

The Mall of Engomi (ME) Plc

Report and financial statements 31 December 2018

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The Mall of Engomi (ME) 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 Street
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 Engomi (ME) Plc for the year ended 31 December 2018, we confirm that, according to our knowledge:

a) The financial statements presented on pages 13 to 59 were:

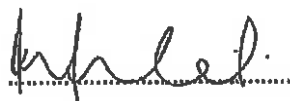
(i) prepared in accordance with International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of subsection (4) of the Act, and

(ii) give a true and fair view of assets and liabilities, financial position and profit of The Mall of Engomi (ME) 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 Engomi (ME) 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

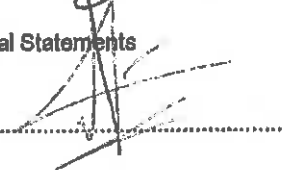


Martin Olivier - Director



Responsible for the Preparation of these Financial Statements

Antonia Constantinou -- Financial Controller



Nicosia, 24 April 2019

The Mall of Engomi (ME) 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 shopping Mall "The Mall of Engomi", 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 current 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 structure of the Group. 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 €3.264.423 compared to €1.627.295 for the six month period ended 31 December 2017. The operating profit of the Company for the year was €4.123.694 (six months period 2017: €1.552.786).

7 The profit after tax of the Company for the year ended 31 December 2018 was €2.863.811 (six months period 2017: €1.003.556).

8 As at 31 December 2018 the Company's total assets amounted to €42.979.329 (2017: €41.028.312) and its net assets amounted to €20.589.101 (2017: net assets €17.725.290). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

The Mall of Engomi (ME) 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 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 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 from long term borrowings. Interest-bearing assets and borrowings 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 asset and liabilities which bore variable interest rates amounted to €1.862.329 and €18.845.089 respectively. 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 tenants, 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.

The Mall of Engomi (ME) Plc

Management Report (continued)

16 The Company's credit risk arises from trade receivables amounting to €300.966, financial assets carried at amortised cost amounting to €1,862,329 and bank balances amounting to €1,303,309. 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 leases and based on budgeted forecasts. Management believes that it is successful in managing the Company's liquidity risk.

Future developments of the Company

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

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 period 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.

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.

The Mall of Engomi (ME) Plc

Management Report (continued)

Branches

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

Directors' interests in the Company's share capital

26 The members of the Board of Directors did not control directly or indirectly any part of 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 25 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	99,50
Indirect shareholder:	
Atterbury Onroerend Goed Houdster Europe Cooperatief U.A (Netherlands) through its indirect shareholding in Atterbury Cyprus Limited	54,45


The Mall of Engomi (ME) 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 Engomi (ME) Plc**

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of The Mall of Engomi (ME) 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 59 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.

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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) names 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, PricewaterhouseCoopers 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
<u>Valuation of Investment Property at Fair value</u> Refer to Note 4, Summary of significant accounting policies, Note 7, Critical accounting estimates and judgements and Note 16 Investment property. Management estimated the fair value of the Investment Property to be €39,275,000 as at 31 December 2018 representing approximately 91% of the Company's total assets. The investment property valuations were 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.	<p>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.</p> <p>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.</p> <p>Furthermore, we evaluated the adequacy of the Company's disclosures in the financial statements regarding the valuation of its investment property.</p> <p>The results of our audit procedures were satisfactory.</p>



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, 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.

A handwritten signature in blue ink, appearing to read 'N.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 Engomi (ME) Plc

Statement of comprehensive income for the year ended 31 December 2018

		Year ended 31 December 2018	For the period from 1 July 2017 to 31 December 2017
	Note	€	€
Rights for use of space and other income	8	3,264,423	1,627,295
Administrative expenses	11	(217,469)	(123,743)
Other income	9	91,740	49,234
Other gains - net	10	<u>985,000</u>	<u>-</u>
Operating profit		4,123,694	1,552,786
Finance costs	12	<u>(841,747)</u>	<u>(446,256)</u>
Profit before income tax		3,281,947	1,106,530
Income tax expense	13	<u>(418,136)</u>	<u>(102,974)</u>
Profit and total comprehensive income for the period/year		<u>2,863,811</u>	<u>1,003,556</u>

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 14)	28,64	10,04

The notes on pages 17 to 59 are an integral part of these financial statements.

The Mall of Engomi (ME) Plc

Statement of financial position at 31 December 2018

	Note	31 December 2018 €	31 December 2017 €
Assets			
Non-current assets			
Plant and equipment	15	5,390	9,646
Investment property	16	<u>39,275,000</u>	<u>39,290,000</u>
		<u>39,280,390</u>	<u>39,299,646</u>
Current assets			
Prepayments		232,335	44,383
Trade receivables	17	300,968	81,664
Financial assets at amortised cost	17	1,862,329	-
Loan Receivable	25(iv)	-	1,114,303
Other receivable		-	439,073
Cash in hand and at bank	18	<u>1,303,309</u>	<u>1,079,343</u>
		<u>3,698,639</u>	<u>2,728,686</u>
Total assets		<u>42,979,329</u>	<u>41,028,312</u>
Equity and liabilities			
Capital and reserves			
Share capital	19	1,000,000	1,000,000
Capital Reserve		212,687	212,687
Retained earnings		<u>19,375,414</u>	<u>16,512,603</u>
Total equity		<u>20,688,101</u>	<u>17,725,290</u>
Non-current liabilities			
Borrowings	20	17,644,424	18,956,758
Deferred income tax liabilities	21	2,471,731	2,283,898
Trade and other payables	22	<u>787,184</u>	<u>798,908</u>
		<u>20,773,349</u>	<u>21,920,664</u>
Current liabilities			
Trade and other payables	23	307,689	491,480
Current income tax liabilities		8,626	8,175
Borrowings	20	<u>1,300,666</u>	<u>582,703</u>
		<u>1,616,879</u>	<u>1,382,358</u>
Total liabilities		<u>22,390,228</u>	<u>23,303,022</u>
Total equity and liabilities		<u>42,979,329</u>	<u>41,028,312</u>

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

John George Mavrokordatos, Director

George Mouskides, Director

The notes on pages 17 to 59 are an integral part of these financial statements.

The Mall of Engomi (ME) Plc

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

	Share capital €	Capital Reserve €	Retained earnings ⁽¹⁾ €	Total €
Balance at 1 July 2017	<u>1,000,000</u>	<u>212,687</u>	<u>15,508,047</u>	<u>16,721,734</u>
Comprehensive Income	-	-	<u>1,003,556</u>	<u>1,003,556</u>
Profit for the period	-	-	-	-
Balance at 31 December 2017/1 January 2018	<u>1,000,000</u>	<u>212,687</u>	<u>16,512,603</u>	<u>17,725,290</u>
Comprehensive Income	-	-	<u>2,863,811</u>	<u>2,863,811</u>
Profit for the year	-	-	-	-
Balance at 31 December 2018	<u>1,000,000</u>	<u>212,687</u>	<u>19,376,414</u>	<u>20,589,101</u>

- (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 at 16% 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. The special contribution for defence rate increased 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 is 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 59 are an integral part of these financial statements.

The Mall of Engomi (ME) Plc

Statement of cash flows for the year ended 31 December 2018

		Year ended 31 December 2018	For the period from 1 July 2017 to 31 December 2017
	Note	€	€
Cash flows from operating activities			
Profit before income tax		3,281,947	1,106,530
Adjustments for:			
Depreciation of plant and equipment	15	4,256	2,958
Fair value gain of investment property	16	(985,000)	-
Interest income	9	(48,028)	(27,877)
Interest expense	12	841,747	446,258
		<u>3,093,924</u>	<u>1,527,867</u>
Changes in working capital:			
Trade and other receivables		-	(243,464)
Trade receivables		(249,402)	-
Other receivables		439,073	-
Prepayments		(187,952)	-
Financial assets at amortised costs		(1,163,312)	-
Loan Receivable		1,114,303	-
Trade and other payables		(208,682)	64,991
Cash generated from operations		<u>2,837,952</u>	<u>1,349,394</u>
Income tax paid		<u>(178,867)</u>	<u>(170,117)</u>
Net cash generated from operating activities		<u>2,659,085</u>	<u>1,179,277</u>
Cash flows from investing activities			
Loan granted to related parties	25(iv)	(1,169,000)	(489,711)
Loan repayments received from related parties	25(iv)	486,983	583,304
Interest received		17	189
Net cash (used in)/from investing activities		<u>(681,999)</u>	<u>93,782</u>
Cash flows from financing activities			
Repayments of bank borrowings		(997,294)	(417,382)
Interest paid		<u>(738,825)</u>	<u>(390,778)</u>
Net cash used in financing activities		<u>(1,736,119)</u>	<u>(808,160)</u>
Net increase in cash and cash equivalents		223,966	464,899
Cash and cash equivalents at beginning of year/period (including Impact of adoption of IFRS 9 on 1 January 2018)		<u>1,079,343</u>	<u>614,444</u>
Cash and cash equivalents at end of year/period	18	<u>1,303,309</u>	<u>1,079,343</u>

The notes on pages 17 to 59 are an integral part of these financial statements.

The Mall of Engomi (ME) 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 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 shopping Mall "The Mall of Engomi", 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 current 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 Mall of Engomi (ME) Plc

2 Basis of preparation (continued)

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 27). The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in Note 27.

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 27.

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.

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4 Summary of significant accounting policies (continued)

Revenue (continued)

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 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.

(ii) Lease income

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

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.

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4 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

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

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss.

Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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.

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4 Summary of significant accounting policies (continued)

Plant and equipment (continued)

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 follows:

	%
Signs	15
Plant and Machinery	20
Computer Hardware	15

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

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

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

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4 Summary of significant accounting policies (continued)

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.

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.

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4 Summary of significant accounting policies (continued)

Financial assets - Measurement (continued)

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:

- **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 and trade receivables.
- **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 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'.

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4 Summary of significant accounting policies (continued)

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

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.

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.

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4 Summary of significant accounting policies (continued)

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

Financial assets at amortised cost

These amounts generally arise from transactions outside the usual operating activities of the 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.

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4 Summary of significant accounting policies (continued)

Borrowings (continued)

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.

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.

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4 Summary of significant accounting policies (continued)

Offsetting financial instruments

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

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.

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.

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 consistent with IFRS which were used for the preparation of the financial statements. There is no additional information on the performance of individual segments.

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.

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4 Summary of significant accounting policies (continued)

Comparatives

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 current 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).

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.

- 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.

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5 New accounting pronouncements

- Amendments to IFRS 9: Prepayment Features with Negative Compensation (Issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019). 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.

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.

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6 Financial risk management (continued)

(I) Financial risk factors (continued)

• 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.

At 31 December 2018, if interest rates on Euro-denominated borrowings had been 0,5% (2017: 0,5%) higher/lower with all other variables held constant, post-tax profit for the year would have been €82.447 (2017: €49.349) 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 tenants, 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.

(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 (loans to related parties)
- cash and cash equivalents

Trade 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.

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6 Financial risk management (continued)

(i) Financial risk factors (continued)

• Credit risk (continued)

The expected loss rates are based on the payment profiles of sales over a period of 12 months 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.

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 in "other gains" in profit or loss.

Other financial assets at amortised cost

Other financial assets at amortised cost include loans to related parties.

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6 Financial risk management (continued)

(i) Financial risk factors (continued)

- Credit risk (continued)

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.

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 180 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.

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6 Financial risk management (continued)

(i) Financial risk factors (continued)

• Credit risk (continued)

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

Interest bearing loans are provided to related parties. The Company does not require the related parties to pledge collateral as security against the loans.

Over the term of the loans, receivables and other receivables and debt securities 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.

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6 Financial risk management (continued)

(i) Financial risk factors (continued)

• Credit risk (continued)

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.

Loan to related parties

Loan to related parties are subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial. No loan to related parties 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. No trade receivables were written off during the year.

Net impairment losses on financial assets recognized in profit or loss

During the year, no gains/(losses) were recognised in profit or loss in relation to impaired financial assets.

Credit quality of financial assets at 31 December 2017

The credit quality of financial 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:

	31 December 2017 €
Counterparties without external credit rating	
Group 1	51,564
TOTAL	51,564
Fully performing other receivables	
Group 2	439,073
Group 3	1,114,303
TOTAL	1,553,376
Cash and bank balances	
Caat	1,079,343
TOTAL	1,079,343

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

Group 2 – Other receivables

Group 3 – 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.

The Mall of Engomi (ME) Plc

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	1,732,000	1,956,000	5,868,000	15,809,213
Trade and other payables	<u>448,785</u>	-	-	-
	<u>2,180,785</u>	<u>1,956,000</u>	<u>5,868,000</u>	<u>15,809,213</u>
	Less than 1 year €	Between 1 and 2 years €	Between 2 to 5 years €	Over 5 years €
At 31 December 2018				
Borrowings	1,956,000	1,956,000	5,868,000	13,238,106
Trade and other payables	<u>284,874</u>	-	-	-
	<u>2,220,874</u>	<u>1,956,000</u>	<u>5,868,000</u>	<u>13,238,106</u>

• Financial instruments by category as at 31 December 2017:

	Loans and receivables €
31 December 2017	
Other receivables	490,837
Cash and bank balances	<u>1,079,343</u>
Total	<u>1,569,980</u>

	Liabilities at amortised cost €
Trade and other payables (excluding statutory liabilities)	1,138,741
Borrowings	<u>19,739,481</u>
Total	<u>20,878,202</u>

Management monitors rolling forecasts of the Company's liquidity reserve (comprises undrawn borrowing facility (Note 20) and cash and cash equivalents (Note 18)) on the basis of expected cash flow. Based on their experience, the management considers that the bank overdraft will continue to be renewed normally on an annual basis.

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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 bases 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 20)	18,845,089	19,739,461
Less: cash and cash equivalents (Note 18)	<u>(1,303,308)</u>	<u>(1,079,343)</u>
Net debt	17,541,780	18,660,118
Total equity	<u>20,588,101</u>	<u>17,725,290</u>
Total capital as defined by management	<u>38,130,881</u>	<u>36,385,408</u>
Gearing ratio	46%	51%

(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 16 for disclosure of fair value for Investment Properties carried at fair value.

The Mall of Engomi (ME) Plc

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 16 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	3,241,690	1,613,548
Lease income	<u>22,733</u>	<u>13,747</u>
Total revenue from contracts with customers	<u>3,264,423</u>	<u>1,627,295</u>

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	17	189
Loans to related parties (Note 25(iv))	<u>49,009</u>	<u>27,688</u>
Total interest income calculated using effective interest rate method for financial assets at amortised cost	<u>49,026</u>	<u>27,877</u>
Other operating income	<u>42,714</u>	<u>21,357</u>
	<u>91,740</u>	<u>49,234</u>

10 Other gains - net

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Investment property:		
Fair value gain (Note 16)	<u>985,000</u>	<u>-</u>
Total other gains - net	<u>985,000</u>	<u>-</u>

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11 Expenses by nature

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Depreciation (Note 15)	4,256	2,958
Insurance	626	1,367
Auditors' remuneration	9,000	8,000
Other expenses	1,335	396
Management fees	87,084	34,058
Directors' fees	2,500	1,250
Bank charges	1,101	514
Legal fees	10,637	3,188
Cyprus stock exchange expenses	8,988	2,250
Professional fees	100,298	42,899
Bad debts written off	-	27,065
Other common areas expenses	11,844	-
Total administrative expenses	217,489	123,743

The total fees charged by the Company's statutory auditor for the statutory audit of the financial statements of the Company for the year ended 31 December 2018 amounted to €9,000 (six months period ended 31 December 2017: €8,000). The total fees charged by the Company's statutory auditor for the period ended 31 December 2018 for tax advisory services amounted to €1,350 (six months period ended 31 December 2017: €6,100) and for other assurance services €3,794 (six months period ended 31 December 2017: €nil).

12 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 and overdrafts	841,747	446,150
Other interest expense	-	106
Total interest expense	841,747	446,256

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13 Income tax expense

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Current tax:		
Corporation tax	187.592	91.779
Defence contribution	1.248	1.238
Underprovision/(Overprovision) of prior years' taxes:		
Prior year tax	<u>21.563</u>	<u>(53.154)</u>
Total current tax	<u>210.403</u>	<u>39.863</u>
Deferred tax (Note 21):		
Origination and reversal of temporary differences	<u>207.733</u>	<u>63.111</u>
Total deferred tax	<u>207.733</u>	<u>63.111</u>
Income tax expense	<u>418.136</u>	<u>102.974</u>

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	<u>3.281.947</u>	<u>1.106.530</u>
Tax calculated at the applicable corporation tax rate of 12,5%	410.243	138.316
Tax effect of expenses not deductible for tax purposes	1.232	3.678
Difference between capital gains tax rate and income tax rate and effect of inflation	(16.150)	12.896
Special contribution for defence	1.248	1.238
Prior year tax	<u>21.563</u>	<u>(53.154)</u>
Income tax charge	<u>418.136</u>	<u>102.974</u>

The Company is subject to income tax on taxable profits at the rate 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.

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14 Earnings per share

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

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Profit for the year attributable to shareholders	<u>2,863,811</u>	<u>1,003,556</u>
Weighted average number of issued shares (Note 19)	<u>10,000,000</u>	<u>10,000,000</u>
Basic and diluted earnings per share - cents	<u>28.64</u>	<u>10.04</u>

15 Plant and equipment

	Computer Hardware €	Plant and Machinery €	Signs €	Total €
At 1 July 2017				
Cost	1,045	76,821	88,371	166,237
Accumulated depreciation	<u>(1,045)</u>	<u>(64,791)</u>	<u>(87,797)</u>	<u>(153,633)</u>
Net book amount	-	12,030	574	12,604
Period end 31 December 2017				
Opening net book amount	-	12,030	574	12,604
Depreciation charge (Note 11)	-	<u>(2,528)</u>	<u>(428)</u>	<u>(2,956)</u>
Closing net book amount	-	9,501	145	9,646
At 31 December 2017/ 1 January 2018				
Cost	1,045	76,821	88,371	166,237
Accumulated depreciation	<u>(1,045)</u>	<u>(67,320)</u>	<u>(88,226)</u>	<u>(156,591)</u>
Net book amount	-	9,501	145	9,646
Year ended 31 December 2018				
Opening net book amount	-	9,501	145	9,646
Depreciation charge (Note 11)	-	<u>(4,111)</u>	<u>(145)</u>	<u>(4,256)</u>
Closing net book amount	-	5,390	-	5,390
At 31 December 2018				
Cost	1,045	76,821	88,371	166,237
Accumulated depreciation	<u>(1,045)</u>	<u>(71,431)</u>	<u>(88,371)</u>	<u>(160,847)</u>
Net book amount	-	5,390	-	5,390

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16 Investment property

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
At beginning of year/period	38.290.000	38.290.000
Fair value gain (Note 10)	<u>985.000</u>	<u>-</u>
At end of year/period	<u>39.275.000</u>	<u>38.290.000</u>

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. Changes in fair values are presented in profit or loss. The Company holds one class of investment property being the Mall of Engomi.

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.

	Engomi Shopping Mall €	31 December 2018 Total €	31 December 2017 Total €
Opening Fair Value	38.290.000	38.290.000	38.290.000
Gain from fair value adjustments on investment property	<u>985.000</u>	<u>985.000</u>	<u>-</u>
Market value per external valuation report	<u>39.275.000</u>	<u>39.275.000</u>	<u>38.290.000</u>
Fair value at 31 December	<u>39.275.000</u>	<u>39.275.000</u>	<u>38.290.000</u>

Bank borrowings are secured on the Company's investment property for €24.711.817 (six months period ended 31 December 2017: €24.711.817) (Note 20).

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16 Investment property (continued)

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 independent 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 €985,000.

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

Country	Valuation €	Valuation technique	Discount rate %	Terminal capitalisation rate %	Revenue €	Rental Growth %
Cyprus	39,275,000	Income approach - Discounted cash flows	10,25	8,25	3,292,678	1

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

Country	Valuation €	Valuation technique	Discount rate %	Terminal capitalisation rate %	Revenue €	Rental Growth %
Cyprus	38,290,000	Income approach - Discounted cash flows	10,50	8,50	3,131,605	1

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16 Investment property (continued)

Sensitivity of management's estimates – 31 December 2018

			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus	Change in terminal cap rate	-0,50%	39.479.412	39.403.144	39.327.077
		0,00%	39.351.370	39.275.000	39.199.830
		0,50%	39.223.767	39.148.093	39.072.818
			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus	Change in rent	-10,00%	35.530.804	35.462.429	35.394.854
		0,00%	39.351.370	39.275.000	39.199.830
		10,00%	43.171.516	43.087.951	43.004.807

Sensitivity of management's estimates – 31 December 2017

			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus	Change in terminal cap rate	-0,50%	38.488.822	38.413.005	38.337.591
		0,00%	38.365.324	38.290.000	38.214.879
		0,50%	38.242.419	38.167.386	38.092.655
			Change in discount rate		
			-0,50%	0,00%	0,50%
Cyprus	Change in cap rate	-10,00%	34.837.201	34.769.434	34.701.431
		0,00%	38.365.324	38.290.000	38.214.879
		10,00%	41.893.028	41.810.567	41.729.558

A change in 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 €2.867.853, ie leading to a fair value of €36.407.147 at 31 December 2018.

Revenues are derived from a small number of tenants and 2 single tenants or group under common control contributes more than 90% 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;

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16 Investment property (continued)

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;
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 €39,275,000, 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.

17 Financial assets

(a) Trade receivables

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 January 2017 €
Trade receivables	<u>300,966</u>	<u>51,564</u>
Trade receivables – net	<u>300,966</u>	<u>51,564</u>

(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 lease 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, lease receivables of €51,564 were fully performing.

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17 Financial assets (continued)

Trade receivables that are less than four months past due are not considered impaired. As of 31 December 2017, no trade receivables were past due or impaired.

	For the period from 1 July 2017 to 31 January 2017
Up to 1 month	2,681
1 to 4 months	<u>48,883</u>
	<u>51,564</u>

As of 31 December 2017 no trade receivables were impaired and provided for.

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

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 January 2017 €
Euro - functional and presentation currency	<u>300,966</u>	<u>51,564</u>
	<u>300,966</u>	<u>51,564</u>

(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		
Loan to related party	<u>1,862,328</u>	<u>-</u>
Total current	<u>1,862,328</u>	<u>-</u>
Less: Loss allowance for debt investments at amortised cost	<u>-</u>	<u>-</u>
Financial assets at amortised cost - net	<u>1,862,328</u>	<u>-</u>

(i) Current financial assets at amortised cost

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

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17 Financial assets (continued)

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	<u>1.862.329</u> <u>1.862.329</u>	<u>-</u> <u>-</u>

(ii) Impairment and risk exposure

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

18 Cash and cash equivalents

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Cash at bank and in hand	<u>1.303.309</u>	<u>1.079.343</u>

Cash and cash equivalents 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	<u>1.303.309</u>	<u>1.079.343</u>

Cash and cash equivalents are denominated in the following currencies:

Euro - functional and presentation currency	<u>1.303.309</u>	<u>1.079.343</u>
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18 Cash and cash equivalents (continued)

Reconciliation of liabilities arising from financing activities:

	Bank Borrowings €
Opening Balance 1 January 2018	18,739,461
Cash flows:	
Repayment of principal	(997,294)
Repayment of interest	(738,825)
Interest expense	865,931
Non-cash changes:	
Fair value gains/(losses)	(24,184)
Closing Balance 31 December 2018	<u>18,845,089</u>
	Bank Borrowings €
Opening Balance at 1 July 2017	20,101,365
Cash flows:	
Repayment of principal	(417,382)
Repayment of interest	(390,672)
Interest expense	446,150
Closing Balance 31 December 2017	<u>18,739,461</u>

19 Share capital

	Number of shares	Share capital €
30 June 2017 / 31 December 2017 and 31 December 2018	<u>10,000,000</u>	<u>1,000,000</u>

The total authorized number of ordinary shares is 10,000,000 shares with a par value of €0,10 per share. All issued shares are fully paid.

20 Borrowings

	31 December 2018 €	31 December 2017 €
Current		
Bank borrowings	<u>1,300,665</u>	<u>882,703</u>
Non-current		
Bank borrowings	<u>17,544,424</u>	<u>18,856,758</u>
Total borrowings	<u>18,845,089</u>	<u>19,739,461</u>
Maturity of non-current borrowings		
Between 1 and 2 years	1,348,139	1,152,400
Between 2 and 5 years	4,346,909	3,775,776
Over 5 years	<u>11,849,376</u>	<u>13,928,582</u>
	<u>17,544,424</u>	<u>18,856,758</u>

Up until March 2018, the loan bore interest of the Business Bank Rate plus margin of 0,95% and was repayable by August 2030. Following the modification of the loan in March 2018, the loan bears interest of 3 month Euribor plus margin of 3,65%.

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20 Borrowings (continued)

The bank loans are secured as follows:

- (i) By floating charge of €23,000,000 on the assets of The Mall of Engomi (ME) Plc.
- (ii) By 1st mortgage on the Company's land and buildings (Note 16) for €22,211,817 (2017: €22,211,817).
- (iii) By 2nd mortgage on the Company's land and buildings (Note 16) for €2,500,000 (2017: €2,500,000).
- (iv) By corporate guarantee by the Mall of Cyprus (MC) Plc for the amount of €23,000,000 (Note 25 v).
- (v) By Corporate guarantee by Atterbury Cyprus Limited for the amount of €23,200,000 (Note 25 v).

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 31 December 2017 %
Bank borrowings	4.36	4.52

The Company's bank borrowings are arranged at floating rates. Borrowings at floating rates the interest rate is subject to repricing exposing 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	<u>18,845,089</u>	<u>19,739,461</u>

The Company has the following undrawn borrowing facilities:

	31 December 2018 €	31 December 2017 €
Floating rate: Expiring within one year	<u>1,000,000</u>	<u>1,000,000</u>

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

	31 December 2018 €	31 December 2017 €
Euro - functional and presentation currency	<u>18,845,089</u>	<u>19,739,461</u>

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21 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	2,263,998	2,200,887
Charge included in profit or loss (Note 13)	<u>207,733</u>	<u>63,111</u>
At end of year/period	<u>2,471,731</u>	<u>2,263,998</u>

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	910,209	1,290,678	2,200,887
Charged to:			
Profit or loss (Note 13)	<u>50,088</u>	<u>13,013</u>	<u>63,111</u>
At 1 January 2018	960,307	1,303,691	2,263,998
Charged to:			
Profit or loss (Note 13)	<u>100,758</u>	<u>106,975</u>	<u>207,733</u>
At 31 December 2018	<u>1,061,065</u>	<u>1,410,666</u>	<u>2,471,731</u>

22 Trade and other payables-non current

	31 December 2018 €	31 December 2017 €
Operating lease advances	640,432	640,432
Deferred Income	<u>116,762</u>	<u>159,476</u>
	<u>757,194</u>	<u>799,908</u>

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

The Mall of Engomi (ME) Plc

23 Trade and other payables-current

	31 December 2018 €	31 December 2017 €
Other payables	250.094	439.865
Accrued expenses	14.780	8.900
Total financial payables within trade and other payables at amortised cost	<u>264.874</u>	<u>448.765</u>
Deferred income	42.715	42.715
Total other payables	<u>42.715</u>	<u>42.715</u>
Trade and other payables	<u>307.589</u>	<u>491.480</u>

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

24 Commitments

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

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

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	3,297.602	3,224.284
Later than 1 year and no later than 5 years	9,362.378	12,301.413
Later than 5 years	<u>228.800</u>	<u>419.400</u>
	<u>12,888.880</u>	<u>15,945.097</u>

25 Related party transactions

As at the date of these financial statements the main shareholder of the Company is Atterbury Cyprus Limited which owns 99,50% of the Company's shares.

Atterbury Cyprus Limited is controlled by Atterbury Europe BV, incorporated in Netherlands which owns 97,50% in the company.

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.

The Mall of Engomi (ME) Plc

25 Related party transactions (continued)

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.

(i) Sales of goods and services

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Sales of services:		
Financing and interest:		
The Mall of Cyprus (MC) Plc (Note 6)	<u>49,008</u>	<u>27,688</u>

(ii) Purchases of goods and services

	Year ended 31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Purchases of services:		
Fliptype Holdings Limited	48,035	24,581
Atterbury Europe Services B.V.	144,098	73,741
Atterbury Cyprus Limited	<u>73,198</u>	<u>36,599</u>
	<u>265,329</u>	<u>134,921</u>

(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	<u>2,500</u>	<u>1,250</u>

The Mall of Engomi (ME) Plc

25 Related party transactions (continued)

(iv) Borrowings to related parties

	31 December 2018 €	For the period from 1 July 2017 to 31 December 2017 €
Loans to related party:		
At beginning of year/period	1,114,303	-
Borrowings advanced during the year/period	1,159,000	489,711
Reclassification from other receivables	-	1,180,208
Interest charged (Note 9)	49,009	27,688
Borrowings repaid	(500,000)	(500,000)
Borrowings assigned from/(to) related company	40,017	(83,304)
At end of year/period	<u>1,862,329</u>	<u>1,114,303</u>

The above amount receivable from the related company, The Mall of Cyprus (MC) Plc, bears interest equal to 3 month Euribor plus margin of 3,65% and a 20% mark-up i.e. 4,40%, (2017: 4,39%) and is repayable on demand.

(v) Guarantees

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

1. Guarantee from Atterbury Cyprus Limited to secure bank borrowings for the amount €23,200,000 (Note 20).
2. Guarantee from The Mall of Cyprus (MC) Plc to secure bank borrowings for the amount of €23,000,000 (Note 20).

(vi) Contingencies

The Company guarantees the loan of The Mall of Cyprus (MC) Plc for the amount of €96,500,000. No liabilities are expected to arise.

26 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.

The Mall of Engomi (ME) Plc

27 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.

The Mall of Engomi (ME) Plc

27 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.

The Mall of Engomi (ME) Plc

27 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.

The Mall of Engomi (ME) Plc

27 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.

Interest income

Interest income is recognised using the effective interest method. When a loan receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flows discounted at the original effective interest rate of the instrument and continues unwinding the discount as interest income. Interest income on impaired loans and receivables is recognised using the original effective interest rate.

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 account, and the amount of the loss is recognised in profit or loss within "administrative expenses". When a trade receivable is uncollectible, it is written off against the allowance account for other receivables. Subsequent recoveries of amounts previously written off are credited against "administrative expenses" in profit or loss.

The Mall of Engomi (ME) Plc

27 Accounting policies before 1 January 2018 (continued)

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

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.

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.

The Mall of Engomi (ME) Plc

27 Accounting policies before 1 January 2018 (continued)

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.

The Mall of Engomi (ME) Plc

The Board of Directors of the public Company “The Mall of Engomi (ME) Plc” (the “**Company**”), on the 24 April 2019, approved the audited financial statements for the year ended 31 December 2018. The Board further resolved that no dividend shall be declared for the aforementioned period.

Copies of the full and complete text of the financial statements for the period ended 31 December 2018 can be obtained from the registered office of the Company at the Mall of Cyprus 3, Vergina str., Strovolos, Nicosia, Cyprus or by sending an email request at christos.kafouris@neo.law without any charge.

The Mall of Engomi (ME) Plc


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Montrago Services Limited
Secretary

MONTRAGO SERVICES LIMITED

Date: 25 April 2018