Cyprus Limni Resorts and GolfCourses PLC

Report and financial statements
31 December 2018

Contents

Cyprus Limni Resorts and GolfCourses PLC

Board of Directors and other officers

Board of Directors

Nicolas K. Shacolas (Chairman)
Marios Panayides (resigned 29 November 2018)
Marios N. Shacolas
Georgios Georgiades (resigned 1 January 2020)
Christos Mavrellis (resigned 1 January 2020)
Chrysoula N. Shacola
Eleni N. Shacola
Makis Constantinides (resigned 4 March 2019)
Demetris Demetriou
Demetris Papapetrou (resigned 1 January 2020)
Stephos Stephanides (resigned 1 January 2020)

Company Secretary

George P. Mitsides (resigned 3 March 2020)
11 Mesologgiou Street
Acropolis
Nicosia
Pella Demetriadou (appointed 3 March 2020)
15 Andrea Charalambide Street
Flat 201
2015 Strovolos
Nicosia

Registered office

Shacolas Building
Old Nicosia - Limassol road
Athalassa
Nicosia
Cyprus

Legal Consultants

Chrysses Demetriades & Co LLC

Deputy General Manager

Christakis Charalambous (appointed on 30 November 2018)

Financial Controller

Maria Aristidou

Cyprus Limni Resorts and GolfCourses PLC

Declaration of the members of the Board of Directors and the Company Officials for the drafting of the financial statements

According to Article 9, subsections (3) (c) and (7) of the Transparency Requirements (Traded Securities on a Regulated Market) Act of 2007 ('Act'), we the members of the Board of Directors and other officers responsible for the financial statements of Cyprus Limni Resorts and GolfCourses PLC for the year ended 31 December 2018, we confirm that, to the best of our knowledge:

(a) the annual financial statements presented on pages 13 to 57 were:

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

(ii) give a true and fair view of assets and liabilities, financial position and the loss of Cyprus Limni Resorts and GolfCourses PLC, and

(b) The Management report provides a fair overview of the developments and performance of the business and financial position of Cyprus Limni Resorts and GolfCourses PLC, together with a description of the principal risks and uncertainties faced by the Company.

Members of the Board of Directors

Executive Chairman

Nicolas K. Shacolas

Executive Directors

Eleni N Shacola

Marios N. Shacola

Chrysoula N. Shacola

Demetris Demetriou

Responsible for Preparation of Financial Statements

Maria Aristidou - Financial Controller

Nicosia, 1 December 2020

Cyprus Limni Resorts and GolfCourses 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 activities of the Company, were the planning and development of Limni Bay an integrated mixed-use golf resort of high quality and standards on its own freehold land in Limni area in Polis Chrysochou - Pafos. The resort would include two signature golf courses, a premium international branded 5+ star hotel and wellness center, high quality residential units and other related facilities and amenities. The Company owns additional land mainly in nearby Kynousa village which is available for future development. A secondary activity of the Company is agricultural plantations. The total freehold land owned by the Company was 3.300.000 m2.

As announced on 18th of December 2018 the Company proceeded with the disposal of most of its land property in Limni, Polys Chrysochou area, in consideration for a total amount of €93.779.738 which included waiving of bank loans amounting to €48.679.738, to the Bank of Cyprus Plc Group, on the basis of a Debt-For-Asset Swap agreement (DFAS) signed with the bank. As a result of the DFAS agreement, all the bank liabilities of the company have been settled. The net loss recognised in the Income Statement from this transaction amounted to €128.564.549.

The company continues to own land in Kynousa, Lysos and Polis Chrysochous of 292.723 m^2 with fair value at 31 December 2018 of €2.900.000 which is available for future development.

Changes in group structure

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

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

4 The Company's loss for the year 2018 amounted to €63.591.806 compared to a loss of €1.199.257 for the year 2017. The loss for the current year resulted primarily from the Debt-For-Asset Swap transaction with the major institution with which the Company was cooperating.

5 The company's total assets at 31 December 2018 amounted to €3.111.041 compared to € 221.045.987 in 2017. The companys' liabilities to third parties amount to €458.870 (2017:€89.310.08).

Principal risks and uncertainties

6 The principal risks and uncertainties faced by the Company are disclosed in Notes 1, 5, 6 and 27 of the financial statements.

Use of financial instruments by the Company

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

Use of financial instruments by the Company (continued)

8 The Company's risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Company's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department 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 foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

Foreign exchange risk

9 The Company receives services from abroad and is subject to foreign exchange risk arising from various transactions and balances, mainly to the US Dollar and British Pound. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are measured in a currency that is not the functional currency of the Company.

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

Cash flow and fair value interest rate risk

11 The Company's interest rate risk arises from interest-bearing assets and long term borrowings. Interest-bearing assets and borrowings at variable rates expose the Company to cash flow interest rate risk.

12 At 31 December 2018, the Company’s asset and liabilities, which bore variable interest rates were insignificant.

Liquidity risk

13 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. Currently any liquidity requirements of the Company are financed by Woolworth (Cyprus) Properties Plc.

Future developments of the Company

14 Currently there is no plan for developing the remaining land of the Company.

Results

15 The Company's results for the year are set out on page 13. The loss for the year is carried forward.

Share capital

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

Board of Directors

17 The members of the Board of Directors at 31 December 2018 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2018, except Mr Marios Panayides, the managing director who resigned on 29 November 2018. On 4 March 2019 Mr Makis Constantinides who held office on 1 January 2018 resigned from member of the Board of Directors. On 1 January 2020 Messrs Georgios Georgiades, Christos Mavrellis, Demetris Papapetrou and Stephos Stephanides who held office on 1 January 2018 resigned from members of the Board of Directors.

18 In accordance with the Company's Articles of Association Messrs Chrysoula N. Shacola and Nicolas K. Shacolas retire at the next Annual General Meeting and, being eligible, offer themselves for re-election.

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

Events after the balance sheet date

20 With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unpresented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. The Company is not materially affected by the pandemic as it did not carry any activities. The fair values of the investment properties might be affected however the effect, if any, cannot be estimated at this stage.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2018.

On 17 May 2019, the Company mortgaged its property at Kynousa for €3.000.000 as a security for a bank loan of a related company.

The Company, by a letter dated 7 September 2020 to the Ministry of the Interior, submitted a claim for compensatory benefits and / or coverage of the cost of restoring the environment in the ‘Limni’ property by the Government. The cost paid by the Company for the restoration of the environment amounted to approximately € 30 million. The Ministry of the Interior in a reply letter considers that no further compensatory benefits are justified. According to the opinion of the Company’s legal consultants, they consider the claim to be justified and valid, and the Company will continue to pursue compensation in relation to this matter.

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

Cyprus Limni Resorts and GolfCourses PLC

Management Report (continued)

Directors' Interests in the Company's share Capital

21 The direct and indirect interests of the Board of Directors in the Company's share capital, as 31 December 2018 and as at the date of this report, were as follows:

	31 December 2018	31 December 2017
	%	%
Nicolas K. Shacolas	4,19	4,19
Marios N. Shacolas	18,87	18,87
Christos Mavrellis	-	-
Chrysoula N. Shacola	18,87	18,87
Eleni N. Shacola	18,87	18,87
Demetris Demetriou	-	-
Demetris Papapetrou	-	-
Georgios Georgiades	-	-
Stephos Stephanides	-	-

Major shareholders

22 At the date of this report, the shareholders of the Company holding directly or indirectly over 5% of the Company's issued share capital were as follows:

	Percentage of shareholding
Arsinoe Investments Company Limited	70,57%
N K Shacolas (Holdings) Limited	17,40%
Chrysochou Merchants Limited	11,73%
Marios N. Shacolas (through the above Companies)	18,87%
Marina Shacolas (through the above Companies)	18,87%
Chrysoula N. Shacola (through the above Companies)	18,87%
Eleni N. Shacola (through the above Companies)	18,87%

Other shareholders own 0,33%.

Branches

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

Cyprus Limni Resorts and GolfCourses PLC

Management Report (continued)

Independent Auditors

24 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

Pella Demetriadou
Company Secretary

Nicosia,

Nicosia, 1 December 2020

Independent Auditor's Report

To the Members of Cyprus Limni Resorts and GolfCourses Plc

Report on the Audit of the Financial Statements

Our opinion

In our opinion, the accompanying financial statements of Cyprus Limni Resorts and GolfCourses 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 57 and comprise:

the balance sheet as at 31 December 2018;

the income statement for the year then ended;

the statement of changes in equity for the year then ended;

the statement of cash flows for the year then ended; 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.

Emphasis of matter

We draw attention to note 26(v) of the financial statements which states that following the Debt for Asset Swap agreement with the Company's main banking institution, most of it's payable to its' related party Woolworth (Cyprus) Properties Plc ("WCP") was waived. It is further stated that the Company's investment property, which is the Company's main asset, has been mortgaged for €3.000.000 to secure a bank loan of another related company and that WPC and other related companies have agreed that if this mortgage is ever called in, financial support will need to be given to the Company. Our opinion is not modified in respect of this matter.

Independence

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

Key audit matters

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
Debt-For-Asset Swap agreement Refer to Note 15, ‘Property, Plant and equipment’, Note 19 ‘Inventories and Note 22 ‘Borrowings’. On 10 December 2018 the Company entered into a Debt-For-Asset Swap agreement with the main banking institution it was cooperating. The scope of the agreement was to exchange its debt with assets. The transaction was completed before the year end 2018. As a result of the above transaction inventory with carrying amount of €196.230.759 and Property, Plant and Equipment with carrying amount of €26.113.528 were disposed. The disposal proceeds amounted to €45.100.000. This resulted in a total loss amounting to €177.244.287 which was allocated to the disposal of inventory of €155.910.381 and to the disposal of Property, Plant and Equipment of €21.333.906. Additionally, loans amounting to €48.679.738 were waived by the bank. This matter was considered an area where significant effort was required and it was an area of focus of those charged with governance.	We have obtained and reviewed the Framework Agreement. We have ensured that the agreement was fully reflected by the Company in its financial statements. Our work involved verifying the settlement of the bank loans through the bank statements and bank confirmations. We further ensured that adequate disclosures were made in the financial statements for the matter. The results to the above procedure were considered satisfactory for the purpose of our audit.
Valuation of Investment Properties at fair value Refer to Note 4, ‘Summary of Significant Accounting Policies’, Note 6 ‘Critical accounting Estimates and Judgements’ and Note 16 ‘Investment Property’. Management has estimated the fair value of the Company’s Investment Properties to be €2.900.000 as at 31 December 2018 representing approximately 93% of Company’s total assets. The valuations are dependent on certain key assumptions that require	Our audit procedures in relation to Managements valuation of Investment Properties included an evaluation of the independent external valuer’s competency, capabilities and objectivity. We have also assessed the mathematical accuracy, methodologies used and the appropriateness of the key assumptions used, by comparing with general economic and market specific expectations and engaging our in-house valuation experts to assess whether

Key Audit Matter	How our audit addressed the Key Audit Matter
significant management judgement. Some of these estimates and judgements are subject to market forces and will change over time. Independent external valuations are taken into consideration by the Management during the valuation process.	the assumptions used were within a reasonable range of acceptable assumptions. Furthermore, we evaluated the adequacy of the Company's disclosures in the financial statements regarding the valuation of Investment Properties. The results of the above procedures were considered satisfactory for the purposes of our audit.

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 the Company Officials for the drafting of 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, actions taken to eliminate threats on safeguards applied.

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. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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 Constantinos Taliotis.

Constantinos Taliotis
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

Nicosia, 1 December 2020

Cyprus Limni Resorts and GolfCourses PLC

Income Statement
for the year ended 31 December 2018

	Note	**2018**	2017
		€	€
Revenue	7	**111.008**	107.229
Administrative expenses	9	**(986.172)**	(727.290)
Other income		**73.458**	5.934
Other losses - net	8	**(77.793.075)**	(690.162)
Operating loss		**(78.594.781)**	(1.304.289)
Finance costs - net	11	**(1.109.224)**	(33.512)
Loss before income tax		**(79.704.005)**	(1.337.801)
Income tax credit	12	**16.112.199**	138.544
Loss for the year		**(63.591.806)**	(1.199.257)

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

		2018	2017
Basic and fully diluted	13	**(21,2)**	(0,40)

The notes on pages 17 to 57 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Balance sheet
at 31 December 2018

	Note	2018 €	2017 €
Assets			
Non-current assets			
Property, plant and equipment	15	**117.850**	27.062.331
Investment property	16	**2.900.000**	3.800.000
Investment in subsidiaries	17	**-**	51.986
Available-for-sale financial assets		**-**	453
Financial assets at fair value through other comprehensive income		**453**	-
		3.018.303	30.914.770
Current assets			
Inventories	19	**-**	189.756.673
Prepayments		**6.880**	10.081
Trade receivables	18	**40.174**	-
Other receivables	18	**-**	356.994
Financial assets at amortised cost	18	**41.458**	-
Cash and cash equivalents (excluding bank overdrafts)	20	**4.226**	7.469
		92.738	190.131.217
Total assets		**3.111.041**	221.045.987
Equity and liabilities			
Capital and reserves			
Share capital	21	**30.000.000**	30.000.000
(Accumulated losses)/ retained earnings		**(30.000.000)**	29.767.216
Total equity (26(v)		**-**	59.767.216
Non-current liabilities			
Borrowings	22	**1.653.463**	141.962.606
Deferred income tax liabilities	23	**553.488**	16.666.075
Deferred revenue	24	**-**	2.061.960
		2.206.951	160.690.641
Current liabilities			
Trade and other payables	24	**898.625**	584.604
Borrowings	22	**5.465**	3.526
		904.090	588.130
Total liabilities		**3.111.041**	161.278.771
Total equity and liabilities		**3.111.041**	221.045.987

On 1 December 2020 the Board of Directors of Cyprus Limni Resorts and GolfCourses PLC authorised these financial statements for issue.

Marios N. Shacolas, Director

Demetris Demetriou, Director

The notes on pages 17 to 57 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

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

	Note	Share capital	Retained earnings (Accumulated losses) (1)	Total
		€	€	€
Balance at 1 January 2017		30.000.000	30.966.473	60.966.473
Comprehensive income				
Loss for the year		-	(1.199.257)	(1.199.257)
Balance at 31 December 2017		30.000.000	29.767.216	59.767.216
Effect on initial application of IFRS 9 as at 1 January 2018	3	-	3.824.590	3.824.590
Restated Balance on 1 January 2018		30.000.000	33.591.806	63.591.806
Comprehensive income				
Loss for the year		-	(63.591.806)	(63.591.806)
Balance at 31 December 2018		30.000.000	(30.000.000)	-

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

The notes on pages 17 to 57 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses PLC

Statement of cash flows
for the year ended 31 December 2018

	Note	2018 €	2017 €
Cash flows used in operating activities			
Loss before income tax		**(79.704.005)**	(1.337.801)
Adjustments for:			
Depreciation of property, plant and equipment	15	**11.714**	25.183
Loss/(profit) on disposal of property, plant and equipment	8	**21.333.906**	(10.000)
Loss on disposal of inventory	8	**155.910.381**	-
Fair value losses on investment property	8	**1.633.572**	(700.162)
Impairment loss on property, plant and equipment	8	**968.620**	-
Gain on waiving of bank loans	8	**(48.679.738)**	-
Gain on waiving of intercompany loans	8	**(53.684.938)**	-
Loss on impairment of investment in subsidiaries	8	**51.986**	-
Impairment of financial assets at amortised cost	8	**101.861**	-
Interest income	11	**(1.552)**	(3.965)
Interest expense	11	**1.112.013**	40.182
		(946.180)	(586.239)
Changes in working capital:			
Inventories		**(111.569)**	(1.134.756)
Trade receivables		**(40.174)**	-
Other receivables		**-**	15.113
Financial assets at amortised cost		**213.675**	-
Prepayments		**3.201**	-
Trade and other payables		**314.021**	118.324
Cash generated used in operations		**(567.026)**	(1.587.558)
Income tax paid		**(388)**	(1.189)
Net cash generated used in operating activities		**(567.414)**	(1.588.747)
Cash flows from investing activities			
Purchases of property, plant and equipment	15	**(18.092)**	(160.542)
Proceeds from sale of property, plant and equipment and Inventory	15	**45.105.750**	10.000
Purchases of investment property	16	-	(162)
Interest received	11	**1.552**	3.965
Net cash from/ (used in) investing activities		**45.089.210**	(146.739)
Cash flows (used in)/from financing activities			
Repayments of bank borrowings		**(45.100.000)**	-
Proceeds from loans from related parties	26(v)	**685.028**	1.833.817
Repayments of loans from related parties	26(v)	**(111.859)**	(150.000)
Interest paid		**(147)**	(182)
Net cash (used in)/from financing activities		**(44.526.978)**	1.683.635
Net decrease in cash and cash equivalents		**(5.182)**	(51.851)
Cash and cash equivalents at beginning of year (including impact of adoption of IFRS 9 on 1 January 2018)		**3.943**	55.794
Cash and cash equivalents at end of year	20	**(1.239)**	3.943

The notes on pages 17 to 57 are an integral part of these financial statements.

Cyprus Limni Resorts and GolfCourses 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. On 29 March 2010 the shares of the company were introduced to the Emerging Company's Market 'ECM' of the Cyprus Stock Exchange. Its registered office is at Shacolas Building, Old Nicosia - Limassol road, Athalassa, Nicosia, Cyprus.

Principal activities

The principal activities of the Company, were the planning and development of Limni Bay an integrated mixed-use golf resort of high quality and standards on its own freehold land in Limni area in Polis Chrysochou - Pafos. The resort would include two signature golf courses, a premium international branded 5+ star hotel and wellness center, high quality residential units and other related facilities and amenities. The Company owns additional land mainly in nearby Kynousa village which is available for future development. A secondary activity of the Company is agricultural plantations. The total freehold land owned by the Company was 3 300 000 m2.

As announced on 18th of December 2018 the Company proceeded with the disposal of most of its land property in Limni, Polys Chrysochou area, in consideration for a total amount of €93.779.738 which included waiving of bank loans amounting to €48.679.738, to the Bank of Cyprus Plc Group, on the basis of a Debt-For-Asset Swap agreement (DFAS) signed with the bank. As a result of the DFAS agreement, all the bank liabilities of the company have been settled. The net loss recognised in the Income Statement from this transaction amounted to €128.564.549.

The company continues to own land in Kynousa, Lysos and Polis Chrysochous of 292.723 m^2 with fair value at 31 December 2018 of €2.900.000 which is available for future development.

The transaction is considered beneficial for the company as the high level of investment required to complete the Limni Bay project was difficult to secure, given the current economic conditions. Hence the commencement of the project would have further delayed, which would have resulted in additional interest costs, expenses and losses for the company in the future.

Operating environment

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and “locking-down” cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

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 Company has prepared these separate financial statements as all its subsidiaries would be excluded from inclusion in consolidated financial statements because their impact would be immaterial in accordance with International Financial Reporting Standards and Article 142A of the Cyprus companies Law, Cap 113.

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

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

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 6.

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, with the exception of the following:

IFRS 9 "Financial Instruments"

As explained below, in accordance with the transition provisions of IFRS 9 the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 was adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39, and the impact of adoption has been recognised in the opening retained earnings (and other components of equity, as appropriate).

The following table summarized the impact of adoption of the new standard each individual line item of balance sheet. Line items that were not affected by the changes have not been included. As a result, the sub-totals and totals disclosed cannot be recalculated from the numbers provided. The adjustments are explained in more detail by standard below.

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

(a) Impact on the balance sheet

	31 December 2017 as previously presented	Reclassifications [1]	31 December 2017 under IAS 18 and IAS 39	IFRS 9	Effect of adoption on 1 January 2018 under IFRS 9
	€	€	€	€	€
Other receivables	**367.075**	**(367.075)**	**-**	**-**	**-**
Other receivables	**-**	**356.994**	**356.994**	**(356.994)**	**-**
Financial assets at amortised cost	**-**	**-**	**-**	**356.994**	**356.994**
Prepayments	**-**	**10.081**	**10.081**	**-**	**10.081**

1. The Company has voluntarily changed the presentation of certain amounts in the comparative balance sheet as disclosed in the table above to reflect the terminology of IFRS 9.

b) Impact on the income statements

Net impairment losses on financial assets amounted to EUR 101.861 as at 1 January 2018 (Note 8).

(i) IFRS 9 "Financial instruments"

IFRS 9 "Financial instruments" replaces the provisions of IAS 39 that relate to recognition and derecognition of financial instruments and classification and measurement of financial assets and financial liabilities. IFRS 9 further introduces new principles for hedge accounting and a new forward-looking impairment model for financial assets.

The new standard requires debt financial assets to be classified into two measurement categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through profit or loss (either FVTPL or FVPL) and those to be measured at amortized cost. The determination is made at initial recognition. For debt financial assets the classification depends on the entity's business model for managing its financial instruments and the contractual cash flows characteristics of the instruments. For equity financial assets it depends on the entity's intentions and designation.

In particular, 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. 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 fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.

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

(i) IFRS 9 “Financial instruments” (continued)

IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

For financial liabilities, the standard retains most of the requirements of IAS 39. The main change is that, in case where the fair value option is taken for financial liabilities, the part of a fair value change due to the entity’s own credit risk is recorded in other comprehensive income rather than in profit or loss, unless this creates an accounting mismatch.

With the introduction of IFRS 9 “Financial Instruments”, the IASB confirmed that gains or losses that result from modification of financial liabilities that do not result in derecognition shall be recognized in profit or loss.

IFRS 9 relaxes the requirements for hedge effectiveness by replacing the bright line hedge effectiveness tests. It requires an economic relationship between the hedged item and hedging instrument and for the “hedge ratio” to be the same as the one management actually use for risk management purposes. Contemporaneous documentation is still required but is different to that currently prepared under IAS 39.

The Company has adopted IFRS 9 with a date of transition of 1 January 2018, which resulted in changes in accounting policies for recognition, classification and measurement of financial assets and liabilities and impairment of financial assets.

The Company's new accounting policies following adoption of IFRS 9 at 1 January 2018 are set out in Note 4.

<u>Impact of adoption</u>

In accordance with the transition provisions in IFRS 9, the Company has elected the simplified transition method for adopting the new standard. Accordingly, the effect of transition to IFRS 9 was recognised as at 1 January 2018 as an adjustment to the opening retained earnings (or other components of equity, as appropriate). In accordance with the transition method elected by the Company for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 “Financial Instruments: Disclosures” have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

On 1 January 2018 for debt instruments held by the Company, management has assessed which business models apply to the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI test). In addition separate assessment for equity instruments held by the Company was performed, in respect of whether they are held for trading or not. As a result of both assessments management has classified its debt and equity instruments into the appropriate IFRS 9 categories.

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

(i) IFRS 9 "Financial instruments" (continued)

As a result of the adoption of IFRS 9 the Company revised its impairment methodology for each class of assets subject to the new impairment requirements. From 1 January 2018, the Company assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI, cash and cash equivalents and bank deposits with original maturity over 3 months and loan commitments and financial guarantees. The impairment methodology applied depends on whether there has been a significant increase in credit risk and whether the debt instruments qualify as low credit risk and whether the debt investments qualify as low credit risk.

The Company has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, contract assets, financial assets at amortised cost, cash and cash equivalents, bank deposits with original maturity over 3 months, debt financial assets at FVOCI and loans commitments and financial guarantees.

- *Investments in equity securities previously classified as available-for-sale (AFS):*

The Company elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of €453 were reclassified from available- for-sale financial assets to financial assets at FVOCI on 1 January 2018.

- *Borrowings:*

Under IFRS 9 all gains or losses resulting from the modifications of borrowings that did not result in de-recognition should be recognised in profit or loss. Previously under IAS 39 the Company has amortised modification impact via adjusting the effective interest rate. The Company has assessed the above impact on the borrowings balances existing on the date of adoption of IFRS 9 and has adjusted the borrowings balance as at 1 January 2018. Based on the assessment performed by management, the impact of IFRS 9 adoption resulted in decrease of borrowings balance as of 1 January 2018 in the amount of €3.824.590 with a corresponding amount being recognised in retained earnings.

The total effect on earnings made on 1 January 2018 is as follows:

	2018
	€
Total earnings on 31 December (IAS 39)	**29.767.216**
IFRS 9 – impact	3.824.590
Opening retained earnings as per IFRS 9	**33.591.806**

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

(i) IFRS 9 “Financial instruments” (continued)

- *Other financial instruments:*

For all other financial assets management assessed that the Company's business model for managing the assets is “hold to collect” and these assets meet SPPI tests. As a result all other financial assets were classified as financial assets at amortised cost and reclassified from the category “loans and receivables” under IAS 39, which was “retired”. Previously under IAS 39 these financial assets were also measured at amortised cost. Thus there were no impact of adoption of IFRS 9 as of 1 January 2018.

At 31 December 2017, all of the Company's financial liabilities were carried at amortised cost. Starting from 1 January 2018 the Company's financial liabilities continued to be classified at amortised cost.

(ii) IFRS 15 “Revenue from Contracts with Customers”

There is no significant impact of IFRS 15, since the revenue occurred during the year is of cash nature.

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.

Revenue

Accounting policies applicable from 1 January 2018 following the adoption of IFRS 15

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

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

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

4 Summary of significant accounting policies (continued)

Revenue (Continued)

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

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

Revenue

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

Sale of goods

Sales of goods are recognised at the point in time when the Company satisfies its performance obligation by transferring control over the promised goods to the customer, which is usually when the goods are delivered to the customer, risk of obsolescence and loss have been transferred to the customer and the customer has accepted the goods.

Sale of services

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

4 Summary of significant accounting policies (continued)

Revenue (continued)

Costs to obtain or fulfil contracts with customers Revenue

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

Employee benefits

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

Foreign currency translation

(i) Functional and presentation currency

Items included in the financial statements of each of the Company's entities 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.

4 Summary of significant accounting policies (continued)

Foreign currency translation (continued)

(ii) Transactions and balances

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

Current and deferred income tax

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

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

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.

Property, plant and equipment

Land and buildings comprising mainly golf courses under construction and other construction activities are shown at cost less subsequent depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

4 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

Decreases in property, plant and equipment relates to the disposal of assets during the year. The disposal relates to the Debt For Asset Swap agreement which the Company entered during 2018 with the major banking institution which with the company was cooperating.

	%
Motor vehicles	20
Furniture, fittings and office equipment	15
Plantations	10
Computer Hardware	33

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 property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in "other losses – net" in profit or loss.

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 prepare for its intended use, 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.

Investment property

Investment property, principally comprising land, is held for 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.

4 Summary of significant accounting policies (continued)

Impairment of non-financial assets

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

Financial assets - 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.

For investments in equity instruments that are not held for trading, classification will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

All other financial assets are classified as measured at FVTPL.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the 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.

4 Summary of significant accounting policies (continued)

Financial assets – Measurement

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

Debt instruments

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

- Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in ‘other income’. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the income statement. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

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

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

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings.

4 Summary of significant accounting policies (continued)

Equity instruments (continued)

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the income statement as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Financial assets – impairment – credit loss allowance for ECL

From 1 January 2018, the Company assesses on a forward-looking basis the ECL for debt instruments (including loans) measured at AC and FVOCI and with the exposure arising from loan commitments and financial guarantee contracts. The Company measures ECL and recognises credit loss allowance at each reporting date. The measurement of ECL reflects: (i) an unbiased and probability weighted amount that is determined by evaluating a range of possible outcomes, (ii) time value of money and (iii) all reasonable and supportable information that is available without undue cost and effort at the end of each reporting period about past events, current conditions and forecasts of future conditions.

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within 'net impairment losses on financial and contract assets'.

Debt instruments measured at AC are presented in the balance sheet net of the allowance for ECL. For loan commitments and financial guarantee contracts, a separate provision for ECL is recognised as a liability in the balance sheet.

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 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 5, Credit risk section.

4 Summary of significant accounting policies (continued)

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

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

Financial assets – write-off

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

Financial assets – modification

The Company sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Company assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (eg profit share or equity-based return), significant change in interest rate, change in the currency denomination, new collateral or credit enhancement that significantly affects the credit risk associated with the asset or a significant extension of a loan when the borrower is not in financial difficulties.

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

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

Cash and cash equivalents

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

4 Summary of significant accounting policies (continued)

Financial assets – 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 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. Accor dingly, 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.

Dividend income

Dividends are received from financial assets measured at fair value through profit or loss (FVTPL) and at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the right to receive payment is established. This applies even if they are paid out of pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In this case, the dividend is recognised in OCI if it relates to an investment measured at FVOCI.

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Company to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued.

Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee in other income in profit or loss.

4 Summary of significant accounting policies (continued)

Financial guarantee contracts (continued)

At the end of each reporting period, the guarantee is subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and

- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Financial liabilities – measurement categories

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

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings, using the effective interest method, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

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

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

4 Summary of significant accounting policies (continued)

Borrowings (continued)

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

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

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

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

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

Investments in subsidiaries

Subsidiaries are all entities (including structured entities) over which the Company has control. The Company controls an entity when the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

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

4 Summary of significant accounting policies (continued)

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted average cost method. Inventories consist of the cost of land and work in progress in connection with the construction of residential units and include raw materials, direct labour other direct costs and expenses associated with construction work including borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business less costs to complete.

Following the Framework agreement the Company has nil inventory at year end.

Other receivables

Other receivables are recognised initially at fair value and subsequently measured at amortised cost, using the effective interest method, less provision for impairment.

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 180 days past due.

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.

Waiver of balance with shareholders

Waiver of balances with shareholders are recognized in the income statement.

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 considers that there are no separate operating segments under IFRS 8 "Operating Segments" for which there is 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 in accordance with IFRS used for the preparation of the financial statements. There is no additional information on the performance of individual segments.

4 Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize 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.

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, except the following set out below:

- Amendments to References to the Conceptual Framework in IFRS Standards (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020). The revised Conceptual Framework includes: a new chapter on measurement; guidance on reporting financial performance; improved definitions and guidance—in particular the definition of a liability; and clarifications in important areas, such as the roles of stewardship, prudence and measurement uncertainty in financial reporting.

- 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.

5 Financial risk management

(i) Financial risk factors

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate 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 a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation 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 foreign exchange risk, interest rate risk and liquidity risk.

5 Financial risk management (continued)

(i) Financial risk factors (continued)

The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, fair value interest rate risk and cash flow interest rate 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 a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close cooperation 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 foreign exchange risk, interest rate risk and liquidity risk.

- **Market risk**

Foreign exchange risk

The Company receives services from abroad and is subject to foreign exchange risk arising from various transactions and balances, mainly to the US Dollar and British Pound. Foreign exchange risk arises from future commercial transactions and recognized assets and liabilities that are measured in a currency that is not the functional currency of the Company.

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

Cash flow and fair value interest rate risk

The Company's interest rate risk arises from interest bearing assets and long-term borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. At 31 December 2018, the Company’s assets and liabilities, which bore variable interest rates were insignificant.

Borrowings from related parties were issued at fixed rates. The interest rates are set by the Group's management and are reassessed at regular intervals based on market conditions.

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

- **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.

5 Financial risk management (continued)

(i) Financial risk factors (continued)

• **Liquidity risk (continued)**

	Less than 1 year	Between 1 and 2 years	Between 2 to 5 years
	€	€	€
At 31 December 2018			
Borrowings	5.465	-	2.085.281
Trade and other payables	898.625	-	-
Total	904.090	-	2.085.281

	Less than 1 year	Between 1 and 2 years	Between 2 to 5 years
	€	€	€
At 31 December 2017			
Borrowings	3.526	46.285.906	117.606.880
Trade and other payables	584.604	-	-
Total	588.130	46.285.906	117.606.880

• Financial instruments by category as at 31 December 2017:

	Loans and receivables	Available-for-sale	Total
	€	€	€
31 December 2017			
Assets as per balance sheet			
Available-for-sale financial assets	-	453	453
Trade and other receivables (excluding prepayments and statutory receivable)	228.765	-	228.765
Cash and cash equivalents	7.469	-	7.469
Total	239.694	453	240.147

	Liabilities at amortised cost
	€
Liabilities as per balance sheet	
Borrowings	141.966.132
Deferred revenue	2.061.960
Trade and other payables (excluding statutory liabilities)	584.604
Total	144.612.696

(ii) Capital risk management

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

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

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

5 Financial risk management (continued)

(ii) Capital risk management (continued)

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

	2018	2017
	€	€
Total borrow ings (Note 22)	**1.658.928**	141.966.132
Less: cash and cash equivalents (Note 20)	**(4.226)**	(7.469)
Net debt	**1.654.702**	141.958.663
Total equity	-	59.767.216
Total capital as defined by management	**1.654.702**	201.725.879
Gearing ratio	**100%**	70%

The increase in the gearing ratio during 2018 was the result of the Debt for Asset Swap agreement entered with the Company's main banking institution.

6 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.

- **Fair value of investment property**

  The fair value of investment property is determined using valuation techniques. 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.

6 Critical accounting estimates and judgements (continued)

(ii) Critical judgement in applying the Company's accounting policies

- **Loan waiver**

In assessing whether the waiver of the loan due by the Company to one of its shareholders, Woolworth (Cyprus) Properties Plc should be recorded in the income statement or as a transaction with shareholders directly in reserves, management exercised significant judgement. Management believes that under IFRS this is an accounting policy choice and they have therefore decided to record the waiver of the loan in the income statement to eliminate any accounting mismatch that would had otherwise arisen by recognizing only the loss from the Debt-For-Asset Swap transaction in the income statement and not recognizing the gain from the waiver of the loan that is indirectly related to the transaction.

7 Revenue

	2018	2017
	€	€
Net income from plantations	**110.878**	107.129
Other income	**130**	100
Total revenue from contracts with customers	**111.008**	107.229

8 Other losses – net

	2018	2017
	€	€
Debt-For-Asset Swap agreement		
Inventory		
Loss on disposal (Note 19)	**(155.910.381)**	-
Property, plant and equipment		
Loss on disposal (Note 15)	**(21.333.906)**	-
Waiving of bank loans (Note 22)	**48.679.738**	-
Net loss from the Debt-For-Asset SWAP transaction (1)	**(128.564.549)**	-
Other losses		
Investment property:		
Fair value losses (Note 16)	**(1.633.572)**	(700.162)
Property, plant and equipment		
Profit on disposal (Note 15)	**-**	10.000
Impairment loss (Note 15)	**(968.620)**	-
Waiving of intercompany loans (Note 26)	**53.684.938**	-
Transaction cost of Debt For Asset Swap agreement	**(157.425)**	-
Impairment of financial assets at amortised cost (Note 18)	**(101.861)**	-
Impairment of investment in subsidiaries (Note 17)	**(51.986)**	-
Total other losses - net	**(77.793.075)**	(690.162)

8 Other losses – net (continued)

(1) The Debt-For-Asset Swap loss is analysed as follows:

	2018	2017
	€	€
Inventory carrying amount disposed (Note 19)	**196.230.759**	-
Property, Plant and equipment carrying amount disposed (Note 15)	**26.113.528**	-
Total carrying amount disposed	**222.344.287**	-
Disposal proceeds	**(45.100.000)**	-
Net loss from the transaction	**177.244.287**	-
Net loss allocation		
Inventory	**155.910.381**	-
Property, Plant and Equipment	**21.233.906**	-
	177.244.287	-
Loan waiving by the bank	**(48.679.738)**	-
Net loss from the Debt-For-Asset Swap transaction	**(128.564.549)**	-

9 Expenses by nature

	2018	2017
	€	€
Depreciation, amortisation and impairment charges (Notes 15)	**11.714**	25.183
Repairs and maintenance	**27.911**	27.729
Operating lease payments	**3.800**	3.800
Insurance	**13.561**	12.375
Auditors' remuneration charged by statutory audit firm	**20.496**	18.750
Staff costs (Note 10)	**262.701**	244.794
Advertising and promotion	**9.424**	13.486
Transportation expenses	**210**	-
Other expenses	**47.808**	61.613
Services rendered	**405.134**	173.550
Motor car expenses	**14.759**	22.103
Municipality taxes	**9.938**	10.092
Legal fees	**5.000**	7.823
Stock exchange fees	**18.983**	17.867
Director fees	**35.400**	35.550
Group asset services	**5.866**	-
Stamp Duty	**30**	-
Petrol and fuel expenses	**5.240**	6.810
Environmental committee legal expenses	**88.197**	45.765
Total administrative expenses	**986.172**	727.290

The total fees charged by the Company's statutory auditor for the statutory audit of the annual financial statements of the Company for the year ended 31 December 2018 amounted to €20.496 (2017: €18.750). The total fees charged by the Company's statutory auditor for the year ended 31 December 2018 for other assurance services amounted to €5.580 (2017: €3.000) and for tax advisory services amounted to €2.250 (2017: €1.300).

10 Staff Costs

	2018	2017
	€	€
Salaries	**233.663**	219.183
Social insurance costs	**24.589**	22.854
Pensions	**4.449**	2.757
	262.701	244.794
Average number of staff employed during the year	**13**	13

10 Staff Costs (continued)

The Company participates in a defined contribution scheme, the Cyprus Trading Corporation Plc Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of service.

11 Finance costs - net

	2018	2017
	€	€
Interest and finance charges paid/payable for financial liabilities not at fair value through profit or loss:		
Bank borrowings	**986.643**	182
Loans from related parties (Note 26(v))	**125.370**	40.000
Total interest expense	**1.112.013**	40.182
Net foreign exchange gain	**(1.237)**	(2.705)
Interest income:		
VAT refund	**(1.552)**	-
Bank balances	**-**	(3.965)
Total finance costs	**1.109.224**	33.512

12 Income tax credit

	2018	2017
	€	€
Current tax		
Defence contribution	**388**	1.189
Deferred tax (Note 23):		
Origination and reversal of temporary differences	**(16.112.587)**	(139.733)
Total deferred tax	**(16.112.587)**	(139.733)
Income tax credit	**(16.112.199)**	(138.544)

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

	2018	2017
	€	€
Loss before tax	**(79.704.005)**	(1.337.801)
Tax calculated at the applicable corporate of 12,5%	**(9.963.001)**	(167.225)
Tax effect of expenses not deductible for tax purposes	**22.775.572**	6.627
Tax effect of allowances and income not subject to tax	**(12.795.916)**	(6.619)
Tax effect of losses on which no deferred tax asset was recognised	**-**	79.765
Effect of utilization of tax losses brought forward for which no deferred tax asset was utilised	**(16.655)**	-
Tax difference between corporation tax rate and capital gains tax rate, release of deferred tax due to disposal and effect of inflation	**(16.112.587)**	(52.281)
Special defence contribution	**388**	1.189
Income tax credit	**(16.112.199)**	(138.544)

13 Loss per share

The basic and fully diluted losses per share are calculated by dividing the loss attributed to the shareholders of the Company with the weighted average number of issued shares during the year.

	2018	2017
	€	€
Loss for the year attributed to shareholders	**(63.591.806)**	(1.199.257)
Weighted average number of issued shares	**300.000.000**	300.000.000
Loss per share – cents	**(21,2)**	(0,4)

14 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 available) or to historical information about counterparty default rates:

	2017
	€
Counterparties without external credit rating	
Group 1	**142.973**
Group 2	**85.792**
	228.765

	2017
	€
Cash at bank and short-term bank deposits (1)	**2.603**

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(1) The rest of the balance sheet item 'cash and cash equivalents' is cash in hand.

Group 1 – companies within the group, parent entity, common control companies and associates with no defaults in the past.

Group 2 – Other receivables with no defaults in the past

None of the financial assets that are fully performing has been renegotiated in the last year.

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

Cyprus Limni Resorts and GolfCourses PLC

15 Property, plant and equipment

	Land	Pier	Renovation of houses at pier block	Motor vehicles	Furniture, fixtures and office equipment	Plantations	Computer Hardware	Total
	€	€	€	€	€	€	€	€
At 1 January 2017								
Cost	25.055.784	968.620	103.977	260.848	882.703	27.480	5.367	27.304.779
Accumulated depreciation	-	-	(89.894)	(259.027)	(770.103)	(7.800)	(5.170)	(1.131.994)
Net book amount	25.055.784	968.620	14.083	1.821	112.600	19.680	197	26.172.785
Year ended 31 December 2017								
Opening netbookamount	25.055.784	968.620	14.083	1.821	112.600	19.680	197	26.172.785
Additions	909.461	-	-	-	5.267	-	-	914.728
Depreciation charge (Note 9)	-	-	(13.000)	(438)	(11.548)	-	(197)	(25.183)
Closing net bookamount	25.965.245	968.620	(1.083)	1.383	106.319	19.680	-	27.062.330
At 31 December 2017								
Cost	25.965.245	968.620	103.977	228.848	887.970	27.480	5.367	28.187.507
Accumulated depreciation	-	-	(102.894)	(227.464)	(781.651)	(7.800)	(5.367)	(1.125.176)
Net book amount	25.965.245	968.620	1.083	1.384	106.319	19.680	-	27.062.331
Year ended 31 December 2018								
Opening net book amount	25.965.245	968.620	1.083	1.384	106.319	19.680	-	**27.062.331**
Transfer within categories	(6.151)	-	-	-	6.151	-	-	-
Transfer to investment properties (Note 16)	(733.572)							**(733.572)**
Additions	888.006	-	-	-	697	-	-	**888.703**
Disposal	(26.113.528)	-	-	-	(5.750)	-	-	**(26.119.278)**
Impairment loss (Note 18)	-	(968.620)	-	-	-	-	-	**(968.620)**
Depreciation charge (Note 9)	-	-	(1.083)	(437)	(10.194)	-	-	**(11.714)**
Closing net bookamount	-	-	-	947	97.223	19.680	-	**117.850**
At 31 December 2018								
Cost	-	-	-	228.848	889.068	27.480	5.367	**1.150.763**
Accumulated depreciation	-	-	-	(227.901)	(791.845)	(7.800)	(5.367)	**(1.032.913)**
Net book amount	-	-	-	947	97.223	19.680	-	**117.850**

15 Property, plant and equipment (continued)

Bank borrowings are secured on the Company's land (including investment properties and inventories (Notes 16 and 19) for €Nil (2017: €80.500.000) (Note 22).

On 10 December 2018 the Company entered into a Debt for Asset Swap agreement with the main banking institution it was cooperating. As a result of the above transaction inventory with carrying amount of €196.230.759 and Property, Plant and Equipment with carrying amount of €26.113.528 were disposed. The disposal proceeds amounted to €45.100.000. This resulted in a total loss amounting to €177.244.287 which was allocated to the disposal of Inventory of €155.910.381 and to the disposal of Property, Plant and Equipment of €21.333.906. Additionally loans amounting to €48.679.738 were waived by the bank (Note 8).

At 31 December 2018, the pier with carrying amount of €968.620 was written off.

On 1 January 2007 the Board of Directors decided to proceed with the development of the Company's land for tourist purposes with the construction of a hotel and two golf courses, along with land development activities. After this decision, an amount of €9.000.895 which represents the fair value of the land as at 1 January 2007 which will be used for the construction of the hotel and the two golf courses was transferred from investment property to property, plant and equipment. The fair value of the land which was transferred to property, plant and equipment and to inventories has been estimated based on the respective buildable square meters. The buildable square meters is the method which is used each year for the allocation of the construction costs of the project between inventories and property, plant and equipment, as the costs are incurred for the whole project.

The Company has already secured the final planning permits (19 December 2013) for the construction of residential units, golf courses, golf clubs and other related activities.

The management of the Company carried out an assessment of the value of its project as at 31 December 2017. The results of the value-in-use assessment were used to test the carrying value of Property, Plant and Equipment for impairment and to determine the net realisable value of inventories. Management considers that the hotel and the golf courses are an integral part of the whole project and therefore assesses any need to write them down to net realisable/recoverable amount by reference to a unified project valuation exercise. The exercise incorporates a financial appraisal report prepared by international real estate experts as well as management's own estimates and judgements. The results of this measurement depend largely on management's assessment of future cash flows and the discount rate used, and is subject to considerable variability, particularly as a result of the fact that the project is at an early stage of development. The result of management's assessment did not indicate that there is any impairment of PPE or that net realisable value of Inventories is below cost as at the balance sheet date.

In the cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2018	2017
	€	€
Net book amount	**26.119.278**	-
(Loss)/profit on sale of property, plant and equipment (Note 8)	**(21.333.906)**	10.000
Proceeds from sale of property, plant and equipment	**4.785.372**	10.000

16 Investment property

	2018	2017
	€	€
At beginning of year	**3.800.000**	4.500.000
Additions	**-**	162
Transfer from property, plant and equipment (Note 15)	**733.572**	-
Fair value losses (Note 8)	**(1.633.572)**	(700.162)
At end of year	**2.900.000**	3.800.000

The investment properties are valued annually on 31 December at fair value comprising 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. The company holds one class of investment property being land held for a currently undetermined use.

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 reviewed annually by the company's management. Changes in fair values are recorded in profit or loss and are included in "other losses – net".

Bank borrowings are secured on the Company's land (including Property, Plant and Equipment and inventories (Notes 15 and 19)) for €Nil (2017: €80.500.000) (Note 22).

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 (Level1).

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.

Country	**Land - Kynousa, Pelathousa, Lisos, Polis Chrysochous**	**2018 Total**	**2017 Total**
	€	**€**	**€**
Fair Value hierachy	3.800.000	3.800.000	4.500.000
Additions/ Transfers (Note 15)	733.572	733.572	162
Net loss from fair value adjustments on investment property (Note 8)	(1.633.572)	(1.633.572)	(700.162)
Fair value at 31 December	**2.900.000**	**2.900.000**	**3.800.000**

16 Investment property (continued)

Valuation processes

The Company's investment properties were valued at 31 December 2018 by management taking into account valuation performed by independent professionally qualified valuers 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, the 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.

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

Property	Valuation €	Valuation technique	Unobservable Inputs	Average €
Land - Kynousa, Pelathousa, Lisos, Polis Chrysochous	2.900.000	Comparable selling prices	Price per square meter	10

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

Property	Valuation €	Valuation technique	Unobservable Inputs	Average €
Land - Kynousa, Pelathousa, Lisos, Polis Chrysochous	3.800.000	Comparable selling prices	Price per square meter	15

Sensitivity of management's estimates – 31 December 2018

			€
Land – Kynousa	**Change in price per square meters**	**-10%**	**2.610.000**
		0,00%	**2.900.000**
		10%	**3.190.000**

Sensitivity of management's estimates – 31 December 2017

			€
Land – Kynousa	**Change in price per square meters**	**-10%**	**3.420.000**
		0,00%	**3.800.000**
		10%	**4.180.000**

Valuation techniques underlying management's estimation of fair value

For idle land and buildings, the valuation was determined using comparable prices.

Comparable prices	Based on the location, the size and the quality of the properties including market conditions at the date of the valuation.

There were no changes to the valuation techniques during the year.

17 Investments in subsidiaries

	2018	2017
	€	€
At beginning of year	**51.986**	51.986
Impairment charge (Note 8)	**(51.986)**	-
At end of year	**-**	51986

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

Name	**Principal activity**	**2018 % holding**	**2017 % holding**
CSC Kafkalla Viklin Limited	Dormant	100	100
CSC Evloimeni Limni Limited	Dormant	100	100
CSC Kynousa Limni Limited	Dormant	100	100
CSC Mavroli Limni Limited	Dormant	100	100
CSC Kafkalia Aloni Limited	Dormant	100	100
Akamas Line Company Limited	Dormant	99,99	99,99

No consolidated financial statements have been prepared incorporating the results of the above subsidiaries in view of the fact that the subsidiaries are dormant, and therefore the effect of preparing consolidated financial statements would be immaterial. During the year the Company fully impaired its shareholding in subsidiaries.

18 Financial assets

(a) Trade receivables

	2018	2017
	€	€
Trade receivables	**40.174**	-

(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

There is no impact of IFRS 9 application on receivables in 2018.

As of 31 December 2018, trade receivables of €40.174 were fully performing.

(b) Financial assets at amortised cost

Financial assets at amortised cost include the following debt investments:

	2018	2017
	€	€
Receivables from subsidiaries (Note 26 (iv))	**-**	22.132
Receivables from related parties (Note 26 (iv))	**4.344**	120.841
Other receivables	**-**	85.792
VAT refundable	**37.114**	128.229
	41.458	356.994

During the year, €101.861 of receivables from related parties were written off.

19 Inventories

	2018	2017
	€	€
Balance at the beginning of the year	**189.756.673**	183.110.249
Golf Permits	**-**	879.636
Construction cost	**14.727**	2.815
Professional fees	**96.842**	252.305
Interest expense capitalised	**6.362.517**	5.511.668
Disposal	**(196.230.759)**	-
	-	189.756.673

On 10 December 2018 the Company entered into a Debt for Asset Swap agreement with the main banking institution it was cooperating. As a result of the above transaction inventory with carrying amount of €196.230.759 and Property, Plant and Equipment with carrying amount of €26.113.528 were disposed. The disposal proceeds amounted to €45.100.000. This resulted in a total loss amounting to €177.244.287 which was allocated to the disposal of Inventory of €155.910.381 and to the disposal of Property, Plant and Equipment of €21.333.906. Additionally loans amounting to €48.679.738 were waived by the bank (Note 8).

In 2017, interest amounting to €5.511.668 relating to loans granted to the Company for financing the cost of construction of the project, were capitalised during the year and were included in the cost of construction. The interest rate used for the capitalisation is 4,56% and represents the borrowing cost of the project for 2017. The total interest capitalised in inventories since the commencement of the project in 2007 is €43.519.965.

On 1 January 2007 the Board of Directors decided to proceed with the development of the Company's land for tourist purposes with the construction of a hotel and two golf courses, along with development activities. After this decision, an amount of €65.779.465 which represents the fair value of the land as at 1 January 2007 which will be used for development activities was transferred from investment property to inventories, and is included in the cost of inventories shown above. The fair value of the land which was transferred to property, plant and equipment and to inventories has been estimated based on the respective buildable square meters. The buildable square meters is the method which is used each year for the allocation of the construction costs of the project between inventories and property, plant and equipment as the costs are incurred for the whole project.

The company has already secured the final planning permits (19 December 2013) for the construction of residential units, golf courses, golf clubs and other related activities.

Bank borrowing are secured on the Company's land (including investment properties and Property, plant and equipment (Notes 15 and 16) for €Nil (2018: €80.500.000) (Note 22).

All inventory items are stated at cost with the exception of inventory that was transferred on 1 January 2007 from investment property which is presented at its fair value at the date of transfer. The current value of inventories and thus the capital base of the Company is significantly higher than its carrying value.

All inventory items are stated at cost with the exception of inventory that was transferred on 1 January 2007 from investment property which is presented at its fair value at the date of transfer. The current value of inventories and thus the capital base of the Company is significantly higher than its carrying value. For information regarding the management's assessment of the net realisable value of Inventories see Note 15.

20 Cash and cash equivalents

	2018	2017
	€	€
Cash at bank and in hand	4.226	7.469

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

	2018	2017
	€	€
Cash and bank balances	4.226	7.469
Less:		
Bank overdrafts (Note 22)	(5.465)	(3.526)
	(1.239)	3.943

Cash and cash equivalents are denominated in the following currencies:

	2018	2017
	€	€
Euro - functional and presentation currency	4.226	7.469

	Bank Borrowings (Note 22)	Loans from related parties (Note 26)	Total liabilities from financing activities
	€	€	€
Opening Balance 1 January 2018	89.099.456	52.863.150	141.962.606
Cash flows:			
Proceeds from borrowings	-	685.028	685.028
Repayment of principal	(45.100.000)	(111.859)	(45.211.859)
Non-cash changes:			
Interest capitalised	3.693.786	1.776.712	5.470.498
Interest charged on Profit and Loss	986.496	125.370	1.111.866
Write off (Note 8)	(48.679.738)	(53.684.938)	(102.364.676)
Closing Balance 31 December 2018	-	1.653.463	1.653.463

21 Share Capital

	2018		2017	
	Number of shares	**€**	Number of shares	€
Authorised				
Shares of €0,10 each	**350 000 000**	**35.000.000**	350 000 000	35.000.000
Issued and fully paid				
Shares of €0,10 each	**300 000 000**	**30.000.000**	300 000 000	30.000.000

The total authorized number of ordinary shares is 350.000.000 shares (2017: 350.000.000 shares) with a par value of €0,10 per share. All issued shares are fully paid.

22 Borrowings

	2018	2017
	€	€
Current		
Bank overdrafts (Note 20)	5.465	3.526
Non-current		
Bank borrowings	-	89.099.456
Borrowings from related parties (Note 26(v))	1.653.463	52.863.150
	1.653.463	141.962.606
Total borrowings	1.658.928	141.966.132
Maturity of non-current borrowings		
Between 1 and 2 years	-	42.183.315
Between 2 and 5 years	1.653.463	99.779.291
Over 5 years	-	-
	1.653.463	141.962.606

In 2017, the borrowings from the related parties represent loans from Woolworth (Cyprus) Properties Plc and Cassandra Trading Limited which are both of financing nature. Interest from Woolworth (Cyprus) Properties Plc bears interest of 4,75% (Note 26(v)). During 2018, the Company has only loans from Woolworth (Cyprus) Properties Plc, bearing an interest of 4,75%.

On 10 December 2018 the Company entered into a Debt for Asset Swap agreement with the main banking institution it was cooperating. As a result of the above transaction inventory with carrying amount of €196.230.759 and Property, Plant and Equipment with carrying amount of €26.113.528 were disposed. The disposal proceeds amounted to €45.100.000. This resulted in a total loss amounting to €177.244.287 which was allocated to the disposal of Inventory of €155.910.381 and to the disposal of Property, Plant and Equipment of €21.333.906. Additionally loans amounting to €48.679.738 were waived by the bank (Note 8).

The Company’s banking facilities in 2017 are secured:

(i) By mortgage of the Company's land and buildings for €38.500.000 (A' Mortgage number Y2207/08 dated 17/04/2008), €15.000.000 (B' Mortgage number Y170/14 dated 21/3/2014) and €27.000.000 (A' Mortgage number Y 1860/10 dated 22/4/2010) (Notes 15, 16 and 19).

(ii) By corporate guarantee from its parent company N.K. Shacolas (Holdings) Limited on a guarantee document dated 19/03/2014 for €20.000.000.

(iii) By corporate guarantee from its related company Woolworth (Cyprus) Properties Plc on a guarantee document dated 19/03/2014 for €20.000.000 (Note 26 (vii)).

(iv) By corporate quarantees provided by the Company's parent company N.K. Shacolas (Holdings) Limited and related company Woolworth (Cyprus) Properties Plc on a guarantee document dated 28/03/2016 for the total amount of €73.000.000 (Note 26 (vii)).

(v) By pledge of the shares held by Arsinoe Investments Limited, N. K. Shacolas (Holdings) Limited and Chrysochou Merchants Limited, totaling to 299.084.026 from its issued share capital (Note 26 (viii)).

22 Borrowings (continued)

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

	2018	2017
	%	%
Bank borrowings	-	4,56
Borrowings from related parties (Note 27(v))	4,75	4,50

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

	2018	2017
	€	€
1-5 years	1.658.928	141.966.132

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

	2018	2017
	€	€
Euro - functional and presentation currency	1.658.928	141.966.132

23 Deferred income tax liabilities

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2018	2017
	€	€
Deferred income tax liabilities:		
Deferred tax liabilities to be settled after more than twelve months	553.488	16.666.075

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

	2018	2017
	€	€
At beginning/end of year	16.666.075	16.805.808
Credit to profit or loss	(16.112.587)	(139.733)
At end of year	553.488	16.666.075

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

	Fair value gains
Deferred tax liabilities	€
At 1 January 2017 and 31 December 2017	16.666.075
At 1 January 2018	16.666.075
Credited to:	
Income statement (Note 12)	(16.112.587)
At 31 December 2018	553.488

Deferred income tax assets are recognized for tax losses carried forward to the extent that the realization of the related tax benefit through future taxable profits is probable. The Company did not recognize income tax assets of €402.021 (2016: €551.614) in respect of losses amounting to €3.216.175 (2016: €4.412.913) since the project is still at its initial stage.

24 Trade and other payables

	2018	2017
	€	€
Current:		
Trade payables	**196.891**	160.975
Payables to related parties (Note 26(iv))	**445.220**	380.500
Other payables	**22.723**	24.873
Accrued expenses	**233.791**	18.256
Trade and other payables	**898.625**	584.604
Non-current:		
Deferred revenue (1)	**-**	2.061.960

(1) The amount of €2.061.960 in 2017 classified in long term ''deferred revenue'', represents bank interest refund, arising on the bank loan restructuring which occurred during March 2016, including amortization for the year ended 31 December 2016 and 2017. This would be amortised over the term of the loan, i.e. to 30 January 2021, using the effective interest method, consistent with the accounting treatment of the associated bank borrowings. In accordance with the Provision of IFRS 9, which became effective on 1 January 2018 this calculation has been revised and retained earnings have been appropriately adjusted. For further details refer to Note 3.

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

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

	2018	2017
	€	€
Euro - functional and presentation currency	**898.625**	584.604

25 Commitments

Capital commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	2018	2017
	€	€
Property, plant and equipment	-	804.448
Inventories	-	5.878.992
	-	6.683.440

The ageing analysis of the obligations of the company's capital expenditure contracted is as follows:

	2018	2017
	€	€
No later than 1 year	-	1.000.000
Later than 1 year and no later than 5 years	-	4.683.440
Later than 5 years	-	1.000.000
	-	6.683.440

Following the disposal of the project as a result of the Debt for Asset Swap agreement all consultants have been accordingly informed and currently no commitments exist.

26 Related party transactions

The Company is controlled by Arsinoe Investments Company Limited, incorporated in England, which owns 70,57% of the Company's shares, N.K. Shacolas (Holdings) Limited incorporated in Cyprus, which owns 17,40% of the Company's shares and Chrysochou Merchants Limited, incorporated in Cyprus, which owns 11,73% of the Company's shares. The ultimate controlling party is N.K.Shacolas (Holdings) Limited. During 2015 the shareholding of the N.K.Shacolas (Holdings) Limited was dilluted among the Shacola's family and none of them control the Company.

(i) Sales of goods and services

	2018	2017
	€	€
Sales of professional services:		
LBSP - Limassol Beach & Seaview Properties Ltd	**5.955**	8.355
Woolworth (Cyprus) Properties Plc	**3.970**	28.407
Cyprus Trading Corporation Plc	**913**	-
Superhome Center (DIY) Limited	**3.194**	4.456
Apex Limited	**456**	3.342
N. K. Shacolas (Holdings) Ltd	**13.400**	-
Ermes Departments Stores Plc	**254**	1.114
	28.142	45.674

(ii) Purchases of goods and services

	2018	2017
	€	€
Purchases of professional services:		
Woolworth (Cyprus) Properties Plc	**83.567**	65.662
Novario Holding Ltd	**-**	836
N.K. Shacolas (Holdings) Ltd	**153.600**	-
Ermes Department Stores Plc	**4.118**	150.000
CTC Automotive Limited	**1.787**	-
Superhome Center (DIY) Limited	**198**	3.310
Argosy Trading Co Limited	**-**	166
Ideea Distribution of Appliances Ltd	**-**	-
Cyprus Trading Corporation Plc	**17.512**	-
	260.782	219.974

(iii) Directors' remuneration

The total remuneration of the Directors was as follows:

	2018	2017
	€	€
Emoluments in their executive capacity	**35.400**	33.800

26 Related party transactions (continued)

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

	2018 €	2017 €
Receivables from related parties (Note 18)		
Limni Mines Limited	**-**	9.361
Limni Air & Seas Tourist Limited	**-**	991
Limni Foods & Fisheries Limited	**-**	923
Limni Development Project Limited	**-**	2.226
Danapan Limited	**-**	69.317
CSC Kafkalla Viklin Limited	**-**	2.011
CSC Evloimeni Limni Limited	**-**	2.011
CSC Kynousa Limni Limited	**-**	2.011
CSC Mavroli Limni Limited	**-**	2.011
CSC Kharkoma Limni Limited	**-**	2.011
CSC Kafkala Aloni Limited	**-**	2.011
Superhome Center (DIY) Limited	**3.800**	14.353
Arsinoe Investment Company Limited	**-**	6.926
Apex Limited	**544**	3.977
Ermes Department Stores Plc	**-**	1.326
LBSP - Limassol Beach & Seaview Properties Ltd	**-**	9.942
N.K. Shacolas (Holdings) Ltd	**-**	10.066
Argosy Trading Co Limited	**-**	1.499
	4.344	142.973

	2018 €	2017 €
Payables to related parties (Note 25):		
Domex Trading Company Limited	**-**	1.659
Novario Holdings Ltd	**229**	2.665
CTC Automotive Limited	**26.328**	24.431
Ermes Department Stores Plc	**82.785**	67.760
Argosy Trading Company Limited	**-**	1.176
Akamas Lime Company Limited	**-**	39.081
Cyprus Trading Corporation Plc	**-**	62.195
N.K. Shacolas (Holdings) Ltd	**335.641**	176.592
Superhome Center (DIY) Limited	**237**	4.941
	445.220	380.500

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

(v) Borrowings from related parties

	2018 €	2017 €
Borrowings from related party:		
At beginning of year	**52.863.150**	48.889.236
Borrowings advanced during year	**685.028**	1.687.839
Borrowings written off during the year (Note 8)	**(53.684.938)**	-
Borrowings repaid during year	**(111.859)**	(150.000)
Interest charged	**1.902.082**	2.290.097
Balances transferred from related companies	**-**	145.978
At end of year (Note 22)	**1.653.463**	52.863.150

26 Related party transactions (continued)

(v) Borrowings from related parties (continued)

At 31 December 2017 the borrowings from the related parties represent loan from Woolworth (Cyprus) Properties Plc and Cassandra Trading Limited which are both of financing nature. Loan from Woolworth (Cyprus) Properties Plc bears interest of 4,75% and Loan from Cassandra Trading Limited bears interest of 3,97%. The Cassandra Trading Limited Loan was assigned to Woolworth (Cyprus) Properties Plc during the year 2018.

Following the Debt for Asset Swap agreement with the Company's main banking institution, most of the Company's payable to its' related party Woolworth (Cyprus) Properties Plc ("WCP") was waived. It is further noted that the Company's main asset, has been mortgaged for €3.000.000 to secure a bank loan of another related company (Note 27) and that WPC and other related Companies have agreed that if this mortgage is ever called in, financial support will need to be given to the Company.

The balance outstanding as at 31 December 2018 will be repaid in five years.

The interest charged above includes an amount of €1.776.712 which has been capitalized as part of Property, plant and equipment and inventories and an amount of €125.370 which was recognized as interest expense in the income statement (Note 11).

(vi) Guarantees

The Company had no guarantees in 2018.

(vii) Corporate guarantees

During 2017, the Company's bank facilities are secured by corporate guarantees provided by the Company's parent company N.K. Shacolas (Holdings) Limited and related company Woolworth (Cyprus) Properties Plc for €20.000.000 each respectively, and for €73.000.000 jointly. During 2018, there are no corporate guarantees.

(viii) Pledge of shares

The Company's borrowings at 31 December 2017 were secured by pledging the shares held by Arsinoe Investments Limited, N.K. Shacolas (Holdings) Limited and Chrysochou Merchants Limited, totaling to 299.084.026 shares, from its issued share capital, as security for its bank facilities.

27 Events after the balance sheet date

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unpresented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

27 Events after the balance sheet date (continued)

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome. The Company is not materially affected by the pandemic as it did not carry any activities. The fair values of the investment properties might be affected however the effect, if any, cannot be estimated at this stage.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 31 December 2018.

On 17 May 2019, the Company mortgaged its property at Kynousa for €3.000.000 as a security for a bank loan of a related company.

The Company, by a letter dated 7 September 2020 to the Ministry of the Interior, submitted a claim for compensatory benefits and / or coverage of the cost of restoring the environment in the 'Limni' property by the Government. The cost paid by the Company for the restoration of the environment amounted to approximately € 30 million. The Ministry of the Interior in a reply letter considers that no further compensatory benefits are justified. According to the opinion of the Company's legal consultants, they consider the claim to be justified and valid, and the Company will continue to pursue compensation in relation to this matter.

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

28 Accounting policies before 1 January 2018

Accounting policies applicable to the comparative period ended 31 December 2017 that were amended by IFRS 9 and IFRS 15, are as follows.

Revenue recognition

Revenue is measured at 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) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Company has sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

28 Accounting policies before 1 January 2018 (continued)

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.

- 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.

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.

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.

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.