VONPENDE HOLDINGS P.L.C.
REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
31 December 2020

C.EFSTATHIOU
AUDIT LTD

Εγκεκριμένοι Λογιστές

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VONPENDE HOLDINGS P.L.C.

REPORT AND CONSOLIDATED FINANCIAL STATEMENTS
Year ended 31 December 2020

CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Marina Tsoy Stella Koukounis Georgios Koufaris
Company Secretary:	Stella Koukounis
Independent Auditors:	C. Efstathiou Audit Ltd Certified Public Accountants and Registered Auditors 8 Kennedy Avenue Athienitis Building 2nd floor, Office 201 1087 Nicosia
Business address:	Akamantis Business Center Egypt street, 10 Office no.306 3rd floor, P.C. 1097, Nicosia, Cyprus
Registered office:	Angelou Terzaki Street, 110 Office No.4, 2402 Egkomi, Nicosia Cyprus
Bankers:	Credit Suisse AG, Zurich EcommBX Limited, Cyprus JSC Bank "National Standard", Russia Mirabaud (Middle East) Limited, United Arab Emirates Deutsche Bank (Schweiz) AG, Switzerland Mirabaud & Cie Ltd, Zurich, Switzerland
Registration number:	HE216944

MANAGEMENT REPORT

The Board of Directors presents its report and audited consolidated financial statements of the Company and its subsidiaries (together with the Company, the "Group") for the year ended 31 December 2020.

Principal activities and nature of operations of the Group
The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans, the ownership and leasing of residential property, the distribution and provision of telecommunication equipment and the completion of networking solutions, wireless and wired. Additionally the Group invests in marketable securities via high calibre local and international financial institutions and brokers and is actively investing and seeking opportunities in the real estate industry in Cyprus and abroad.

Review of current position, future developments and performance of the Group's business
The Group's development to date, financial results and position as presented in the consolidated financial statements are considered satisfactory.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Group are disclosed in notes 7, 8, 33 and 36 of the consolidated financial statements.

Results
The Group's results for the year are set out on page 7.

Share capital
Authorised capital
On 7 August 2019, the authorised share capital of the Company was increased by 70.000 ordinary shares of nominal value of EUR 12,50 each.
Issued capital
On 3 June, 2020 the Company issued 79.428 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 3,90 each.

Implementation and compliance to the Code of Corporate Governance
The Group recognises the importance of implementing sound corporate governance policies, practices and procedures. As a company listed on the Cyprus Stock Exchange (CSE), Vonpende Holdings P.L.C. has adopted CSE's Corporate Governance Code and applies its principles.

In March 2006 the CSE issued a revised Code of Corporate Governance. The Group complies with all the provisions of the revised Code

Board of Directors
The members of the Group's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

In accordance with the Company's Articles of Association all Directors presently members of the Board continue in office.

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

Operating Environment of the Group
Any significant events that relate to the operating environment of the Group are described in note 33 to the consolidated financial statements.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 39 to the consolidated financial statements.

Independent Auditors
The Independent Auditors, C. Efstathiou Audit Ltd, have expressed their willingness to continue in office and 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 of Directors,

Stella Koukounis
Director

Nicosia, 29 April 2021

Independent Auditor's Report

To the Members of Vonpende Holdings P.L.C.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Vonpende Holdings P.L.C. (the "Company") and its subsidiaries (the "Group"), which are presented in pages 7 to 46 and comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2020, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Other information

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

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

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

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Independent Auditor's Report (continued)

To the Members of Vonpende Holdings P.L.C.

Responsibilities of the Board of Directors for the Consolidated Financial Statements

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

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

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

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

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

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

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

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

Independent Auditor's Report (continued)

To the Members of Vonpende Holdings P.L.C.

Report on Other Legal Requirements

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

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

Other Matter

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

Demos Nicolaides
Certified Public Accountant and Registered Auditor
for and on behalf of
C. Efstathiou Audit Ltd
Certified Public Accountants and Registered Auditors

Nicosia, 29 April 2021

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2020

	Note	2020 EUR	2019 EUR
Revenue	10	71.252.805	77.712.158
Cost of sales	11	(42.218.175)	(41.516.268)
Gross profit		**29.034.630**	36.195.890
Other operating income	12	13.038.658	3.347.216
Distribution expenses		(258.800)	(28.153)
Administration expenses	13	(1.795.214)	(1.161.936)
Other expenses	14	(4.233.248)	(3.541.312)
Operating profit		**35.786.026**	34.811.705
Net finance (costs)/income	15	(241.059)	1.441.044
Share of results of associates		(651.892)	-
Profit before tax		**34.893.075**	36.252.749
Tax	16	(1.196.741)	(5.130.596)
Net profit for the year		**33.696.334**	31.122.153
Other comprehensive income			
Financial assets at fair value through other comprehensive income - Fair value Loss		(3.054.454)	(32.326.040)
Financial assets at fair value through other comprehensive income - Loss transferred to net profit due to disposal		(10.527.512)	-
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		-	(6.974.661)
Other comprehensive (loss) for the year		**(13.581.966)**	(39.300.701)
Total comprehensive income/ (loss) for the year		**20.114.368**	(8.178.548)
Net profit for the year attributable to:			
Equity holders of the parent		33.696.334	31.122.153
Non-controlling interests		-	-
Net profit for the year		**33.696.334**	31.122.153
Total comprehensive income/ (loss) for the year attributable to:			
Equity holders of the parent		21.200.860	(8.178.548)
Non-controlling interests		(1.086.492)	-
Total comprehensive income/ (loss) for the year		**20.114.368**	(8.178.548)
Profit per share attributable to equity holders of the parent (EUR)	17	**132,87**	178,69

The notes on pages 14 to 46 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
31 December 2020

	Note	2020 EUR	2019 EUR
ASSETS			
Non-current assets			
Property, plant and equipment	18	15.540	4.281
Investment properties	19	24.124.729	97.441
Goodwill		740.321	740.321
Investments in subsidiaries	20	68.315.747	52.042.017
Investments in associates	21	6.722.895	-
Financial assets at fair value through other comprehensive income	22	327.659	-
Other financial assets at amortised cost	23	-	12.919.617
Loans receivable	24	661.627.496	530.525.257
		761.874.387	596.328.934
Current assets			
Inventories	25	4.242.284	2.424.479
Trade and other receivables	26	6.177.275	9.055.265
Loans receivable	24	298.046.464	-
Financial assets at fair value through profit or loss	27	73.698.384	205.468
Cash and cash equivalents	28	41.909.129	5.348.881
		424.073.536	17.034.093
Total assets		**1.185.947.923**	613.363.027
EQUITY AND LIABILITIES			
Equity			
Share capital	29	3.170.000	2.177.150
Share premium		1.856.553	1.546.784
Fair value reserve - Financial assets at fair value through other comprehensive income		(8.000.451)	(185.854.024)
Non-refundable advances		353.933	474.081
Retained earnings		74.264.472	123.558.327
Non-controlling interests		4.906.678	11.709.321
Total equity		**76.551.185**	(46.388.361)
Non-current liabilities			
Borrowings	30	999.220.788	566.223.894
		999.220.788	566.223.894
Current liabilities			
Trade and other payables	31	8.783.627	93.505.780
Borrowings	30	101.372.922	-
Current tax liabilities	32	19.401	21.714
		110.175.950	93.527.494
Total liabilities		**1.109.396.738**	659.751.388
Total equity and liabilities		**1.185.947.923**	613.363.027

The notes on pages 14 to 46 form an integral part of these consolidated financial statements.

On 29 April 2021 the Board of Directors of Vonpende Holdings P.L.C. authorised these consolidated financial statements for issue.

....	....
Stella Koukounis	Georgios Koufaris
Director	Director

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

		Attributable to equity holders of the Company								
	Note	Share capital EUR	Share premium EUR	Fair value reserve - Financial assets at fair value through other comprehensive income EUR	Non-refundable advances EUR	Retained earnings EUR	Total EUR	Non-controlling interests EUR	Total EUR
Balance at 1 January 2019		2.177.150	1.546.784	(146.553.323)	384.358	69.687.522	(72.757.509)	26.606.686	(46.150.823)
Comprehensive income									
Net profit for the year		-	-	-	-	30.391.299	30.391.299	730.854	31.122.153
Other comprehensive loss for the year		-	-	(32.326.040)	-	-	(32.326.040)	-	(32.360.040)
Total comprehensive income/(loss) for the year		-	-	(32.326.040)	-	30.391.299	(1.934.741)	730.854	(1.203.887)
Other movements									
Non refundable capital contribution		-	-	-	89.723	-	89.723	-	89.723
Exchange difference		-	-	(6.974.661)	-	23.479.506	16.504.845	(15.628.219)	876.626
Total other movements		-	-	(6.974.661)	89.723	23.479.506	16.594.568	(15.628.219)	966.349
Balance at 31 December 2019/ 1 January 2020		2.177.150	1.546.784	(185.854.024)	474.081	123.558.327	(58.097.682)	11.709.321	(46.388.361)
Comprehensive income									
Net profit for the year		-	-	-	-	33.092.112	33.092.112	604.222	33.696.334
Other comprehensive loss for the year		-	-	(1.905.594)	-	-	(1.905.594)	(1.690.714)	(3.054.452)
Total comprehensive income/(loss) for the year		-	-	(1.905.594)	-	33.092.112	31.186.518	(1.086.492)	30.100.026

The notes on pages 14 to 46 form an integral part of these consolidated financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2020

		Attributable to equity holders of the Company								
	Note	**Share capital EUR**	**Share premium EUR**	**Fair value reserve - Financial assets at fair value through other comprehensive income EUR**	**Non-refundable advances EUR**	**Retained earnings EUR**	**Total EUR**	**Non-controlling interests EUR**	**Total EUR**
Transactions with owners									
Issue of share capital	29	992.850	309.769	-	-	-	1.302.619	-	1.302.619
Total transactions with owners		992.850	309.769	-	-	-	1.302.619	-	1.302.619
Other movements									
Withdrawal for the year		-	-	-	(120.148)	-	(120.148)	-	(120.148)
Transfer to retained earnings due to liquidation of subsidiaries		-	-	179.759.167	-	(82.385.967)	97.373.200	(5.716.151)	91.657.049
Total other movements		-	-	179.759.167	(120.148)	(82.385.967)	97.253.052	(5.716.151)	91.536.901
Balance at 31 December 2020		3.170.000	1.856.553	(8.000.451)	353.933	74.264.472	71.644.507	4.906.678	76.551.185

The notes on pages 14 to 46 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2020

	Note	2020 EUR	2019 EUR
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		34.893.075	36.252.749
Adjustments for:			
Depreciation of property, plant and equipment	18	7.773	6.278
Unrealised exchange loss		-	1.106
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition		(9.205.546)	-
Share of loss from associates	21	651.891	-
Fair value loss from investment property		3.040.080	-
Fair value gains on financial assets at fair value through profit or loss		(2.858.397)	(3.417)
Impairment charge - investments in associates	21	1.084.515	-
Interest income		(39.281.695)	(42.325.197)
Interest expense	15	28.130.655	28.342.910
Dividend income		(2.713.608)	(3.024.764)
Loss from liquidation		-	3.541.312
		13.748.743	22.790.977
Changes in working capital:			
Increase in inventories		(1.817.805)	(2.320.385)
Decrease/(increase) in trade and other receivables		2.877.990	(4.225.773)
Increase in financial assets at fair value through profit or loss		(12.833.233)	(203.157)
(Increase)/decrease in bank deposits		(5.805.446)	66.159
(Decrease)/increase in trade and other payables		(84.722.153)	85.639.393
Decrease in amounts owed to group companies		-	(12.013.662)
Cash (used in)/generated from operations		**(88.551.904)**	89.733.552
Interest received		39.276.560	43.863.401
Dividends received		2.713.608	3.352.562
Interest paid		-	(57.013)
Tax paid		(1.199.054)	(5.086.133)
Net cash (used in)/generated from operating activities		**(47.760.790)**	131.806.369
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of property, plant and equipment	18	(954)	(3.687)
Payment for purchase of investment property	19	(108.825)	-
Payment for purchase of financial assets at fair value through other comprehensive income		(85.100)	-
Payment for purchase of investments in subsidiaries	20	(22.843.288)	(12.618.876)
Payment for purchase of investments in associated undertakings	21	(8.209.760)	-
Loans granted		(119.009.555)	(26.596)
Loans repayments received		124.487.958	230.418.824
Proceeds from sale of investments in subsidiary undertakings		5.252.933	-
Proceeds from sale of financial assets at amortised cost		4.080.000	270.009.898
Interest received		5.135	1.693
Dividends received		-	1.884.505
Proceeds from liquidation of investments in subsidiaries undertakings		-	5.799.305
Net cash (used in)/generated from investing activities		**(16.431.456)**	495.465.066
CASH FLOWS FROM FINANCING ACTIVITIES			
Advances from shareholders		(121.838)	50.385
Repayments of borrowings		(141.741.675)	(612.588.045)

The notes on pages 14 to 46 form an integral part of these consolidated financial statements.

CONSOLIDATED CASH FLOW STATEMENT
Year ended 31 December 2020

	Note	**2020** **EUR**	2019 EUR
Proceeds from borrowings		257.712.146	2.200.068
Interest paid		(19.571.347)	(28.342.910)
Dividends paid		-	(1.100.000)
Refinancing of loans		-	12.199.259
Net cash generated from/(used in) financing activities		**96.277.286**	(627.581.243)
Net increase/(decrease) in cash and cash equivalents		**32.085.040**	(309.808)
Cash and cash equivalents at beginning of the year		4.018.643	4.328.451
Cash and cash equivalents at end of the year		**36.103.683**	4.018.643

1. Incorporation and principal activities

Country of incorporation

The Company Vonpende Holdings P.L.C. (the "Company") was incorporated in Cyprus on 20 December, 2007 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Angelou Terzaki Street, 110, Office No.4, 2402, Egkomi, Nicosia, Cyprus. Its business address at Akamantis Business Center, Egypt street, 10, Office no. 306, 3rd floor, P.C. 1097, Nicosia, Cyprus.

Principal activities

The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans, the ownership and leasing of residential property, the distribution and provision of telecommunication equipment and the completion of networking solutions, wireless and wired. Additionally the Group invests in marketable securities via high calibre local and international financial institutions and brokers and is actively investing and seeking opportunities in the real estate industry in Cyprus and abroad.

2. Basis of preparation

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. These consolidated financial statements have been prepared under the historical cost convention as modified by the revaluation of investments in subsidiary companies which are classified as financial assets at fair value through other comprehensive income and measured at fair value, investment properties measured at fair value and financial assets at fair value through profit or loss.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Group's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

3. Functional and presentation currency

The consolidated financial statements are presented in Euro (EUR) which is the functional currency of the Group.

4. Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Group.

5. Significant accounting policies

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

5. Significant accounting policies (continued)

Basis of consolidation

The Company has subsidiary undertakings for which section 142(1)(b) of the Cyprus Companies Law Cap. 113 requires consolidated financial statements to be prepared and laid before the Company at the Annual General Meeting. The Group consolidated financial statements comprise the financial statements of the parent company Vonpende Holdings P.L.C. and the financial statements of the following subsidiaries: "Wing Hang Enterprises (Cyprus) Limited", "Kirnione Holdings Limited", "Winncom Technologies Holding Limited" (the "Irish Group"), "Alodie Properties Limited", "Elbridge Investments (Cyprus) Limited", "Lostmperi Holdings Ltd" and its subsidiary Aeliano Enterprises Limited. The "Irish Group" consists of "Winncom Technologies Holding Limited" and its subsidiary Winncom Technologies EU Limited.

The financial statements of all the Group companies are prepared using uniform IFRS accounting policies. All inter-company transactions and balances between Group companies have been eliminated during consolidation.

Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange for control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value at the acquisition date, except that:

- deferred tax assets or liabilities and liabilities or assets related to employee benefit arrangements are recognised and measured in accordance with IAS 12 Income Taxes and IAS 19 Employee Benefits respectively;
- liabilities or equity instruments related to share-based payment arrangements of the acquiree or share-based payment arrangements of the Group entered into to replace share-based payment arrangements of the acquiree are measured in accordance with IFRS 2 Share-based Payment at the acquisition date; and
- assets (or disposal groups) that are classified as held for sale in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after reassessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognised immediately in profit or loss as a bargain purchase gain.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another IFRS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination. Changes in the fair value of the contingent consideration that qualify as measurement period adjustments are adjusted retrospectively, with corresponding adjustments against goodwill. Measurement period adjustments are adjustments that arise from additional information obtained during the 'measurement period' (which cannot exceed one year from the acquisition date) about facts and circumstances that existed at the acquisition date.

5. Significant accounting policies (continued)

Business combinations (continued)

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustments depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is remeasured at subsequent reporting dates in accordance with IAS 39, or IAS 37 Provisions, Contingent Liabilities and Contingent Assets, as appropriate, with the corresponding gain or loss being recognised in profit or loss.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date (i.e. the date when the Group obtains control) and the resulting gain or loss, if any, is recognised in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognised in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period (see above), or additional assets or liabilities are recognised, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognised at that date.

Investments in associates

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Group's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When a group entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Group's consolidated financial statements only to the extent of interests in the associate that are not related to the Group.

5. Significant accounting policies (continued)

Revenue

Revenue is recognised on the following basis:

- **Sale of products**

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

- **Rendering of services**

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

- **Income from investments in securities**

  Dividend from investments in securities is recognised when the right to receive payment is established. Withheld taxes are transferred to profit or loss. Interest from investments in securities is recognised on an accruals basis.

  Profits or losses from the sale of investments in securities represent the difference between the net proceeds and the carrying amount of the investments sold and is transferred to profit or loss.

  The difference between the fair value of investments at fair value through profit or loss as at 31 December 2020 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income are recognised in other comprehensive income and then included in the fair value reserve in equity. When financial assets at fair value through other comprehensive income are sold or impaired, the accumulated fair value adjustments are transferred to retained earnings.

- **Rental income**

  Rental income is recognised on an accruals basis in accordance with the substance of the relevant agreements.

- **Interest income**

  Interest income is recognised on a time-proportion basis using the effective interest method.

- **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.

5. Significant accounting policies (continued)

Employee benefits

The Group and its employees contribute to the Government Social Insurance Fund based on employees' salaries. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no legal or constructive obligations to pay further contributions if the scheme does not hold sufficient assets to pay all employees benefits relating to employee service in the current and prior periods.

Finance income

Interest income is recognised on a time-proportion basis using the effective method.

Finance costs

Interest expense and other borrowing costs are charged to profit or loss as incurred.

Foreign currency translation

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

(2) Transactions and balances
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. 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. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain or loss.

Tax

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

Property, plant and equipment

Property, plant and equipment are stated at historical cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is calculated on the straight-line method so as to write off the cost of each asset to its residual value over its estimated useful life. The annual depreciation rates used are as follows:

	%
Furniture, fixtures and office equipment	10
Computer hardware and operating systems	20
Office equipment	20

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

Where the carrying amount of an asset is greater than its estimated recoverable amount, the asset is written down immediately to its recoverable amount.

5. Significant accounting policies (continued)

Property, plant and equipment (continued)

Expenditure for repairs and maintenance of property, plant and equipment is charged to profit or loss of the year in which it is incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset when it is probable that future economic benefits in excess of the originally assessed standard of performance of the existing asset will flow to the Group. Major renovations are depreciated over the remaining useful life of the related asset.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in profit or loss.

Investment properties

Investment properties, represent mainly investment in construction projects (comprising Group's contribution into a shopping and entertainment project under construction) and land in Egkomi, Cyprus held for capital appreciation carried at fair value at the reporting date. Gains or losses arising from changes in the fair value of investment property are included in profit or loss for the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the continued use of the asset. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

Impairment of non-financial assets

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. 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 instruments

Financial assets - Classification

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

For investments in equity instruments that are not held for trading, the classification will depend on whether the Group 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.

5. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Classification (continued)

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 Group 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 Group commits to deliver a financial instrument. All other purchases and sales are recognised when the entity becomes a party to the contractual provisions of the instrument.

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

Financial assets - Measurement

At initial recognition, the Group 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 Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group 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 consolidated statement of profit or loss and other comprehensive income. 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 consolidated statement of profit or loss and other comprehensive income.

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.

5. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Measurement (continued)

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group'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. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

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

Financial assets - impairment - credit loss allowance for ECL

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount ofthe loss is recognised in the statement of profit or loss and other comprehensive income within other expenses. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

Debt instruments measured at AC are presented in the consolidated statement of financial position net of the allowance for ECL.

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

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

For all other financial instruments that are subject to impairment under IFRS 9, the Group applies general approach - three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1.

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Group identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 7, Credit risk section, for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group's definition of credit impaired assets and definition of default is explained in note 7, Credit risk section.

5. Significant accounting policies (continued)

Financial instruments (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 - write-off

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

Financial assets - modification

The Group sometimes renegotiates or otherwise modifies the contractual terms of the financial assets. The Group assesses whether the modification of contractual cash flows is substantial considering, among other, the following factors: any new contractual terms that substantially affect the risk profile of the asset (e.g. 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 Group derecognises the original financial asset and recognises a new asset at its fair value. The date of renegotiation is considered to be the date of initial recognition for subsequent impairment calculation purposes, including determining whether a SICR has occurred. The Group also assesses whether the new loan or debt instrument meets the SPPI criterion. Any difference between the carrying amount of the original asset derecognised and fair value of the new substantially modified asset is recognised in profit or loss, unless the substance of the difference is attributed to a capital transaction with owners.

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

Cash and cash equivalents

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise cash at bank and cash with brokers. 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.

Classification as financial assets at amortised cost

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

5. Significant accounting policies (continued)

Financial instruments (continued)

Classification as trade receivables

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

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

Trade receivables are also subject to the impairment requirements of IFRS 9.The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See note 7, Credit risk section.

Trade receivables are written off when there is no reasonable expectation of recovery.

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

Trade and other payables

Trade and other payables are initially measured at fair value and are subsequently measured at amortised cost, using the effective interest rate method.

Financial liabilities - Modifications

An exchange between the Group 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. (In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.)

5. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities - Modifications (continued)

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 Group 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 Group and the costs can be measured reliably.

Offsetting financial instruments

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

Inventories

Inventories are stated at the lower of cost and net realisable value. The cost is determined using the weighted average method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs to completion and selling expenses.

Prepayments

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Group has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Group. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in the income statement.

Share capital

Ordinary shares are classified as equity. The difference between the fair value of the consideration received by the Company and the nominal value of the share capital being issued is taken to the share premium account.

5. Significant accounting policies (continued)

Non-current liabilities

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

Comparatives

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

6. New accounting pronouncements

At the date of approval of these consolidated financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the consolidated financial statements of the Group.

7. Financial risk management

Financial risk factors
The Group is exposed to market price risk, interest rate risk, credit risk, liquidity risk, currency risk and capital risk management arising from the financial instruments it holds. The risk management policies employed by the Group to manage these risks are discussed below:

7.1 Market price risk
Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Group's financial assets at fair value through other comprehensive income and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Group's market price risk is managed through diversification of the investment portfolio.

7.2 Cash flow and fair value interest rate risk
The Group's interest rate risk arises from interest-bearing assets and long term borrowings. Interest-bearing assets and borrowings at variable rates expose the Group to cash flow interest rate risk. Interest bearing assets and borrowings issued at fixed rates expose the Group to fair value interest rate risk.

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

7.3 Credit risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from cash and cash equivalents, loans receivable and contractual cash flows of debt investments measured at amortised cost and outstanding receivables.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only parties whom management has internally assessed as financially healthy and stable are accepted.

For counterparties with no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

These policies enable the Group to reduce its credit risk significantly.

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets

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

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

The impairment methodology applied by the Group for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

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

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

Significant increase in credit risk

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

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

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. No significant changes to estimation techniques or assumptions were made during the reporting period.

Low credit risk

The Group has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Default

A default on a financial asset is when the counterparty fails to make contractual payments within 90 days of when they fall due.

Write-off

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

The Group's exposure to credit risk for each class of (asset/instrument) subject to the expected credit loss model is set out below:

Financial assets at amortised cost

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

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

7. Financial risk management (continued)

7.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Loans to related and third parties

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2020 and 31 December 2019:

Group internal credit rating	2020 EUR	2019 EUR
Performing	950.534.441	530.525.257
Underperforming	9.139.519	-
Total	**959.673.960**	530.525.257

Portion of the Group's loans receivable is secured and pledged by various parties, for the timely and full performance of the contractual obligations on those loans receivable.

There were no significant loans to related parties written off during the year that are subject to enforcement activity.

Trade and other receivables

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2020 and 31 December 2019:

Group internal credit rating	2020 EUR	2019 EUR
Performing	5.035.883	8.999.145
Underperforming	90.412	-
Total	**5.126.295**	8.999.145

There were no significant other receivables written off during the year that are subject to enforcement activity.

Cash and cash equivalents

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

The gross carrying amounts below represent the Group's maximum exposure to credit risk on these assets as at 31 December 2020 and 31 December 2019:

Group internal credit rating	2020 EUR	2019 EUR
Performing	41.909.129	5.348.881
Total	**41.909.129**	5.348.881

The Group does not hold any collateral as security for any cash at bank balances.

Most of the Group's cash and cash equivalents are eligible for participation and are partly covered by the Deposit Guarantee Scheme. In this respect, the Group's exposure at default is minimised and the identified impairment loss (ECL) is immaterial.

There were no significant cash at bank balances written off during the year that are subject to enforcement activity.

7. Financial risk management (continued)

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

7.5 Currency risk
Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Currency risk arises when future commercial transactions and recognised assets and liabilities are denominated in a currency that is not the Group's measurement currency. The Group is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the Euro, US Dollar and the Russian Ruble. The Group's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

7.6 Capital risk management
Capital includes equity shares, share premium and non refundable advances.

The Group manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Group's overall strategy remains unchanged from last year.

Fair value estimation

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

The fair value of financial instruments traded in active markets is based on quoted market prices at the reporting date. The quoted market price used for financial assets held by the Group is the current bid price. The appropriate quoted market price for financial liabilities is the current ask price.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

8. Critical accounting estimates, judgments and assumptions

Estimates and judgments 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.

8. Critical accounting estimates, judgments and assumptions (continued)

Critical accounting estimates and assumptions

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

- **Calculation of loss allowance**

  When measuring expected credit losses the Group uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Provision for obsolete and slow-moving inventory**

  The Group reviews its inventory records for evidence regarding the saleability of inventory and its net realizable value on disposal. The provision for obsolete and slow-moving inventory is based on Management's past experience, taking into consideration the value of inventory as well as the movement and the level of stock of each category of inventory.

  The amount of provision is recognised in profit or loss. The review of the net realisable value of the inventory is continuous and the methodology and assumptions used for estimating the provision for obsolete and slow-moving inventory are reviewed regularly and adjusted accordingly.

- **Income taxes**

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

Critical judgements in applying the Group's accounting policies

- **Fair value of investment property**

  The fair value of investment property is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the investment property has been estimated based on the fair value of their individual assets.

8. Critical accounting estimates, judgments and assumptions (continued)

- **Fair value of financial assets**

  The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Group uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of financial assets**

  The loss allowances for financial assets are based on assumptions about risk of default and expected loss rates. The Group uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on the Group's past history, existing market conditions as well as forward looking estimates at the end of each reporting period. Details of the key assumptions and inputs used are disclosed in note 7, Credit risk section.

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Group estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Valuation of non-listed investments**

  The Group uses various valuation methods to value non-listed investments. These methods are based on assumptions made by the Board of Directors which are based on market information at the reporting date.

- **Impairment of goodwill**

  Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating units of the Group on which the goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash-generating units using a suitable discount rate in order to calculate present value.

9. Fair value measurement

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

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

9. Fair value measurement (continued)

31 December 2020	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Assets measured at fair value				
Investment properties (Note 19)				
Investment in construction project	-	-	19.931.100	19.931.100
Investment in land and properties	-	-	4.193.629	4.193.629
Financial assets at fair value through other comprehensive income				
Investment in subsidiaries **(Note 20)**	-	-	68.314.747	68.314.747
Non listed equity securities (Note 22)	-	-	327.659	327.659
Financial assets at fair value through profit or loss (Note 27)				
Equity securities listed on a Stock Exchange	12.512.410	-	-	12.512.410
Debt securities listed on a Stock Exchange	54.766.212	-	-	54.766.212
Non listed equity securities	-	-	6.419.762	6.419.762
Total	**67.278.622**	**-**	**99.186.897**	**166.465.519**

31 December 2019	Level 1 EUR	Level 2 EUR	Level 3 EUR	Total EUR
Assets measured at fair value				
Financial assets at fair value through other comprehensive income				
Investment in subsidiaries (Note 20)	-	-	52.042.017	52.042.017
Financial assets at fair value through profit or loss				
Equity securities listed on a Stock Exchange (Note 27)	98.982	-	-	98.982
Debt securities listed on a Stock Exchange (Note 27)	106.486	-	-	106.486
Total	205.468	-	52.042.017	52.247.485

Transfers between levels

There have been no transfers between different levels during the year.

Valuation techniques

Listed investments

The fair values of investments traded on active liquid markets are determined with reference to quoted market prices. These investments are included within Level 1 of the hierarchy.

Non-listed investments

The fair values of non-listed securities are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. The Group classifies the fair value of these investments as Level 3.

9. Fair value measurement (continued)

Reconciliation of Level 3 fair value measurements

	Non-listed equity securities	Investment in subsidiaries	Investment properties	Total
	EUR	EUR	EUR	EUR
Balance at 1 January	-	52.042.017	97.441	52.139.458
Acquisition through business combination - opening balance	4.909.200	229.665	22.971.180	28.110.045
Net additions	3.210.024	22.842.288	4.096.188	30.148.500
Disposals	(1.363.282)	(5.252.933)	-	(6.616.215)
Liquidation loss	-	(1.000)	-	(1.000)
Blocked	(4.054)	-	-	(4.054)
Exchange differences	(27.660)	-	-	(27.660)
Fair value adjustment in OCI	241.559	(1.545.290)	-	(1.303.731)
Total gains or losses: in profit or loss	(218.366)	-	(3.040.080)	(3.258.446)
Balance at 31 December	**6.747.421**	**68.314.747**	**24.124.729**	**99.186.897**

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

Description	Fair value at 31 December 2020 EUR	Valuation technique
Non-listed securities	6.747.421	Discounted cash flow
Investment in subsidiaries	68.314.747	Net asset value
Investment properties	24.124.729	Residual method

10. Revenue

	2020	2019
	EUR	EUR
Coupon income	6.237	847.326
Rendering of services	13.075	-
Sales	11.755.873	8.181.254
Freight income	439.193	237.062
Dividend income	2.713.608	1.140.259
Interest income	39.276.560	42.362.775
Profit from sale of investments in subsidiaries	-	24.403.800
Loss on trading on financial assets at fair value through profit or loss	(167.301)	(6.111.606)
Net gain on trading in financial instruments	17.209.780	6.644.268
Rental income	5.780	7.020
	71.252.805	77.712.158

11. Cost of sales

	2020 EUR	2019 EUR
Cost of sales	10.844.182	7.653.876
Investment activity performance fee	1.413.318	486.693
Interest expense	29.960.675	33.375.699
	42.218.175	41.516.268

12. Other operating income

	2020 EUR	2019 EUR
Amount payable written off	4.145	227.629
Net foreign exchange income	679.849	3.102.665
Fair value gains on financial assets at fair value through profit or loss	2.858.397	3.417
Excess of Group's interest in the net fair value of the subsidiaries' assets and liabilities over cost on acquisition	9.205.546	-
Other income	290.721	13.505
	13.038.658	3.347.216

13. Administration expenses

	2020 EUR	2019 EUR
Directors' fees and staff costs	552.603	376.937
Rent	33.375	27.409
Directors' services	34.244	15.000
Annual levy	1.192	2.228
Services paid	130.653	39.509
Subscriptions and contributions	3.884	-
Auditors' remuneration - current year	126.177	72.607
Auditors' remuneration - prior years	17.548	10.500
Accounting fees	9.600	12.000
Legal fees	92.803	156.846
Other professional fees	542.628	269.591
Other expenses	174.024	172.792
Travelling	28.378	-
Custodian fees	40.332	239
Depreciation	7.773	6.278
	1.795.214	1.161.936

14. Other expenses

	2020 EUR	2019 EUR
Loss allowance on trade receivables	90.412	-
Group loss from liquidation of subsidiary	-	3.541.312
Amount receivable written off	18.241	-
Fair value losses on investment property (Note 19)	3.040.080	-
Impairment charge - investments in associates (Note 21)	1.084.515	-
	4.233.248	3.541.312

15. Finance income/(costs)

	2020 EUR	2019 EUR
Interest income	5.135	1.886.198
Finance income	**5.135**	1.886.198
Interest expense	(18.195)	(1.450)
Sundry finance expenses	(227.999)	(443.704)
Finance costs	**(246.194)**	(445.154)
Net finance (costs)/income	**(241.059)**	1.441.044

16. Tax

	2020 EUR	2019 EUR
Corporation tax	386.170	74.699
Overseas tax	808.894	5.055.234
Defence contribution	1.677	663
Charge for the year	**1.196.741**	5.130.596

17. Profit per share attributable to equity holders of the parent

	2020	2019
Profit attributable to shareholders (EUR)	33.696.334	31.122.153
Weighted average number of ordinary shares in issue during the year	**253.600**	174.172
Profit per share attributable to equity holders of the parent (EUR)	**132,87**	178,69

The Company's share price as at 31 December 2020 in Cyprus Stock Exchange Emerging Companies Market was EUR16,60 (31 December 2019: EUR 16,40).

18. Property, plant and equipment

	Office equipment	Furniture, fixtures and office equipment	Computer equipment	Total
	EUR	EUR	EUR	EUR
Cost				
Balance at 1 January 2019	14.889	-	4.634	19.523
Balance at 31 December 2019/ 1 January 2020	14.889	-	4.634	19.523
Acquisitions through business combinations	-	14.953	30.569	45.522
Additions	954	-	-	954
Balance at 31 December 2020	**15.843**	**14.953**	**35.203**	**65.999**
Depreciation				
Balance at 1 January 2019	7.064	-	1.900	8.964
Charge for the year	5.352	-	926	6.278
Balance at 31 December 2019/ 1 January 2020	12.416	-	2.826	15.242
Acquisitions through business combinations	-	1.549	25.895	27.444
Charge for the year	1.953	2.114	3.706	7.773
Balance at 31 December 2020	**14.369**	**3.663**	**32.427**	**50.459**
Net book amount				
Balance at 31 December 2020	**1.474**	**11.290**	**2.776**	**15.540**
Balance at 31 December 2019	**2.473**	**-**	**1.808**	**4.281**

19. Investment properties

	2020	2019
	EUR	EUR
Balance at 1 January	97.441	101.193
Additions	4.096.188	-
Charge of the year	-	(3.752)
Acquisition through business combination	22.971.180	-
Fair value adjustment (Note 14)	(3.040.080)	-
Balance at 31 December	**24.124.729**	97.441

Investment properties include investment in construction project representing the Group's contribution into a shopping and entertainment project, a land and an apartment.

The Group's investment in construction project is partially secured by mortgage, subject to the Subsequent Pledge (Mortgage) Agreement.

During 2020, the group acquired 100% of the issued share capital of Alodie Properties Limited, the owner of a plot of land in Nicosia, for a consideration price of EUR 4.000.000, which was the fair value of the plot of land as of the date of acquisition.

20. Investments in subsidiaries

	2020	2019
	EUR	EUR
Balance at 1 January	52.042.017	65.385.186
Additions	22.843.288	24.698.571
Disposals	(5.252.933)	(5.715.700)
Liquidation loss	(1.000)	-
Net additions through the acquisition of subsidiary	229.665	-
Fair value adjustment	(1.545.290)	(32.326.040)
Balance at 31 December	**68.315.747**	52.042.017

The details of the subsidiaries are as follows:

Name	Country of incorporation	Principal activities	2020 Holding %	2019 Holding %
LLC "Business Active" *	Russia	Activity in the field of Law	90	-
LLC "Hotel"	Russia	Purchase and sale of own non-residential immovable property	100	100
LLC "Capitalstroyinvest" **	Russia	Purchase and sale of own non-residential immovable property	-	100
LLC "Community-Group"	Russia	Letting and management of own and rented realty	100	100
CJSC "Ezhin-1"	Russia	Letting and management of own and rented realty	100	100
CJSC "Kapmar-1"	Russia	Letting and management of own and rented untenantable realty	100	100
LLC "Estate Finance"	Russia	Wholesale non-specialized	70	70
LLC "MBK"	Russia	Activity in the field of law	100	100
CJSC "VIMS"	Russia	Investments in securities	100	100
JSC "Trading Town "Cheremushkinskiy"	Russia	Letting of own realty	56,001	56,001
CJSC "Astra Vosem"	Russia	Letting of own and rented untenantable realty	100	100
LLC "NITS"	Russia	Letting and management of own or rented untenantable realty	100	100
Linxton Investments Limited *	Cyprus	Holding of investments	-	100
Banfer Estates Limited ***	Cyprus	Holding of investments	100	-
Kruszywa Skalne Sp. z o.o ****	Poland	Mining and quarrying activity	51	-
Winncom Technologies Corp.	United States	Network solutions and distribution	67	67
Winncom Technologies CA Limited	Uzbekistan	Network distribution	67	67
Winncom Hungary Trading and Services Limited	Hungary	Network distribution	67	67
Winncom Technologies EMEA LLC	United States	Network distribution	67	-
Winncom Central Asia LLC	Kazakhstan	Network distribution	-	67

Involvement with unconsolidated entities.

The Group did not consolidate the above subsidiaries as they are individually and collectively immaterial to consolidate.

20. Investments in subsidiaries (continued)

* On 3 January 2020, a 90% share in the capital of the LLC "Business Active", a company duly registered under the laws of the Russian Federation with a nominal value of RUB 374.133.771, owned by Linxton Investments Limited was transferred as liquidation proceeds to the Company. On 7 January 2020 the Company's investment in Linxton Investments Limited was liquidated.

** The Group's investment in LLC "Capitalstroyinvest" was fully disposed on 25 August 2020.

*** During 2020, the Group acquired the 100% of the share capital of Banfer Estates Limited, through the shareholding of subsidiary company Kirnione Holdings Limited.

**** Indirect shareholding in Kruszywa Skalne Sp. z o.o, as from 17 November 2020 through the shareholding of subsidiary company Aeliano Enterprises Limited.

21. Investments in associates

	2020 EUR	2019 EUR
Balance at 1 January	-	-
Additions	8.209.760	-
Impairment charge (Note 14)	(1.084.515)	-
Acquisition through business combination	249.541	-
Share of results of associates	(651.891)	-
Balance at 31 December	**6.722.895**	-

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	**Holding %**	**2020 EUR**
Grenton Spolka	Poland	Innovative technology	24.99	265.460
Duna Terasz Premium Ingatlanforgalmazo KFT	Hungary	Real estate	20	9.761
Glasborini Developments Limited	Cyprus	Ownership and leasing of imovable property and that of financing activities	33.35	6.447.674
				6.722.895

On 29 September 2020, the Group acquired the 33,35% of the share capital of Glasborini Development Limited for a consideration price of EUR 8.200.000.

On 18 November 2020 the Group acquired the 20% of share capital of Duna Terasz Premium Ingatlanforgalmazo KFT (Hungary).

21. Investments in associates (continued)

Significant aggregate amounts in respect of material associated undertakings:

2020	Grenton Spolka EUR	Glasborini Developments Limited EUR	Total EUR
Percentage ownership interest	24.99	33.35	
Non-current assets	30.728	10.921.728	10.952.456
Current assets	2.506.615	11.501.483	14.008.098
Current liabilities	(1.475.503)	(3.089.855)	(4.565.358)
Net assets (100%)	1.061.840	19.333.356	20.395.196
Group's share of net assets	265.460	6.447.674	6.713.134
Carrying amount of interest in associate	265.460	6.447.674	6.713.134

22. Financial assets at fair value through other comprehensive income

	2020 EUR	2019 EUR
Acquisition through business combination	1.000	-
Additions	85.100	-
Fair value adjustment	241.559	-
Balance at 31 December	**327.659**	-

The details of the investments are as follows:

Name	**Country of incorporation**	**Principal activities**	**Holding %**
Bragi GmbH	Germany	Develops wearable technology software	7,19
Duna Terasz Grande Ingatlanforgalmazo KFT	Hungary	Real estate	7,50
D&B Real-Estate Investment KFT	Hungary	Real estate	7,50

(i) Disposal of equity investments

On disposal of these equity investments, any related balance within the FVOCI reserve is reclassified to retained earnings.

On 18 November 2020 the Group acquired the 7,5% of share capital of both Duna Terasz Grande Ingatlanforgalmazo KFT (Hungary) and D&B Real-Estate Investment KFT (Hungary).

23. Other financial assets at amortised cost

	2020 EUR	2019 EUR
Balance at 1 January	12.919.617	284.627.053
Redemption	-	(270.009.898)
Interest charged	-	1.170.929
Eliminated on consolidation	(12.919.617)	-
Interest repayments	-	(2.868.467)
Balance at 31 December	-	12.919.617

23. Other financial assets at amortised cost (continued)

Debt investments at amortised cost represent 8.740 (2019: 12.820) subordinated non-secured, non-guaranteed callable coupon-bonds of nominal value of EUR 1.000 each issued by the subsidiary company Elbridge Investments (Cyprus) Limited to the Company. The subsidiary became part of the Group during 2020 therefore the balance is eliminated in the consolidated financial statements of Vonpende Holdings PLC for the year ended 31 December 2020.

24. Loans receivable

	2020	2019
	EUR	EUR
Loans receivable	896.894.712	530.525.257
Loans to related parties (Note 34.1)	71.918.767	-
Loss allowance on loans receivable	(9.139.519)	-
	959.673.960	530.525.257
Less current portion	(298.046.464)	-
Non-current portion	661.627.496	530.525.257

The loans are repayable as follows:

	2020	2019
	EUR	EUR
Within one year	298.046.464	-
Between one and five years	661.369.674	530.198.885
After five years	257.822	326.372
	959.673.960	530.525.257

The exposure of the Group to credit risk in relation to loans receivable is reported in note 7 of the consolidated financial statements.

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

Portion of the Group's loans receivable is secured and pledged by various parties, for the timely and full performance of the contractual obligations on those loans receivable.

25. Inventories

	2020	2019
	EUR	EUR
Finished products and goods for resale	4.242.284	2.424.479
	4.242.284	2.424.479

The cost of inventories recognised as expense and included in "cost of sales" amounted to EUR10.844.182 (2019: EUR10.838.281).

No provision was recognized in cost of sales (2019: Nil) against stock during the period due to slow moving and obsolete stock.

26. Trade and other receivables

	2020	2019
	EUR	EUR
Trade receivables	4.416.006	2.690.699
Vat receivable	494.656	21.726
Promissory notes receivable	499.970	675
Deposits and prepayments	32.748	4.399
Other receivables	710.289	6.308.446
Corporation tax receivable	23.606	29.320
	6.177.275	9.055.265

The fair values of trade and other receivables due within one year approximate to their carrying amounts as presented above.

The exposure of the Group to credit risk and impairment losses in relation to trade and other receivables is reported in note 7 of the consolidated financial statements.

27. Financial assets at fair value through profit or loss

	2020	2019
	EUR	EUR
Balance at 1 January	205.468	-
Additions	94.703.196	203.157
Disposals	(9.724.869)	-
Blocked	(4.054)	-
Change in fair value	2.858.397	3.417
Exchange differences	(13.995.225)	(1.106)
Coupon income	5.763.816	-
Coupon received	(5.836.661)	-
Balance at 31 December	**73.698.384**	205.468

Financial assets designated as at fair value through profit or loss are analysed as follows:

	2020	2019
	EUR	EUR
Financial assets at fair value through profit or loss		
Debt securities listed on a Stock Exchange	54.766.212	106.486
Equity securities listed on a Stock Exchange	12.512.410	98.982
Non-listed equity securities	6.419.762	-
	73.698.384	205.468

The financial assets at fair value through profit or loss are marketable securities and are valued at market value at the close of business on 31 December by reference to Stock Exchange quoted bid prices. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the consolidated cash flow statement, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the consolidated statement of profit or loss and other comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

28. Cash and cash equivalents

Cash balances are analysed as follows:

	2020 EUR	2019 EUR
Cash with brokers	89.684	-
Cash in transit	426.402	-
Cash at bank	35.550.900	5.348.881
Visa credit cards	36.697	-
Bank deposits	5.805.446	-
	41.909.129	5.348.881

The exposure of the Group to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 7 of the consolidated financial statements.

29. Share capital

	2020 Number of shares	2020 EUR	2019 Number of shares	2019 EUR
Authorised				
Ordinary shares of EUR 12,50 each	253.600	3.170.000	253.600	3.170.000
	253.600	**3.170.000**	253.600	3.170.000
Issued and fully paid				
Balance at 1 January	174.172	2.177.150	174.172	2.177.150
Issue of shares	79.428	992.850	-	-
Balance at 31 December	**253.600**	**3.170.000**	174.172	2.177.150

Authorised capital

On 7 August 2019, the authorised share capital of the Company was increased by 70.000 ordinary shares of nominal value of EUR 12,50 each.

Issued capital

On 3 June, 2020 the Company issued 79.428 ordinary shares of nominal value of EUR 12,50 each, at a premium of EUR 3,90 each.

30. Borrowings

	2020 EUR	2019 EUR
Current borrowings		
Bank loans	37.074.556	-
Trade loans payable	59.149.135	-
Loans from subsidiaries (Note 34.2)	5.149.231	-
	101.372.922	-
Non-current borrowings		
Bonds payable	634.933.711	-
Trade loans payable	364.287.077	566.223.894
	999.220.788	566.223.894
Total	**1.100.593.710**	566.223.894

30. Borrowings (continued)

The short-term bank loans are subject to a floating interest rate equal to 0,697376% and 0,75% plus annual EuroLibor rate on a drawing date.

The bonds payable are subject to a floating interest rate equal to annual Euro Libor rate on a drawing date plus a margin of 2,65% and 2,80% per annum, and are repayable by the year 2030.

Maturity of non-current borrowings:

	2020 EUR	2019 EUR
Within one year	101.372.922	-
Between one and five years	865.029.043	368.231.181
After five years	134.191.745	197.992.713
	1.100.593.710	566.223.894

31. Trade and other payables

	2020 EUR	2019 EUR
Trade payables	1.422.159	2.143.844
Vat	4.528	-
Amounts owed to group undertaking	2.582.915	2.474.735
Social insurance and other taxes	26.770	17.663
Tenants' deposits	550	1.170
Accruals	1.764.834	866.596
Other creditors	1.056.695	57.511
Deferred income	1.925.145	381.158
Defence tax on rent payable	31	8
Payables to related parties	-	87.563.095
	8.783.627	93.505.780

The fair values of trade and other payables due within one year approximate to their carrying amounts as presented above.

32. Current tax liabilities

	2020 EUR	2019 EUR
Corporation tax	19.288	20.938
Special contribution for defence	113	776
	19.401	21.714

33. Operating Environment of the Group

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 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.

33. Operating Environment of the Group (continued)

This operating environment may have a significant impact on the Group's operations and financial position. Management is taking necessary measures to ensure sustainability of the Group's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Group's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Group.

On the basis of the evaluation performed, the Group's management has concluded that no provisions or impairment charges are necessary. The Group's Management believes that it is taking all the necessary measures to maintain the viability of the Group and the smooth conduct of its operations in the current business and economic environment.

34. Related party transactions

The Company is listed to the Cyprus Stock Exchange Emerging Companies Market and its shares are spread towards various foreign and Cyprus based legal entities and various Cyprus resident and non-resident individual.

The following transactions were carried out with related parties:

34.1 Loans to related parties (Note 24)

	Maturity	Interest rate	Denominated in:	2020 EUR	2019 EUR
D&B Real-Estates Investment (Hungary)	31/10/2026	2,80% plus annual EUR Libor	EUR	22.622.497	-
Duna Terasz Grande Ingatlanforgalmazo KFT (Hungary)	31/12/2024	2,80% plus annual EUR Libor	EUR	37.464.177	-
Grenton Sp.z o.o. (Poland)	25/02/2024	2,55% plus 6 Months Wibor	PLN	928.270	-
Kruszywa Skalne Sp. z o.o.(Poland)	18/06/2023	4%	EUR	5.553.556	-
CJSC "VIMS" (Russia)	30/01/2021	13,5%	RUB	2.185.813	-
CJSC "Astra Vosem" (Russia)	03/06/2021	8%	RUB	1.520.692	-
Bragi GmbH	31/12/2021	10%	EUR	739.507	-
LLC Hotel	17/12/2022	5%	RUB	904.255	-
				71.918.767	-

34.2 Loans from related parties (Note 30)

	Maturity	Interest rate	Denominated in:	2020 EUR	2019 EUR
Glasborini Developments Limited	27/12/2021	3,5%	RUB	5.149.231	-
				5.149.231	-

35. Significant subsidiaries

In period 2020 the Group includes the Company and the below listed subsidiaries. Material subsidiary Wing Hang Enterprises Ltd was incorporated in Hong Kong on 30 August 1999 as a private company with limited liability and transferred domicile to Nevis on 5 December 2003. From 5 July, 2017, Wing Hang Enterprises Limited was registered in accordance with section 354H of the Companies Law Cap. 113, as a company continuing in the Republic of Cyprus under the name of Wing Hang Enterprises (Cyprus) Limited. The principal activities of the Group comprise the trading in financial instruments, the receiving and granting of loans, the ownership and leasing of residential property, the distribution and provision of telecommunication equipment and the completion of networking solutions, wireless and wired.

Name	Country of incorporation	Principal activities	31 December 2020 %	31 December 2019 %
Wing Hang Enterprises (Cyprus) Limited	Cyprus	Trading in financial instruments and receiving and granting of loans	100	100
Eyestorn Enterprises Limited	Cyprus	Holding of investments and receiving and granting of loans	-	100
Kirnione Holdings Limited	Cyprus	Trading in investments and investment of its funds	100	100
Lebset Developments Limited	Cyprus	Holding of investments	-	100
Winncom Technologies Holding Limited	Ireland	Investment holding Company	67	67
Elbridge Investments (Cyprus) Limited	Cyprus	Financing activities	100	-
Alodie Properties Limited	Cyprus	Holding of properties for investment purposes	100	-
Lostmperi Holdings Limited	Cyprus	Holding of investments	100	-

On 18 February 2020 Eyestorn Enterprises Limited was liquidated and a loss on liquidation amounting to EUR 2.150 was recognised.

On 29 July 2020 the Company acquired the 100% of the share capital of Elbridge Investments Ltd, which on 18 December 2020 was merged by absorption with its direct subsidiary Elbridge Investments (Cyprus) Limited, with the latter being the surviving company.

On 5 August 2020 the Company acquired the 100% of the share capital of Alodie Properties Limited from its subsidiary Elbridge Investments (Cyprus) Limited.

On 7 September, 2020 Kirnione Holdings Limited and Lebset Developments Limited were merged, whereby Kirnione Holdings Limited remained as the surviving Company. As a result of the merger by absorption and dissolution of Lebset Developments Limited, its subsidiary LLC "Hotel" automatically became a subsidiary of Kirnione Holdings Limited.

On 12 November 2020 the Company acquired the 100% of the share capital of Lostmperi Holdings Limited from its subsidiary Elbridge Investments Ltd.

36. Contingent liabilities

Pursuant to the terms of the Contract of Surety concluded on 21 November 2017 between Grenton Limited (the"Borrower"), registered in Poland and Lostmperi Holdings Limited (the "Lender"), registered in Cyprus, in the event of a failure by the Lender to provide the loan to the Borrower, Elbridge Investments (Cyprus) Ltd will be granting the surety in the form of a guarantee to the benefit of the Borrower to pay the Loan up to the amount of the equivalent of EUR 1.000.000 in PLN, until 31 December 2023.

The Group had no other contingent liabilities as at 31 December 2020.

37. Commitments

At the date of signing of these financial statements, the total commitments of Elbridge Investments (Cyprus) Ltd relating to the financial assets at fair value through profit or loss equals to US$6.716.772 and EUR 6.588.261.

The Group had no other capital or other commitments as at 31 December 2020.

38. Legal issues

In May 2018 it came to Elbridge Investment (Cyprus) Ltd ("ELCY") attention that one of its Borrowers based in Russia was subject to a court application. ELCY has two loans outstanding with the said Borrower, secured by a mortgage and a guarantee by a third party in favour of the Company.

In May 2018 a notice of an intention to apply for insolvency of the Borrower and the Pledgor respectively was published. In this connection ELCY, after some attempts to demand an early repayment of debts and foreclosure of the subject of pledge directly from the Borrower and the Guarantor, submitted an application to Court, in early 2019, for initiation of bankruptcy procedures over the Borrower, and a claim on collection of the Borrower's debt from the Guarantor by foreclosure of the subject of Pledge. During second half of 2019, supervision procedures with appointment of temporary managers were commenced over the Pledgor and the Borrower.

ELCY's claim to the Borrower was included in the Register of secured claims by the Court decision in early December 2019. At the current stage, the Court considers claims of other creditors to the Borrower towards formation of the complete list of creditors so as to proceed to the next steps of the bankruptcy procedure, as anticipated, in the 2nd half of 2021

On the case of bankruptcy of the Pledgor, ELCY's claim was included in the Register of secured claims by the Court decision in August 2020. In December 2020, bankruptcy manager was appointed in the Pledgor, and it is expected that bankruptcy manager shall be able to commence public auctions in order to dispose the pledged properties around December 2021.

In regards to the above, the amount of EUR 9.139.519 was recognised as a provision for irrecoverability of the unsecured loans receivable.

39. Events after the reporting period

In 2021, Lostmperi's investment in the share capital of Duna Terasz Grande Ingatlanforgalmazo KFT was pledged for securing the amount of HUF 22.922.357.000 (equivalent to EUR 64 million approximately) which corresponds to the loan facility received by the latter from a financial institution.

Independent auditor's report on pages 4 to 6