330	17,253,394
Trade and other payables	23	2,343,273	2,359,710
		99,705,884	86,577,992
Current liabilities			
Trade and other payables	24	4,379,011	4,610,941
Current income tax liabilities		42,615	175,298
Borrowings	21	10,425,398	15,165,879
		14,847,024	19,952,118
Total liabilities		114,552,908	106,530,110
Total equity and liabilities		200,479,030	179,777,135

On 24 April 2019 the Board of Directors of The Mall of Cyprus (MC) Plc authorised these financial statements for issue.

John George Mavrokordatos, Director

George Mouskides, Director

The notes on pages 17 to 64 are an integral part of these financial statements.

The Mall of Cyprus (MC) Plc

Statement of changes in equity for the year ended 31 December 2018

	Share capital €	Retained earnings[1] €	Total €
Balance at 1 July 2017	50.000.000	20.110.392	70.110.392
Comprehensive income			
Profit for the period	-	3.136.633	3.136.633
Balance at 31 December 2017/1 January 2018	50.000.000	23.247.025	73.247.025
Comprehensive income			
Profit for the year	-	12.679.097	12.679.097
Balance at 31 December 2018	50.000.000	35.926.122	85.926.122

(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 17 to 64 are an integral part of these financial statements.

The Mall of Cyprus (MC) Plc

Statement of cash flows
for the year ended 31 December 2018

	Note	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Cash flows from operating activities			
Profit before income tax		14.521.712	3.789.071
Adjustments for:			
Depreciation of property, plant and equipment	16	8.399	6.897
Fair value gains on investment property	10 &17	(6.216.902)	-
Interest expense	13	2.187.465	1.767.186
Interest income calculated using the effective interest rate method	9	(30.486)	(9.740)
		10.470.208	5.553.414
Changes in working capital:			
Trade and other receivables		-	(1.710.206)
Trade receivables		(498.542)	-
Other current assets		1.342.784	-
Financial assets at amortised costs		(594.147)	-
Trade and other payables		(380.771)	610.804
Cash generated from operations		10.339.532	4.454.012
Income tax paid		(826.362)	(477.749)
Net cash generated from operating activities		9.513.170	3.976.263
Cash flows used in investing activities			
Purchases of investment property		(14.765.700)	(4.389.346)
Interest received		30.486	9.740
Net cash used in investing activities		(14.735.214)	(4.379.606)
Cash flows from financing activities			
Proceeds from bank borrowings		18.485.581	2.618.322
Repayments of bank borrowings		(4.176.965)	(1.740.339)
Proceeds from loans from related parties	26(v)	1.559.464	3.741.370
Repayments of loans to related parties	26(v)	(9.338.288)	(2.215.020)
Interest paid		(2.567.272)	(1.292.350)
Net cash from financing activities		3.962.520	1.111.983
Net (decrease)/increase in cash and cash equivalents		(1.259.524)	708.640
Cash and cash equivalents at beginning of year/period (including impact of adoption of IFRS 9 on 1 January 2018)		1.621.925	913.285
Cash and cash equivalents at end of year/period	19	362.401	1.621.925

The notes on pages 17 to 64 are an integral part of these financial statements.

The Mall of Cyprus (MC) Plc

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 and listed on the (unregulated) Emerging Companies Market of the Cyprus Stock Exchange. Its registered office is at 3 Verginas Street, The Mall of Cyprus, Strovolos, 2025, Nicosia, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the leasing/granting of rights of use of space of its property, the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store and other building developments for retail/commercial purposes.

Change of financial year end

At the Company's Board of Directors meeting held on 6 November 2017, the Board of Directors decided to change the financial year end of the Company from 30 June to 31 December of each respective year.

Due to the change of financial year end from 30 June to 31 December, the Company's comparative financial information presented in these financial statements cover the 6 month period from 1 July 2017 to 31 December 2017, whereas the curent period financial information presented cover the year from 1 January 2018 to 31 December 2018. The reason for the change is the fact that the Company's shareholders' financial year end is 31 December. Therefore, the numbers related to the results and cash flows of the comparative period (6 months) as presented in these financial statements are not comparable to the current year's figures (12 months).

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 2018 and are relevant to the Company's operations have been adopted by the EU through the endorsement procedure established by the European Commission.

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated (refer to Notes 3, 4 and 28). The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in Note 28.

2 Basis of preparation (continued)

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of investment property.

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.

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 2018. This adoption did not have a material 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. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in Note 28.

Revenue

Recognition and measurement

Revenue represents the amount of consideration to which the Company expects to be entitled in exchange for transferring the promised 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.

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 services that will be transferred to the customer and when specific criteria have been met for each of the Company's contracts with customers.

(i) Income from rights for use of space

The income from rights for use of space is recognised on an accrual basis according to the substance of the relevant adjustments.

4 Summary of significant accounting policies (continued)

(ii) Lease income

Income arising on operating leases is recognised on a straight-line basis over the lease term.

Employee benefits

The Company and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Company 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 Company. The Company's contributions are expensed as incurred and are included in staff costs. The Company 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.

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.

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.

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.

The deferred tax liability in relation to investment property that is measured at fair value is determined assuming the property will be recovered entirely through sale.

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.

Dividend distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the financial statements in the year in which the dividends are appropriately authorised and are no longer at the discretion of the Company. More specifically, interim dividends are recognised as a liability in the period in which these are authorised by the Board of Directors and in the case of final dividends, these are recognised in the period in which these are approved by the Company's shareholders.

Plant and equipment

All plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of plant and equipment.

Depreciation on plant and equipment is calculated using the straight-line method to allocate their cost to their residual values, over their estimated useful lives. The annual depreciation rates are as follws:

	%
Plant and machinery	10-20
Signs	15
Furniture, fixtures and office equipment	15-20
Computers	33 1/3
Improvements on leasehold property	50
Art works	Nil

4 Summary of significant accounting policies (continued)

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 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 Company and the cost of the item can be measured reliably.

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

Leases (rights of use of space)

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) are charged to profit or loss on a straight-line basis over the period of the lease.

Credit loss allowance is recognised using a simplified approach at lifetime ECL. The ECL is determined in the same way as for financial assets measured at AC and recognised through an allowance account to write down the receivables' net carrying amount to the present value of expected cash flows discounted at the interest rates implicit in the finance leases. The estimated future cash flows reflect the cash flows that may result from obtaining and selling the assets subject to the lease.

Rental income

Rental income arising on operating leases is recognised on a straight line basis over the lease term.

Investment property

Investment property is held for long-term rental yields and capital appreciation and is not occupied by the Company. Investment property is carried at fair value, representing open market value determined annually by the Company's management, after taking into consideration all relevant available information, including valuations of independent valuers, market conditions and other factors. Changes to fair value are recognised as gains or losses in the Income Statement.

4 Summary of significant accounting policies (continued)

Financial assets - Classification

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

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

The classification and subsequent measurement of debt financial assets depends on: (i) the 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.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI.

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.

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

4 Summary of significant accounting policies (continued)

Financial assets - Measurement (continued)

- 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. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the income statement.
- FVTPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss and presented net within other gains/(losses) in the period in which it arises.

Financial assets – impairment – credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The 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'.

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

For debt instruments at FVOCI, an allowance for ECL is recognised in profit or loss and it affects fair value gains or losses recognised in OCI rather than the carrying amount of those instruments.

4 Summary of significant accounting policies (continued)

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

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

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

For all other financial asset that are subject to impairment under IFRS 9, the 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.

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.

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 AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

4 Summary of significant accounting policies (continued)

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.

Interest income

Interest income from financial assets at FVTPL is included in the other gains/(losses) - net on these assets. 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), for Stage 1 and Stage 2 – gross amount of financial assets.

Financial liabilities – measurement categories

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

Borrowings

Borrowings are 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.

4 Summary of significant accounting policies (continued)

Borrowings (continued)

An exchange between the Company and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability.

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

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

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

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

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.

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.

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.

Deferred income

Deferred income represents payments made by the various tenants for additional construction work and alterations made to the leased premises and which are recognised in the comprehensive income during the lease term.

Segmental analysis

The Company believes that there are no separate operating segments under IFRS8 'Operating Segments' for which there is a discrete financial information for making decisions on allocating resources and evaluating their performance. The Management of the Company (Board of Directors) (upper body for making operational decisions) take decisions for resource allocation and assessing their performance based on internal reports at Company level. These reports are consisent with IFRS which were used for the preparation of the financial statements. There is no additional information on the performance of individual segments.

Comparatives

Due to the change of the financial year end from 30 June to 31 December, the Company's comparative financial information presented in these financial statements cover the 6 months period from 1 July 2017 to 31 December 2017, whereas the current period financial information presented cover the year from 1 January 2018 to 31 December 2018. The reason for the changeis the fact that the Company's shareholders' financial year end is 31 December. Therefore, the numbers related to the results and cash flows of the comparative period (6 months) as presented in these financial statements are not comparable to the current year's figures (12 months).

5 New accounting pronouncements

At the date of approval of these financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018, 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.

5 New accounting pronouncements

- IFRS 16 'Leases' (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard 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 Company is currently assessing the impact of the new standard on its financial statements and as of the date of issue of these financial statements the impact of the adoption of this standard is not known/ or reasonable estimable.
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017). For financial instruments which contain a prepayment amount that may result in negative compensation, the Amendments propose that such a financial asset would be eligible to be measured at amortised cost or at fair value through other comprehensive income, subject to the assessment of the business model in which it is held. The Company is currently assessing the impact of the interpretation on its financial statements and as of the date of issue of these financial statements the impact of the interpretation is not known/ or reasonable estimable.
- Amendments to IAS 1 and IAS 8: Definition of materiality (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Company is currently assessing the impact of the amendments on its financial statements and as of the date of issue of these financial statements the impact of the amendments is not known/ or reasonable estimable.

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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 interest rate risk and cash flow interest rate risk), credit risk and liquidity risk.

The Company's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Risk management is carried out by Management under policies approved by the Board of Directors. Management identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board provides written and / or oral principles for overall risk management, as well as written policies and / or oral covering specific areas, such as interest rate risk, credit risk, and investment of excess liquidity.

- **Market risk**

Cash flow and fair value interest rate risk

As the Company has no significant interest-bearing assets, the Company's income and operating cash flows are substantially independent of changes in market interest rates.

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

At 31 December 2018, if interest rates on Euro-denominated borrowings had been 0,5% higher/lower with all other variables held constant, post-tax profit for the period ended 31 December 2018 would have been €357.074 (2017: €162.253) lower/higher, mainly as a result of higher/lower interest expense on floating rate borrowings.

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

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to tennants, including outstanding lease receivables.

(i)Risk management

Credit risk is managed on a group basis. For banks and financial institutions, only those that are highly rated by the Board of Directors are accepted. Management assesses the credit quality of the users of space, taking into account its financial position, past experience and other factors.

6 **Financial risk management (continued)**

(i) **Financial risk factors (continued)**

- **Credit risk (continued)**

(ii)Impairment of financial assets

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

- trade receivables for the grant of use of space
- financial assets at amortised cost (other receivables)
- cash and cash equivalents

Trade receivables and lease receivables

The Company 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 and lease receivables have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments.

The expected loss rates are based on the payment profiles of sales over a period of 12 month before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company concluded that an adjustment of historical default rates is not required as it is immaterial.

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 Company, and a failure to make contractual payments for a period of greater than 120 days past due.

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

Previous accounting policy for impairment of trade receivables

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

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

The carrying amount of the asset was reduced through the use of an allowance account, and the amount of the loss was recognised in profit or loss within 'net impairment losses on financial and contract assets' (2017: recognised within administrative expenses). When a lease receivable was uncollectible, it was written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off were credited against 'selling and marketing costs' in profit or loss.

Other financial assets at amortised cost

Other financial assets at amortised cost include other receivables.

Loans to related parties, receivables from related parties, other receivables and debt investments at amortised cost and FVOCI - general expected credit loss model applied

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 ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counter party
- 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.

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

A default on a financial asset is when the counterparty fails to make contractual payments within 120 days of when they fall due.

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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. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 120 days past due. Where loans or receivables 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 three categories for loans, receivables, other receivables debt securities at FVOCI which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies, such as Standard and Poor, Moody's and Fitch.

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

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Over the term of receivables 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.

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

Cash and cash equivalents

Cash and cash equivalents are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. No cash and cash equivalents were written off during the year.

Trade receivables

Trade receivables are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Other receivables

Other receivables are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. No other receivables were written off during the year.

Net impairment gains/(losses) on financial assets at amortised cost

During the year, losses recognised in profit/loss were in relation to specific impaired trade receivables amounting to €207.318.

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Impairment losses (Note 11)	219.150	4.335
Reversal of previous impairment losses	(11.832)	-
Net impairment losses on financial and contract assets	207.318	4.335

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Credit quality of financial assets at 31 December 2017

The credit quality of financials assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	For the period from 1 July 2017 to 31 December 2017 €
Counterparties without external credit rating	
Group 1	266.359
Group 2	436.360
TOTAL	702.719
Fully performing other receivables	
Group 3	576.861
Group 4	5.000
TOTAL	581.861
Cash and bank balances	
Caa1	1.621.799
TOTAL	1.621.799

Group 1 – existing customers (more than 6 months) with no defaults in the past.

Group 2 – existing customers (more than 6 months) with some defaults in the past. All defaults were fully recovered.

Group 3 – other receivables

Group 4 – companies within the group, parent entity, common control companies and associates with no defaults in the past.

None of the loans and receivables from related parties is past due or impaired.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **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 €	Between 2 to 5 years €	Over 5 years €
At 31 December 2017				
Borrowings	6,332.345	7.212.644	25.117,447	50,713.732
Trade and other payables (excluding deferred income)	4,370,757	-	-	-
	10,703,102	7,212,644	25,117,447	50,713,732

	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 December 2018				
Borrowings	8,008.430	8.475.468	29.342.971	57.289.893
Trade and other payables (excluding deferred income)	4.138.827	-	-	
	12.147.257	8.475.468	29.342.971	57.289.893

- Financial instruments by category as at 31 December 2017:

	Loans and receivables €
31 December 2017	
Trade and other receivables	1.284.580
Cash and bank balances	1,621,925
Total	2,906,505

	Liabilities at amortised cost €
Trade and other payables (excluding statutory liabilities)	6,220,121
Total	6,220,121

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The management maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility (Note 21) and cash and cash equivalents (Note 19)) on the basis of expected cash flow. Based on their experience, management considers that the bank overdraft will continue to be renewed normally on an annual basis.

6 Financial risk management (continued)

(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 monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated using 'equity' as shown in the balance sheet plus net debt.

The gearing ratios at 31 December 2018 and 31 December 2017 were as follows:

	31 December 2018 €	31 December 2017 €
Total borrowings (Note 21)	**89.385.679**	82.130.767
Less: cash and cash equivalents (Note 19)	**(1.467.308)**	(1.621.925)
Net debt	**87.918.371**	80.508.842
Total equity	**85.926.122**	73.247.025
Total capital as defined by management	**173.844.493**	153.755.867
Gearing ratio	**51%**	52%

(iii) Fair value estimation

The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values. The fair value of financial 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.

Refer to Note 17 for disclosure of fair value for Investment Properties carried at fair value.

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.

(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 financial assets**

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

- **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.

- **Fair value of investment property**

  The fair value of investment property is determined using valuation techniques which entail a significant degree of judgement and uncertainty. Refer to Note 17 for the relevant disclosure of valuation technique used for the determination of the fair value of the Company's investment properties.

- **Related party transactions**

  In the normal course of business the Company enters into transactions with its related parties. Judgement is applied in determining if transactions are priced at market or non-market rates, where there is no active market for such transactions.

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8 Rights for use of space and other revenue

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Rights for use of space	10.787.718	5.683.094
Lease income	670.651	377.719
Total revenue from contracts with customers	11.458.369	6.060.813

9 Other income

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Interest income:		
Financial assets at amortised costs:		
Bank balances	30.486	9.740
Total interest income calculated using effective interest rate method for financial assets at amortised cost	30.486	9.740
Other operating income	263.187	122.590
	293.673	132.330

10 Other gains - net

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Investment property:		
Fair value gains (Note 17)	6.216.902	-
Total other gains - net	6.216.902	-

11 Expenses by nature

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Depreciation (Note 16)	8.399	6.897
Insurance	2.286	9.491
Auditors' remuneration	26.500	23.000
Trade receivables - impairment charge for receivables (Note 6)	219.150	4.335
Other expenses	2.653	2.924
Professional fees	100.042	106.553
Directors' fees	2.500	1.250
Bank charges	4.954	69.696
Common expenses	376.327	143.631
Licenses and taxes	29.781	10.519
Write off of receivables	3.394	47.573
Management fees	483.761	211.191
Total administrative expenses	1.259.747	637.060

The total fees charged by the Company's statutory auditor for the statutory audit of the financial statements of the Company for the period ended 31 December 2018 amounted to €26.500 (six months period ended 31 December 2017: €23.000). The total fees charged by the Company's statutory auditor for the year ended 31 December 2018 for tax advisory services amounted to €23.800 (six months period ended 31 December 2017: €49.250) and for other assurance services €5.144 (six months period ended 31 December 2017: €1.208).

12 Staff costs

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Wages and salaries	311.980	169.486
Social insurance costs	64.045	17.541
Provident fund contributions	21.909	1.577
Transferred to common expenses	(397.934)	(188.604)
	-	-
Average number of staff employed during the year	15	14

13 Finance costs

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss:		
Bank borrowings	1.955.492	1.482.128
Overdue taxation	5.592	1.689
Loans from related parties (Note 26(v))	226.401	283.369
Total interest expense	2.187.485	1.767.186
Net foreign exchange loss/(gain)	-	(174)
Total finance costs	2.187.485	1.767.012

14 Income tax expense

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Current tax:		
Corporation tax	608.992	299.668
Defence contribution	15.090	8.499
Under provision of prior years' taxes:		
Corporation tax	57.374	91.031
Defence contribution	12.223	6.240
Total current tax	693.679	405.438
Deferred tax (Note 22):		
Origination and reversal of temporary differences	1.148.936	247.000
Total deferred tax	1.148.936	247.000
Income tax expense	1.842.615	652.438

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14 Income tax expense (continued)

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

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Profit before tax	14.521.712	3.789.071
Tax calculated at the applicable corporation tax rate of 12,5%	1.815.214	473.634
Tax effect of expenses not deductible for tax purposes	53.276	39.165
Tax effect of allowances and income not subject to tax	(166.473)	(1.224)
Special contribution for defence	27.313	14.739
Difference between capital gains tax rate and income tax rate and effect of inflation	55.911	35.093
Prior year taxes	57.374	91.031
Income tax charge	1.842.615	652.438

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.

15 Earnings per share

The basic and fully diluted earnings per share are calculated by dividing the profit attributable to the Company's shareholders by the weighted average number of issued shares during the year.

	Note	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Profit for the year attributable to shareholders		12.679.097	3.136.633
Weighted average number of issued shares	20	100.000.000	100.000.000
Basic and diluted earnings per share - cents		12,68	3,14

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16 Property, plant and equipment

	Computer Hardware €	Plant and Machinery €	Furniture, fixtures and office equipment €	Signs €	Improvements of leasehold property €	Art works €	Total €
At 1 July 2017							
Cost	52.079	1.189.715	580.246	341.188	58.500	140.490	2.362.218
Accumulated depreciation	(50.542)	(1.164.364)	(571.488)	(341.188)	(58.500)	-	(2.186.082)
Net book amount	1.537	25.351	8.758	-	-	140.490	176.136
Year ended 31 December 2017							
Opening net book amount	1.537	25.351	8.758	-	-	140.490	176.136
Depreciation charge (Note 11)	(1.459)	(3.976)	(1.462)	-	-	-	(6.897)
Closing net book amount	78	21.375	7.296	-	-	140.490	169.239
At 31 December 2017 / 1 January 2018							
Cost	52.079	1.189.715	580.246	341.188	58.500	140.490	2.362.218
Accumulated depreciation	(52.001)	(1.168.340)	(572.950)	(341.188)	(58.500)	-	(2.192.979)
Net book amount	78	21.375	7.296	-	-	140.490	169.239
Year ended 31 December 2018							
Opening net book amount	78	21.375	7.296	-	-	140.490	169.239
Depreciation charge (Note 11)	(78)	(6.704)	(1.617)	-	-	-	(8.399)
Closing net book amount	-	14.671	5.679	-	-	140.490	160.840
At 31 December 2018							
Cost	52.079	1.189.715	580.246	341.188	58.500	140.490	2.362.218
Accumulated depreciation	(52.079)	(1.175.044)	(574.567)	(341.188)	(58.500)	-	(2.201.378)
Net book amount	-	14.671	5.679	-	-	140.490	160.840

17 Investment property

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
At beginning of year/period	174.734.994	170.345.648
Additions	14.898.104	4.389.346
Fair value gains (Note 10)	6.216.902	-
At end of year/period	195.850.000	174.734.994

The investment properties are generally valued annually at fair value comprising open-market value based on valuations, by an independent, professionally qualified valuer. Fair value is based in active market process, adjusted, if necessary, for any differences in the nature, location or condition of the specific asset. If the information is not available, the Company uses alternative valuation methods such as recent prices or less active markets or discounted cash flow projections. These valuations are prepared annually by independent valuers and reviewed and adopted by management. Changes in fair value are recorded in profit or loss and are included in "other gains-net".

The Company's investment property is measured at fair value. The Company holds one class of investment property being the Shacolas Emporium Park which includes a Shopping Mall, an IKEA store, Annex 3 and Annex 4.

The following table analyses investment property 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).

The Company has classified its Investment property in Level 3 of the hierarchy.

	Cyprus Shopping Mall €	31 December 2018 €	31 December 2017 €
Fair value hierarchy	3	3	3
Opening Fair Value	174.734.994	174.734.994	170.345.648
Asset under construction (1)	14.898.104	14.898.104	4.389.346
Gains from fair value adjustments on Investment property	6.216.902	6.216.902	-
Fair value at 31 December	195.850.000	195.850.000	174.734.994

Bank borrowings are secured on the Company's investment property for €86.000.000 (31 December 2017: €86.000.000) (Note21).

17 Investment property (continued)

(1) For the six months period ended 31 December 2017, Investment Property includes an amount of €4.792.994 which relates to costs incurred for the expansion of the Mall of Cyprus. Investment property under construction for the expansion of the Mall of Cyprus as at 31 December 2017 was measured at cost as per IAS 40, and together with the fair value of €169.942.000 amounted to the total value of €174.734.994. Cummulative costs incurred for the expansion as at 31 December 2018 amounted to €19.691.098. Finance cost amounting to €433.621 was capitalised during the year end 31 December 2018 (31 December 2017: €40.236).

Valuation processes

The Company's investment properties were valued by management as at 31 December 2018. As part of the process, the management took into account external valuation prepared as at 31 December 2018 by indepenent professionally qualified valuers Landtourist Valuations LLC, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Company's finance department reviews the valuations performed by the independent valuers for financial reporting purposes. Discussions of valuation processes and results are held between the CFO, Management, and the independent valuers at least once every year. At each financial year end the finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Management has considered the key assumptions and they have concluded in a fair value gain of the investment property value of €6.216.902.

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2018

Property	Valuation €	Valuation technique	Discount rate %	Terminal capitalisation rate %	Revenue in year 1 €	Revenue growth
Cyprus	185.850.000	Income approach - Discounted cash flows	4 - 10	4 - 8	12.552.949	1

Information about fair value measurement using significant unobservable inputs (Level 3) - 31 December 2017

Property	Valuation (1) €	Valuation technique	Discount rate %	Terminal capitalisation rate %	Revenue in year 1 €	Revenue growth €
Cyprus	169.942.000	Income approach - Discounted cash flows	4 - 10	4 - 8	10.984.132	1

17 Investment property (continued)

Sensitivity of management's estimates – 31 December 2018

			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus Shopping Mall	Change in cap rate	-0,50%	208.454.055	207.289.878	207.740.199
		0,00%	207.694.288	195.850.000	206.983.368
		0,50%	206.942.080	205.786.651	206.234.068

			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus Shopping Mall	Change in revenue	-10,00%	187.908.808	171.651.210	183.007.899
		0,00%	202.100.406	195.850.000	181.630.344
		10,00%	209.958.260	219.895.176	215.448.732

Sensitivity of management's estimates – 31 December 2017

			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus Shopping Mall	Change in cap rate	-0,50%	170.835.200	170.541.594	170.248.662
		0,00%	170.234.405	169.942.000	169.650.266
		0,50%	169.639.588	169.348.373	169.057.825

			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus Shopping Mall	Change in revenue	-10,00%	167.010.303	161.599.333	162.100.890
		0,00%	178.610.328	169.942.000	170.229.153
		10,00%	194.717.960	194.658.009	196.466.001

A change in the vacancy rate by 5%, i.e. the occupied spaces will be at 95%, will lead to a decrease of the fair value from the base scenario by €8.584.498, ie leading to a fair value of €187.265.502 at 31 December 2018.

Revenues are derived from a large number of tenants and no single tenant or group under common control contributes more than 25% of the Company's revenues.

There are inter-relationships between unobservable inputs. Increase/Decrease in the rental income per square meter results in higher/lower fair value. Increase/decrease in rental yield results in lower/higher fair value. For investment property under construction, increases in construction costs that enhance the property's features may result in an increase in future rental values. An increase in the future rental income may be linked with higher costs. If the remaining lease term increases the yield may decrease.

Valuation techniques underlying management's estimation of fair value

The valuation was determined using discounted cash flow projections based on significant unobservable inputs. These inputs include:

Future rental cash inflows	based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
Discount rates	reflecting current market assessments of the uncertainty in the amount and timing of cash flows;
Estimated vacancy rates	based on current and expected future market conditions after expiry of any current lease

17 Investment property (continued)

Maintenance costs	including necessary investments to maintain functionality of the property for its expected useful life;
Capitalisation rates	based on actual location; size and quality of the properties and taking into account market data at the valuation date;
Terminal value	taking into account assumptions regarding maintenance costs, vacancy rates and market rents.

For Cyprus land and buildings with a total carrying amount of €195.850.000, the valuation was determined using discounted cash flow projections. Properties valued using the discounted cash flows model take into account future rental values,vacant spaces and maintenance costs discounted to the present value using an estimated discount rate. These values are adjusted for differences in the market conditions such as demand and finance affecting market sales. The most significant input into this valuation approach is license fees and discount rates.

During 2017, the Company commenced the project for the expansion of The Mall of Cyprus by about an additional area of 6000 m2, which will be used for retail, entertainment and cultural purposes in order to meet the demands of its customers/visitors and also increase the variety of offerings at the mall. The first phase of the project was completed on 28 March 2019 and most of the spaces have already been leased out. The second phase which will be completed in July 2019, will see the project almost taking its final form, with more stores and existing shops transfered in new venues. With the expansion, about an additional 300 parking places shall be created as well.

18 Financial assets

(a) Trade receivables

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Current assets		
Trade receivables	1,689,899	984,036
Less: loss allowance of trade receivables	(488,638)	(281,317)
Trade receivables – net	1,201,261	702,719

(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 company's exposure to credit risk can be found in Note 6.

Prior year impairment of trade receivables:

As of 31 December 2017, trade receivables of €266.359 were fully performing.

Trade receivables that are less than four months past due are not considered impaired. As of 31 December 2017, trade receivables of €436.360 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	For the period from 1 July 2017 to 31 December 2017 €
Up to 3 months	159,983
3 to 6 months	276.377
	436,360

The maximum exposure to credit risk at the balance sheet date is the carrying value of trade receivables.

18 Financial assets (continued)

The carrying amounts of the Company's trade receivables are denominated in the following currencies:

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Euro - functional and presentation currency	1.201.261	702.719
	1.201.261	702.719

(b) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Current		
Other Receivables	391.545	-
Accrued Income	77.602	-
Total current	469.147	-
Non-Current		
Other receivables	125.000	-
Financial assets at amortised cost - net	594.147	-

(i) Non-current financial assets at amortised cost

All non current financial assets at amortised costs are due within five years from the balance sheet date.

(ii) Current financial assets at amortised cost

Due to the short-term nature of the current financial assets at amortised cost, their carrying amount is considered to be the same as their fair value.

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

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Euro - functional and presentation currency	594.147	-
	594.147	-

18 Financial assets (continued)

(iii) Impairment and risk exposure

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

19 Cash and cash equivalents

	31 December 2018 €	31 December 2017 €
Cash at bank and in hand	912	1.111.741
Bank deposits	1.466.396	510.184
	1.467.308	1.621.925

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

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Cash and bank balances	1.467.308	1.621.925
Less:		
Bank overdrafts (Note 21)	(1.104.907)	-
	362.401	1.621.925

Reconciliation of liabilities arising from financing activities:

	Bank Borrowings €	Loans from related parties €	Total liabilities from financing activities €
Opening Balance 1 January 2018	67.446.981	14.683.786	82.130.767
Cash flows:			
Proceeds from borrowings	18.485.581	1.559.464	20.045.045
Repayment of principal	(4.176.965)	(9.338.286)	(13.515.253)
Repayment of interest	(3.248.663)	-	(3.248.663)
Interest expense	3.098.793	226.401	3.325.194
Non-cash changes:			
Fair value gains/losses	(1.143.301)	-	(1.143.301)
Capitalisation of borrowing costs	301.218	132.403	433.621
Commitment and commission fees	253.362	-	253.362
Closing Balance 31 December 2018	81.017.006	7.263.766	88.280.772

19 Cash and cash equivalents (continued)

	Bank Borrowings €	Loans from related parties €	Total liabilities from financing activities €
Opening Balance at 1 July 2017	66.343.582	11.736.927	78.080.509
Cash flows:			
Proceeds from borrowings	2.618.322	4.921.578	7.539.900
Repayment of principal	(1.740.339)	(2.215.020)	(3.955.359)
Repayment of interest	(1.289.661)	-	(1.289.661)
Interest expense	1.481.128	283.369	1.764.497
Non-cash changes:			
Capitalisation of borrowing costs	-	40.236	40.236
Payments on behalf	-	(83.304)	(83.304)
Capitalisation of arrangement fees for new loan	(40.012)	-	(40.012)
Commitment fees	67.596	-	67.596
Deferred interest	6.365	-	6.365
Closing Balance 31 December 2017	67.446.981	14.683.786	82.130.767

20 Share capital

	Number of shares	Share capital €
At 1 July 2017/31 December 2017 and 31 December 2018	100 000 000	50.000.000

The total authorized number of ordinary shares is 171 000 000 shares (31 December 2017: 171 000 000 shares) with a par value of €0,50 per share. All issued shares are fully paid.

21 Borrowings

	31 December 2018 €	31 December 2017 €
Current		
Bank overdrafts (Note 19)	1.104.907	-
Bank borrowings	5.131.365	3.424.330
Borrowings from parent entity (Note 26(v))	2.326.797	10.627.246
Borrowings from related party (Note 26(v))	1.862.329	1.114.303
	10.425.398	15.165.879
Non-current		
Bank borrowings	75.885.641	64.022.652
Borrowings from ultimate shareholder (Note 26(v))	3.074.640	2.942.236
	78.960.281	66.964.888
Total borrowings	89.385.679	82.130.767
Maturity of non-current borrowings		
Between 1 and 2 years	5.653.415	4.483.397
Between 2 and 5 years	22.559.199	17.721.186
Over 5 years	50.747.667	44.760.305
	78.960.281	66.964.888

21 Borrowings (continued)

The Company has three loan facilities with banking institutions amounting to €100.750.000.

The first one with a current balance of €60.348.327 bears interest at the Business Bank rate plus a margin of 0,95% which was amended on 13 February 2018 to 3 months Euribor plus 3,65% and is repayable on 30 May 2030.

As a result the above modification on the facility, a profit amounting to € 1.143.301 has been regognised in finance costs.

The second facility represents a loan of €10.000.000 which has been secured in the past and which was increased to €18.000.000 in February 2017 for the purposes of the mall expansion. On 21 September 2017, the loan was re-approved and the loan advances begun along with the start of the mall expansion. The funds will be obtained in tranches once the constructor certificates are issued by the contractor. Up to 31 December 2018, the Company had drawn €12.150.406. The loan bears interest at the business Bank rate plus margin 1,20% which was amended on 13 February 2018 to 3 months Euribor plus 3,90% and is repayable on 30 May 2032.

On 15 March 2018, the Company secured a new loan facility amounting to €8.750.000 which bears interest at the rate of 3 months Euribor plus 3,75% and is repayable on 12 March 2032.

On 31 August 2017, the Company secured borrowings from related party (Atterbury Europe B.V). The loan is unsecured, bears interest at the rate of 4,5% and is repayable in 4 years from the date of the first advance (31 August 2017). The interest charged in the year amounted to €132.404 which was capitalized as part of investment property as at 31 December 2018. The loan was obtained for the purposes of the mall expansion. The loan facility amount is €7.000.000 and funds will be obtained in tranches once the Construction Certificates are issued by the Contractor on sight. Up to 31 December 2018, the Company had drawn €2.902.000.

The bank loans are secured as follows:

(i) By 1st mortgage on the Company's land and buildings (Note 17) for €74.000.000 (2017: €74.000.000).

(ii) By 2nd mortgage on the Company's land and buildings (Note 17) for €12.000.000 (2017: €12.000.000).

(iii) By the assignment of €86.000.000 from the rights of use of space in the Shacolas Emporium Park.

(iv) By corporate guarantees from parent company for the amount of €108.500.000 (31 December 2017: €98.000.000) (Note 26 (vi)).

(v) By corporate guarantee from The Mall of Engomi (ME) Plc for the amount of €96.500.000 (31 December 2017: €86.000.000) (Note 26 (vi)).

(vi) By floating charge of €86.000.000 on the assets of The Mall of Cyprus (MC) Plc.

(vii) Atterbury Cyprus Limited guaranteed the loans of the Company for the amount of €10.500.000.

21 Borrowings (continued)

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

	31 December 2018 %	For the period from 1 July 2017 to December 2017 %
Bank borrowings	4,17	4,56
Borrowings from parent entity (Note 26(v))	4,38	4,47
Borrowings from related parties (Note 26(v))	4,38	4,47
Borrowings from ultimate shareholder (Note 26(v))	4,50	4,50

The Company's bank borrowings and bank overdrafts are arranged at floating rates. Borrowings at floating rates expose the Company to cash flow interest rate risk.

The exposure of the Company's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	31 December 2018 €	31 December 2017 €
6 months or less	89,385,679	82,130,767

The Company has the following undrawn borrowing facilities:

	31 December 2018 €	30 June 2017 €
Floating rate:		
Expiring within one year	5,804,244	17,381,678

The carrying amounts of borrowings approximate their fair value.

The carrying amounts of the Company's borrowings are denominated in the following currencies:

	31 December 2018 €	30 June 2017 €
Euro - functional and presentation currency	89,385,679	82,130,767

22 Deferred income tax liabilities

The gross movement on the deferred income tax account is as follows:

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
At beginning of year/period	17.253.394	17.006.394
Charged to profit or loss (Note 14)	1.148.936	247.000
At end of year/period	18.402.330	17.253.394

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

Deferred tax liabilities

	Difference between depreciation and wear and tear allowance €	Fair value gains on investment properties €	Total €
At 1 July 2017	5.373.945	11.632.449	17.006.394
Charged to:			
Profit or loss (Note 14)	211.908	35.092	247.000
At 31 December 2017/1 January 2018	5.585.853	11.667.541	17.253.394
Charged to:			
Profit or loss (Note 14)	315.912	833.024	1.148.936
At 31 December 2018	5.901.765	12.500.565	18.402.330

23 Trade and other payables-non current

	31 December 2018 €	31 December 2017 €
Operating lease advances	1.706.113	1.605.866
Deferred Income	590.660	747.344
Cash guarantee	46.500	6.500
	2.343.273	2.359.710

The carrying amounts of the Company's trade and other payables are denominated in Euro.

24 Trade and other payables-current

	31 December 2018 €	31 December 2017 €
Trade payables	332.264	425.052
Payables to related parties (Note 26(iv))	11.603	-
Other payables	2.150.923	2.599.769
Accrued expenses	750.609	1.068.963
Total financial payables within trade and other payables at amortised cost	3.245.399	4.093.784
Retentions	893.428	276.973
Deferred income	240.184	240.184
Total other payables	1.133.612	517.157
Trade and other payables	4.379.011	4.610.941

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

25 Commitments

(i) Capital commitments

Capital expenditure in respect of the expansion of the Mall of Cyprus, contracted for at the balance sheet date but not yet incurred is as follows:

	31 December 2018 €	31 December 2017 €
Investment property	11.700.000	20.361.487

(ii) License fee / Operating lease commitments – where the company is the lessor

License Fee

The Company's license fee/ operating lease income is derived from income from rights for use of space.

Rental Income

The Company entered into an agreement to lease out part of the land owned by it. The lessee constructed on this land a retail outlet (IKEA). The lease term signed is for a period of 14 years and 10 months. At the end of the lease period the lessee has the right to extend the lease term for another 14 years and 10 months and at the end of the first extension the lessee has the right for a second extension of 14 years and 10 months.

25 Commitments (continued)

(ii) License fee / Operating lease commitments – where the company is the lessor (continued)

The total amount of the minimum future license fees/ rentals receivable in accordance with the non-cancellable operating lease commitments are as follows:

	31 December 2018 €	31 December 2017 €
No later than 1 year	13.267.404	10.096.506
Later than 1 year and no later than 5 years	37.748.887	27.390.296
Later than 5 years	10.535.754	3.040.414
	61.552.045	40.527.216

License fee / Operating lease commitments, take into consideration license fees/rentals which will occur as a result of the expansion.

26 Related party transactions

As at the date of this report the main shareholder of the Company is Atterbury Cyprus Limited which owns 99,67% of the Company's shares.

Atterbury Cyprus Limited is controlled by Atterbury Europe B.V., incorporated in Netherlands, which owns 97,50% of the Company's shares.

The ultimate controlling party of the company as at 31 December 2018 is Brightbridge Investments Ltd (Cyprus) through its indirect 43,78% shareholding in Atterbury Cyprus Limited (the parent company).

The ultimate parent entity which prepares the consolidated financial statements of the largest body of undertakings of which the Company forms part as a subsidiary undertaking, is Atterbury Europe Holding B.V. , incorporated in Netherlands and its consolidated financial statements are available at the following address 9 Schuttersveld 2316XG Leiden, The Netherlands.

Atterbury Cyprus Limited, incorporated in Cyprus with registered office at Arch. Makariou III, 195, Neocleous House, 3030 Limassol, Cyprus, is the parent entity which prepares the consolidated financial statement of the smallest body of undertakings of which the Company forms part as a subsidiary undertaking.

26 Related party transactions (continued)

(i) Purchases of services

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Purchases of services:		
Fliptype Holdings Limted	303.004	152.188
Atterbury Cyprus Limited	302.896	36.599
Atterbury Europe B.V.	1.109.002	456.563
Brightbridge Investments Limited	78.000	-
	1.792.902	645.350

(ii) Key management personnel compensation

The compensation of key management personnel is as follows:

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Salaries	132.550	53.175

(iii) Directors' remuneration

The total remuneration of the Directors was as follows:

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Fees	2.500	1.250

(iv) Year-end/Period balances arising from sales/purchases of goods/services

	31 December 2018 €	31 December 2017 €
Receivables from related parties		
Fatti Ltd	-	5.000
Payables to related parties (Note 24):		
Brightbridge Investments Limited	11.603	-

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

The above companies are related due to common ownership.

The Mall of Cyprus (MC) Plc

26 Related party transactions (continued)

(v) Borrowings from related parties

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Borrowings from parent entity:		
At beginning of year/period	10.627.246	11.736.927
Borrowings advanced during year/period	360.447	349.658
Borrowings repaid during year	(8.838.288)	(1.715.020)
Interest charged (Note 13)	177.392	255.681
At end of year/period (Note 21)	2.326.797	10.627.246

The amount payable to parent company, Atterbury Cyprus Limited bears interest at the rate of 4,38% (six months period ended 31 December 2017: 4,39%). No terms or conditions have been agreed for its repayment and security.

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Borrowings from related party:		
At beginning of year/period	1.114.303	-
Borrowings advanced during year/period	1.159.000	-
Borrowings advanced during year/period	-	1.669.919
Borrowings assigned from related party	40.017	-
Borrowings repaid	(500.000)	(583.304)
Interest charged (Note 13)	49.009	27.688
At end of period/year (Note 21)	1.862.329	1.114.303

The above amount is payable to related companies, The Mall of Engomi (ME) Plc which bears interest at the rate of 4,38% (six months period ended 31 December 2017: 4,39%). No terms or conditions have been agreed for its repayment and security.

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Borrowings from shareholders:		
At beginning of year/period	2.942.236	2.902.000
Interest Charged	132.404	40.236
At end of period/year (Note 21)	3.074.640	2.942.236

26 Related party transactions (continued)

(v) Borrowings from related parties (continued)

On 31 August 2017, the Company secured borrowings from related party (Atterbury Europe B.V). The loan is unsecured, bears interest at the rate of 4,5% and is repayable in 4 years from the date of the first advance (31 August 2017). The interest charged in the year amounted to €132.404 which was capitalized as part of investment property as at 31 December 2018. The loan was obtained for the purposes of the mall expansion. The loan facility amount is €7.000.000 and funds will be obtained in tranches once the Construction Certificates are issued by the Contractor on sight. Up to 31 December 2018, the Company had drawn €2.902.000.

(vi) Guarantees

The following guarantees were provided to the Company by its parent Company and other related entities as security for its borrowings:

a) Atterbury Cyprus Limited guaranteed the loans of the Company for the amount of €108.500.000 (Note 21).

b) The Mall of Engomi (ME) Plc guaranteed the loans of the Company for the amount of €96.500.000 (Note 21).

c) Atterbury Cyprus Limited guaranteed the loans of the Company for the amount of €10.500.000 (Note 21).

(vii) Contigencies

The Company guarantees the loan of The Mall of Engomi (ME) Plc for the amount of €23.000.000. No liabilities are expected to arise.

27 Events after the balance sheet date

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

During 2017, the Company commenced the project for the expansion of The Mall of Cyprus by about an additional area of 6000 m2, which will be used for retail, entertainment and cultural purposes in order to meet the demands of its customers/visitors and also increase the variety of offerings at the mall. The first phase of the project was completed on 28 March 2019 and most of the spaces have already been leased out. The second phase which will be completed in July 2019, will see the project almost taking its final form, with more stores and existing shops transfered in new venues. With the expansion, about an additional 300 parking places shall be created as well.

28 Accounting policies before 1 January 2018

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable, and represents amounts receivable for the sale of goods and services in the ordinary course of the Company's activities, net of value added taxes, returns and discounts.

The Company recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Company's activities as described below. The Company bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement. Revenues earned by the Company are recognised on the following bases:

(i) Income from rights for use of space

The income from rights for use of space is recognised on an accrual basis according to the substance of the relevant adjustments.

(ii) Interest income

Interest income is recognised using the effective interest method.

(iii) Lease income

Income arising on operating leases is recognised on a straight-line basis over the lease term.

Financial assets

(i) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held to maturity investments and available for sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition and in the case of assets classified as held to maturity, re-evaluates this designation at the end of each reporting period.

- **Financial assets at fair value through profit or loss**

  This category has two sub categories: financial assets held for trading and those designated at fair value through profit or loss at inception. A financial asset is classified as held for trading if acquired principally for the purpose of selling in the short term. Financial assets designated as at fair value through profit or loss at inception are those that are managed and their performance is evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets is provided internally on a fair value basis to the Company's key management personnel. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within twelve months of the balance sheet date.

28 Accounting policies before 1 January 2018 (continued)

- **Loans and receivables**

  Loans and receivables are non derivative financial assets with fixed or determinable payments that are not quoted in an active market and for which there is no intention of trading the receivable. They are included in current assets, except for maturities greater than twelve months after the balance sheet date. These are classified as non current assets. The Company's loans and receivables comprise "trade receivables", "loan receivable", "other receivables", "cash and cash equivalents" and "bank deposits with original maturity above 3 months" in the balance sheet.

- **Held-to-maturity investments**

  Held to maturity investments are non derivative financial assets with fixed or determinable payments and fixed maturities that the Company's management has the positive intention and ability to hold to maturity that do not meet the definition of loans and receivables. During the year, the Company did not hold any investments in this category.

- **Available-for-sale financial assets**

  Available-for-sale financial assets are non-derivatives that are either designated in this category if they do not have fixed maturities and fixed or determinable payments and management intends to hold them for the medium to long term or not classified in any of the other categories. They are included in non-current assets, unless the investment matures or management intends to dispose of the investment within twelve months of the balance sheet date.

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. 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 risks and rewards of ownership.

Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held to maturity financial assets are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss within "other (losses)/gains - net" in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss as part of other income when the Company's right to receive payments is established.

28 Accounting policies before 1 January 2018 (continued)

(ii) Recognition and measurement (continued)

Changes in the fair value of monetary securities denominated in a foreign currency and classified as available-for-sale are analysed between translation differences resulting from changes in amortised cost of the security and other changes in the carrying amount of the security. The translation differences on monetary securities are recognised in profit or loss, while translation differences on non-monetary securities are recognised in other comprehensive income. Changes in the fair value of monetary and non-monetary securities classified as available-for-sale are recognised in other comprehensive income.

When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognised in other comprehensive income are included in profit or loss as gains and losses on "available-for-sale financial assets".

Interest on available-for-sale securities calculated using the effective interest method is recognised in the profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in profit or loss as part of other income when the Company's right to receive payments is established.

(iii) Impairment of financial assets

The Company assesses at the balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the Company may measure impairment on the basis of an instrument's fair value using an observable market price.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised (such as an improvement in the debtor's credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

28 Accounting policies before 1 January 2018 (continued)

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss – is removed from equity and recognised in profit or loss.

Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the 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.

Trade receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments are considered indicators that the other receivable is impaired. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate. The carrying amount of the asset is reduced through the use of an allowance acount, and the amount of the loss is recognised in profit or loss "selling and marketing costs". When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against "selling and marketing costs" in profit or loss.

The carrying amount of the asset is reduced through the use of allowance account, and the amount of loss is recognised in profit or loss within 'selling and marketing costs'. When a trade receivable is uncollectible, it is written off against the allownance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against 'selling and marketing costs' in profit or loss.

28 Accounting policies before 1 January 2018 (continued)

Interest income

Interest income from financial assets at FVTPL is included in the other gains/(losses) - net on these assets. 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), for Stage 1 and Stage 2 – gross amount of financial assets.

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.

The carrying amount of the bank borrowings of the Company is adjusted to reflect revised estimated cash flows. The Company recalculates the carrying amount of the borrowings, by computing the present value of estimated future cash flows at the financial instrument's original effective interest rate.The adjustment is recognised in profit or loss within finance cost.

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 discharged, cancelled or expired. 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.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in profit or loss except to the extent that it arises as a result of transactions with shareholders acting in their capacity as shareholders when it is recognised directly in equity. The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

28 Accounting policies before 1 January 2018 (continued)

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

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

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.

Independent Auditor's Report on pages 8 to 12.