J&T SECURITIES MANAGEMENT PLC
(FORMER J&T SECURITIES MANAGEMENT LIMITED)

REPORT AND FINANCIAL STATEMENTS

31 December 2018

J&T SECURITIES MANAGEMENT PLC (FORMER J&T SECURITIES MANAGEMENT LIMITED)

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2018

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J&T SECURITIES MANAGEMENT PLC (FORMER J&T SECURITIES MANAGEMENT LIMITED)

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Jarmila Janosova Baris John Nicolaides (appointed on 20 June 2018)
Company Secretary:	D. H. Nominees Ltd
Independent Auditors:	KPSA CHARTERED ACCOUNTANTS 15 Themistokli Dervi Street 1st floor, P.O. Box 27040 1641, Nicosia Cyprus
Registered office:	Klimentos, 41-43 Klimentos Tower, 2nd floor, Flat/Office 22 1061, Nicosia Cyprus
Bankers:	J&T Banka, a.s.
Legal Entity Identifier:	315700GBLUBZ50S45F53
Registration number:	HE260821

MANAGEMENT REPORT

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

Principal activities and nature of operations of the Company
The principal activities of the Company, which are unchanged from last year, are the holding of investments and trading in listed securities, as well as the provision of financing.

On 20 June 2018, the Extraordinary Meeting of the Shareholders decided to convert the Company to a Public Limited Company.

Change of Company name
On 20 June 2018, following the conversion of the Company to a Public Limited Company, the Company changed its name from J&T Securities Management Limited to J&T Securities Management PLC.

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

As part of the Company's plans for future development, is the use of the total net proceeds from the bonds issue for refinancing of present debts purposes and for developing its business activities. In addition, the provision of funding to companies coming from the group of the shareholder.

Principal risks and uncertainties
The principal risks and uncertainties faced by the Company are disclosed in notes 6 and 7 of the financial statements.

Use of financial instruments by the Company
The Company is exposed to market price risk, interest rate risk, credit risk and dividends from the financial instruments it holds.

The Company's financial risk management objectives and policies are to acquire ownership, investments and assets in financial markets and private equity. Nowadays, the company also provides funding to companies in the shareholder group. In the future, the company will continue to do so, while planning to increase the share of the investment to the detriment of its own exposure to group companies.

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 Company's financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) 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 Company's market price risk is managed through diversification of the investment portfolio.

Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Company does not hold collateral as security.

Credit risk related to financial instruments and cash deposits: Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

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 Company 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.

Results and Dividends
The Company's results for the year are set out on page 8.

Dividends
The Board of Directors does not recommend the payment of a dividend and the net profit for the year is retained.

Share capital
Authorised capital
Under its Memorandum the Company fixed its share capital at 1.000 ordinary shares of nominal value of €1 each.

On 18 August 2011, the Company increased its authorised share capital by 10.000 ordinary shares of nominal value of €1 each. As a result, the authorised share capital of the Company increased to 11.000 ordinary shares of nominal value of €1 each.

On 20 June 2018, the Shareholders resolved with a Special Resolution, to increase the Authorised Share Capital of the Company by 15.000 ordinary shares, of nominal value of €1 per share.
The total Authorised Share Capital after the increase is 26.000 shares.
The new shares were all issued.

Issued capital
On 18 August 2011, the Company increased its share capital by 10.000 ordinary shares of nominal value of €1 each at a total share premium of €50.914.000. As a result, the issued share capital of the Company increased to 11.000 ordinary shares of nominal value of €1 each.

On 20 June 2018, the Company increased its share capital by 15.000 ordinary shares of nominal value of €1 each. As a result, the issued share capital of the Company increased to 26.000 ordinary shares of nominal value of €1 each.

Board of Directors
The members of the Company's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1. Mr. Baris John Nicolaides was appointed director on 20 June 2018.

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.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 30 to the financial statements.

Independent Auditors
The Independent Auditors, KPSA, 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,

D.H. NOMINEES LTD

D. H. Nominees Ltd
Secretary

Nicosia, 25 April 2019

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1641 Nicosia
Cyprus

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Independent Auditor's Report

To the Members of J&T Securities Management PLC (former J&T Securities Management Limited)

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying financial statements of J&T Securities Management PLC (former J&T Securities Management Limited) (the "Company"), which comprise the statement of financial position as at 31 December 2018, and the statement of profit or loss and other comprehensive income, statement of changes in equity and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Key Audit Matters

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

Corporation tax

Due to the complexity and the judgment needed for calculating the disallowed interest relating to loans payable that is to be included in the Tax Computation, the matter constitutes a key audit matter. Management judgment includes consideration of the tax regulations behind any treatment and where there are any uncertainties for the correct treatment, tax experts' opinion is sought.

Management's disclosures with regards to the uncertainties are contained in Note 7, whilst the income tax disclosures are also contained in Note 14.

KPSA
Chartered Accountants

Independent Auditor's Report (continued)

To the Members of J&T Securities Management PLC (former J&T Securities Management Limited)

In order to evaluate the recognition and measurement of the disallowed interest included in the corporation tax calculation, we have performed the following work:
(i) Analysed the tax calculations carried out by the Management for compliance with the relevant laws and regulations
(ii) Performed analytical procedures to ensure the consistency with prior years treatment
(iii) Evaluated the Management's assessment about which loans constitute back to back loans, the interest income of which was taxed based on the minimum margin rules
(iv) Evaluated the Management's assessment relating to the part of the interest resulting from the debentures that could be allowed for tax purposes
(v) Reviewed the transfer pricing study prepared for the Company and assessed whether (1) it is still valid for the year and (2) the tax margins used by the Company for the back to back loans are still within the range.

All the above were assessed and examined based on our professional judgment, valuable input, sufficient and detailed conversation with those charged with governance. It was the issue on which we had the most robust discussion with Management. Our factors in determining the above matter as a key audit matter that requires special attention, were both, quantitative and qualitative, always having in mind its complexity.

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

KPSA
Chartered Accountants

Independent Auditor's Report (continued)

To the Members of J&T Securities Management PLC (former J&T Securities Management Limited)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

Report on Other Legal Requirements

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

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

Other Matter

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

Stelios Saphiris
Certified Public Accountant and Registered Auditor
for and on behalf of
KPSA
CHARTERED ACCOUNTANTS
15 Themistokli Dervi Street
1st floor, P.O. Box 27040
1641, Nicosia
Cyprus

Nicosia, 25 April 2019

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	2018 €	2017 €
Revenue	8	**17.076.088**	5.144.155
Other operating income	9	**8.423**	10.290.000
Net profit/(loss) from investing activities	10	**5.022.389**	(7.000.730)
Administration expenses		**(216.603)**	(164.994)
Net impairment profit on financial and contract assets		**78.702**	-
Other expenses	11	**(10.387.410)**	(118.191)
Operating profit	12	**11.581.589**	8.150.240
Finance costs	13	**(9.214.716)**	(8.026.146)
Profit before tax		**2.366.873**	124.094
Tax	14	**(107.196)**	(56.152)
Net profit for the year		**2.259.677**	67.942
		-	-
Other comprehensive income	14	**-**	-
Total comprehensive income for the year		**2.259.677**	67.942

The notes on pages 15 to 71 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Investments in associates	15	**1.934.790**	-
Available-for-sale financial assets	16	**-**	10.420.707
Financial assets at fair value through other comprehensive income	17	**50.430.282**	-
Non-current loans receivable	18	**6.558.672**	2.412.360
		58.923.744	12.833.067
Current assets			
Trade and other receivables	19	**121.557**	14.426.059
Loans receivable	18	**735.242**	33.822.713
Financial assets at fair value through profit or loss	20	**73.807.180**	54.700.373
Refundable taxes	25	**-**	4.811
Cash at bank	21	**798**	534.190
		74.664.777	103.488.146
Total assets		**133.588.521**	116.321.213
EQUITY AND LIABILITIES			
Equity			
Share capital	22	**26.000**	11.000
Share premium		**50.914.000**	50.914.000
Other reserves		**534.283**	44.664
Retained earnings		**9.439.381**	7.508.877
Total equity		**60.913.664**	58.478.541
Non-current liabilities			
Borrowings	23	**66.030.900**	1.732.271
		66.030.900	1.732.271
Current liabilities			
Trade and other payables	24	**291.261**	803.269
Borrowings	23	**6.348.463**	55.307.132
Current tax liabilities	25	**4.233**	-
		6.643.957	56.110.401
Total liabilities		**72.674.857**	57.842.672
Total equity and liabilities		**133.588.521**	116.321.213

On 25 April 2019 the Board of Directors of J&T Securities Management PLC (former J&T Securities Management Limited) authorised these financial statements for issue.

....
Jarmila Janosova
Director

....
Baris John Nicolaides
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Note	Share capital €	Share premium €	Fair value reserve - available-for-sale financial assets €	Fair value reserve - Financial assets at fair value through other comprehensive income €	Retained earnings €	Total €
Balance at 1 January 2017		**11.000**	**50.914.000**	**364**	**-**	**7.440.935**	**58.366.299**
Comprehensive income							
Net profit for the year		-	-	-	-	67.942	67.942
Other comprehensive income for the year		-	-	44.300	-	-	-
Total comprehensive income for the year		-	-	44.300	-	67.942	112.242
Balance at 1 January 2018 as previously reported		**11.000**	**50.914.000**	**44.664**	**-**	**7.508.877**	**58.478.541**
Effect of initial application of IFRS 9 and IFRS 15		-	-	(44.664)	184.580	(329.173)	(189.257)
Balance at 1 January 2018 as restated		**11.000**	**50.914.000**	**-**	**184.580**	**7.179.704**	**58.289.284**
Comprehensive income							
Net profit for the year		-	-	-	-	2.259.677	2.259.677
Other comprehensive income for the year		-	-	-	349.703	-	-
Total comprehensive income for the year		-	-	-	349.703	2.259.677	2.609.380
Transactions with owners							
Issue of share capital	22	15.000	-	-	-	-	15.000

The notes on pages 15 to 71 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Note	Share capital €	Share premium €	Fair value reserve - available-for-sale financial assets €	Fair value reserve - Financial assets at fair value through other comprehensive income €	Retained earnings €	Total €
Other movements							
Balance at 31 December 2018		**26.000**	**50.914.000**	**-**	**534.283**	**9.439.381**	**60.913.664**

Share premium is not available for distribution.

The fair value reserve for investments represents accumulated gains and losses arising on the revaluation of available-for-sale financial assets that have been recognised in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

J&T SECURITIES MANAGEMENT PLC (FORMER J&T SECURITIES MANAGEMENT LIMITED)

CASH FLOW STATEMENT
Year ended 31 December 2018

	Note	2018 €	2017 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		**2.366.873**	124.094
Adjustments for:			
Exchange difference arising on the translation of non-current assets in foreign currencies		**(448.338)**	(345.270)
Unrealised exchange loss		**144.683**	1.239.953
Loss from the sale of available-for-sale financial assets		-	23.607
Loss/(profit) from the sale of financial assets at fair value through other comprehensive income		**197.830**	(164.978)
Loss from the sale of financial assets at fair value through profit or loss		**66.117**	-
Fair value losses on financial assets at fair value through profit or loss		**(12.304.547)**	9.070.879
Reversal of impairment - loans receivable	8	**(107.075)**	-
Impairment charge - loans to related parties	26	**28.373**	-
Dividend income	8	**(1.166.596)**	(227.835)
Interest income	8	**(3.067.380)**	(3.606.525)
Interest expense	13	**3.885.352**	3.769.092
		(10.404.708)	9.883.017
Changes in working capital:			
Decrease/(increase) in trade and other receivables		**51.672.890**	(13.354.323)
Decrease in contract assets		**107.075**	-
Increase in financial assets at fair value through profit or loss		**(6.998.638)**	(18.618.261)
Decrease in trade and other payables		**(963.621)**	(5.513.868)
Cash generated from/(used in) operations		**33.412.998**	(27.603.435)
Interest received		**3.414.661**	3.689.123
Dividends received		**1.166.596**	227.835
Tax paid		**(98.152)**	(42.792)
Net cash generated from/(used in) operating activities		**37.896.103**	(23.729.269)
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of available-for-sale financial assets		-	(86.076.401)
Payment for purchase of financial assets at fair value through other comprehensive income		**(57.015.592)**	-
Loans granted		**(129.962.105)**	(33.904.436)
Loans repayments received		**120.945.943**	50.888.250
Proceeds from sale of available-for-sale financial assets		-	115.070.155
Proceeds from sale of financial assets at fair value through other comprehensive income		**17.624.337**	-
Net cash (used in)/generated from investing activities		**(48.407.417)**	45.977.568
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**15.000**	-
Payments on repurchase of own debentures		**(33.750.507)**	-
Repayments of borrowings		**(72.924.918)**	(77.595.561)
Repayments on maturity of debentures		**(45.264.744)**	-
Proceeds from borrowings		**76.320.438**	59.771.562
Proceeds from issue of debentures		**58.015.260**	-
Unrealised exchange (loss)		**(165.193)**	(398.486)

The notes on pages 15 to 71 form an integral part of these financial statements.

CASH FLOW STATEMENT

Year ended 31 December 2018

	Note	**2018**	2017
		€	€
Interest paid		**(3.701.968)**	(3.493.160)
Repayment of expenses from issue of debentures		**(1.286.134)**	-
Proceeds from sale of repurchased own debentures		**32.720.688**	-
Net cash generated from/(used in) financing activities		**9.977.922**	(21.715.645)
Net (decrease)/increase in cash and cash equivalents		**(533.392)**	532.654
Cash and cash equivalents at beginning of the year		**534.190**	1.536
Cash and cash equivalents at end of the year	21	**798**	534.190

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

1. Incorporation and principal activities

Country of incorporation

The Company J&T Securities Management PLC (former J&T Securities Management Limited) (the "Company") was incorporated in Cyprus on 14 January 2010 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Klimentos, 41-43, Klimentos Tower, 2nd floor, Flat/Office 22, 1061, Nicosia, Cyprus.

Change of Company name

On 20 June 2018, following the conversion of the Company to a Public Limited Company, the Company changed its name from J&T Securities Management Limited to J&T Securities Management PLC.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and trading in listed securities, as well as the provision of financing.

2. Basis of preparation

The 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. The financial statements have been prepared under the historical cost convention as modified by the revaluation of, financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets), and financial assets and financial liabilities at fair value through profit or loss.

3. Adoption of new or revised standards and interpretations

As from 1 January 2018, the Company adopted all the IFRSs and International Accounting Standards (IAS), which are relevant to its operations.

The adoption of these Standards had a material effect on the financial statements as follows:
- IFRS 9 "Financial Instruments"
- IFRS 15 "Revenue from contracts with customers"

As explained below, in accordance with the transition provisions of IFRS 9 and IFRS 15, the Company has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 and IFRS 15 were adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39 and IAS 18 and IAS 11, and the impact of adoption has been recognised in the opening retained earnings.

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

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

(a) Impact on the statement of financial position

	Balance at 31 December 2017 as previously presented €	Reclassi-fications €	31 December 2017 under IAS 18 and IAS 39 €	Effect of adoption of IFRS 15 €	Effect of adoption of IFRS 9 €	1 January 2018 under IFRS 15 and IFRS 9 €
Available-for-sale financial assets	10.420.707	(10.420.707)	-	-	10.420.707	10.420.707
Loans receivable	3.110.734	-	3.110.734	-	(39.732)	3.071.002
Financial assets at fair value through profit or loss	54.700.373	-	54.700.373	-	-	54.700.373
Trade receivables	184.357	-	184.357	-	-	184.357
Bills of exchange receivable	3.882.344	-	3.882.344	-	-	3.882.344
Cash at bank	534.190	-	534.190	-	-	534.190
Trade payables	740.162	-	740.162	-	-	740.162
Other creditors	12.112	-	12.112	-	-	12.112
Retained earnings	7.508.883	-	7.508.883	-	329.173	7.838.056

(b) Impact on the statement of profit or loss and other comprehensive income

Net impairment losses on [financial and contract assets] which was previously presented together with ['selling and marketing costs'], is now presented on the face of the statement of profit or loss and other comprehensive income

(i) IFRS 9 "Financial instruments"

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

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

In particular, assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income. Lastly, assets that do not meet the criteria for amortised cost or fair value through other comprehensive income are measured at fair value through profit or loss.

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

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

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

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

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

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

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

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

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

Impact of adoption

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

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

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

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

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

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

The Company has adopted the simplified expected credit loss model for its trade receivables, trade receivables with significant financing component, lease receivables and contract assets, as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost, cash and cash equivalents, bank deposits with original maturity over 3 months, debt financial assets at FVOCI and loan commitments and financial guarantees.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 2018

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

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

The following table reconciles the carrying amounts of financial instruments, from their previous measurement categories in accordance with IAS 39 into their new measurement categories upon transition to IFRS 9 on 1 January 2018:

	Measurement category			Effect of IFRS 9				
	IAS 39	IFRS 9	Carrying value per IAS 39 (closing balance at 31 December 2017) €	Re-measurement ECL €	Re-measurement Other €	Reclassification Mandatory €	Reclassification Voluntary €	Carrying value per IFRS 9 (opening balance at 1 January 2018) €
Investments in equity securities								
Listed equity securities	AFS (available-for-sale)	FVOCI (designated)	796.617	-	-	(796.617)	-	-
Listed equity securities	FVTPL	FVTPL (mandatorily)	54.700.373	-	-	-	-	54.700.373
Total investments in equity securities			55.496.990	-	-	(796.617)	-	54.700.373
Investments in debt securities								
Corporate debentures	AFS	FVOCI	9.624.090	-	-	(9.624.090)	-	-
Total investments in debt securities			9.624.090	-	-	(9.624.090)	-	-
Loans to related parties	L&R	AC	33.124.339	-	(132.663)	-	-	32.991.676
Loans receivable	L&R	AC	3.110.734	-	(34.071)	-	-	3.076.663
Cash at bank	L&R	AC	534.190	-	-	-	-	534.190
Total other financial assets			36.769.263	-	(166.734)	-	-	36.602.529
Total financial assets			101.890.343	-	(166.734)	(10.420.707)	-	91.302.902

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

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

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

The Company elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of €10.420.717 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value gains of €44.664 were reclassified from the available-for-sale financial assets reserve to the financial assets at FVOCI reserve on 1 January 2018.

- *Investments in equity securities previously classified as financial assets at FVTPL:*

Equity securities - held for trading are required to be held as FVTPL under IFRS 9. As a result there was no impact on the amounts recognised in relation to the investments in equity securities held for trading that were previously classified as financial assets at FVTPL from the adoption of IFRS 9. Under IAS 39 equity securities designated as at fair value through profit or loss at inception were those that were managed and their performance was evaluated on a fair value basis, in accordance with the Company's documented investment strategy. Information about these financial assets was provided internally on a fair value basis to the Company's key management personnel. Under IFRS 9 investments in equity instruments are always measured at fair value, so as a result there was no impact from the adoption of IFRS 9 and other equity securities other than those held for trading were classified as financial assets at FVTPL.

- *Borrowings:*

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

- *Other financial instruments:*

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

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

The assessment of the impact of adoption of IFRS 9 on the Company's accounting policies required management to make certain critical judgments in the process of applying the principles of the new standard. The judgments that had the most significant effect on Management's conclusion are disclosed in note 7.

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

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

- *Assets reclassified to amortised cost category and the assets reclassified out of fair value through profit or loss to fair value through other comprehensive income category*

The main reasons for reclassifications were as follows:

- Securities within the liquidity portfolio identified as held to collect. Following the assessment of its business model for securities within the Company's liquidity portfolio, which are mostly held to collect the contractual cash flows and sell, the Company has identified certain securities which are managed separately and for which the past practice has been (and the Company's intention remains) hold to collect the contractual cash flows. Consequently, the Company has assessed that the appropriate business model for this group of securities is held to collect. These securities, which were previously classified as AFS, were reclassified at AC from the date of initial application. The remainder of the Company's liquidity portfolio is held to collect contractual cash flows and sell.

- Reclassification from retired categories with no change in measurement. In addition to the above, the following debt instruments have been reclassified to new categories under IFRS 9, as their previous categories under IAS 39 were retired, with no changes to their measurement basis:
  - those previously classified as AFS and now classified as measured at FVOCI; and
  - those previously classified as HTM and now classified as measured at AC.

The Company did not apply the exemption to treat the fair value of the above items as their gross carrying value at the date of initial application of IFRS 9.

Reconciliation of provision for impairment at 31 December 2017 and credit loss allowance at 1 January 2018. The following table reconciles the prior period's closing provision for impairment measured in accordance with incurred loss model under IAS 39 to the new credit loss allowance measured in accordance with expected loss model under IFRS 9 at 1 January 2018:

		Effect			
	Provision under IAS 39 or IAS 37 at 31 December 2017	Reclassification to FVTPL	Reclassification to FVOCI	Remeasurement from incurred to expected loss	Effect of adoption of IFRS 9 1 January 2018
	€	€	€	€	€
Loans and receivables measurement category					
Loans receivable	3.110.734	-	-	(39.732)	3.071.002
Loans to associates	33.124.339	-	-	(132.663)	32.991.676

The impact of these changes on the Company's equity is as follows:

	Effect of AFS reserve	Effect on FVOCI reserve	Effect on retained earnings	**Total**
	€	€	€	**€**
At 31 December 2017 - IAS 39	-	-	-	-
Reclassification of non-trading equities from AFS to FVOCI	44.664	(44.664)	-	-
Total impact	44.664	(44.664)	-	-
At 1 January 2018 - IFRS 9	44.664	(44.664)	-	-

4. Significant accounting policies

The principal accounting policies adopted in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in note 29.

Consolidated financial statements

The Group consolidated financial statements comprise the financial statements of the ultimate parent company J&T Private Equity Group Limited, a company incorporated in Cyprus, and the financial statements of the following subsidiaries: JTPEG Advisory, a.s., JTPEG Croatia Investments, a.s. (and its subsidiary Marbera Holding, a.s.), Ellisville Group, s.r.o., J&T BFL Anstalt, Kotrab Enterprises Limited, J&T Private Equity B.V. (and its subsidiaries J&T Financial Investments Limited and J&T Private Investments B.V.), Agunaki Enterprises Limited, J&T Private Investments II B.V., Stocklac Limited, Boronio CZ a.s., Dalinton Limited and the Company.

These consolidated financial statements can be obtained at Klimentos, 41-43, Klimentos Tower, 2nd Floor, Flat/Office 22, 1061 Nicosia.

The consolidated financial statements for the year ended 31 December 2017 and 2018 have not been prepared yet.

Associates

Associates are all entities over which the Company has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associated undertakings are stated at cost less provision for permanent diminution in value, which is recognised as an expense in the period in which the diminution is identified.

Revenue

Recognition and measurement

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

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

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

4. Significant accounting policies (continued)

Revenue recognition (continued)

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

Identification of performance obligations

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

- **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 2018 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 (2017: available-for-sale financial assets) are recognised in equity. When financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

- **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.

- **Financing component**

  The Company does not have any material contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Company elects to use the practical expedient and does not adjust any of the transaction prices for the time value of money.

4. Significant accounting policies (continued)

Revenue recognition (continued)

- **Contract assets and contract liabilities**

  In case the services rendered by the Company as of the reporting date exceed the payments made by the customer as of that date and the Company does not have the unconditional right to charge the client for the services rendered, a contract asset is recognised. The Company assesses a contract asset for impairment in accordance with IFRS 9 using the simplified approach permitted by IFRS 9 which requires expected lifetime losses to be recognised from initial recognition of the contract asset. An impairment of a contract asset is measured, presented and disclosed on the same basis as a financial asset that is within the scope of IFRS 9. If the payments made by a customer exceed the services rendered under the relevant contract, a contract liability is recognised. The Company recognises any unconditional rights to consideration separately from contract assets as a trade receivable because only the passage of time is required before the payment is due.

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

- **Costs to obtain or fulfil contracts with customers**

  The Company recognizes the incremental costs incurred by the Company to obtain contracts with customers and the costs incurred in fulfilling contracts with customers that are directly associated with the contract as an asset if those costs are expected to be recoverable, and record the in "Other assets" in statement of financial position. Incremental costs of obtaining contracts are those costs that the Company incurs to obtain a contract with customer that would not have been incurred if the contract had not been obtained. The asset is amortised on a straight-line basis over the term of the specific contract it relates to, consistent with the pattern of recognition of the associated revenue and recognised in "cost of sales" in statement of profit or loss and other comprehensive income. Additionally the asset is assessed for impairment and any impairment loss is recognized in "cost of sales" in statement of profit or loss and other comprehensive income.

  The Company recognize the incremental costs of obtaining a contract as an expense when incurred if the amortization period of the asset that the entity otherwise would have recognized is one year or less.

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

4. Significant accounting policies (continued)

(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.

Dividends

Dividend distribution to the Company's shareholders is recognised in the Company's financial statements in the year in which they are approved by the Company's shareholders.

Financial assets - Classification

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

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

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

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition and derecognition

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

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

4. Significant accounting policies (continued)

Financial assets - Measurement

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

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

Debt instruments

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

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

Equity instruments

The Company subsequently measures all equity investments at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Company'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 Company'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 statement of profit or loss and other comprehensive income as applicable. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

4. Significant accounting policies (continued)

Financial assets - impairment - credit loss allowance for ECL

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

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

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

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

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

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

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

Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). Refer to note 6, Credit risk section, for a description of how the Company determines when a SICR has occurred. If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Company's definition of credit impaired assets and definition of default is explained in note 6, Credit risk section.

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

Financial assets -Reclassification

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

4. Significant accounting policies (continued)

Financial assets - write-off

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

Financial assets - modification

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

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

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

Cash and cash equivalents

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

For the purpose of ECL measurement due from other banks, balances are included in Stage 1. The ECL for these balances represents an insignificant amount, therefore the Company did not recognise any credit loss allowance for due from other banks.

Financial assets at amortised cost

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

4. Significant accounting policies (continued)

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 payables

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

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

Derivatives

Derivatives are initially recognised at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value and any changes therein are generally recognised in profit or loss. Fair value is calculated using the current values, discounted cash flow analysis or option valuation methods. Derivatives are recorded as assets when their fair value is positive and as liabilities when their fair value is negative.

Offsetting financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the 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 statement of financial position.

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.

4. Significant accounting policies (continued)

Trade receivables (continued)

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 Company 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 Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

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

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.

Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

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.

5. New accounting pronouncements

At the date of approval of these 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 financial statements of the Company.

New Accounting Pronouncements

Certain new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2018 or later, and which the Company has not early adopted.

IFRS 9 "Financial Instruments" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:

5. New accounting pronouncements (continued)

Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortised cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).

Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortised cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.

Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.

Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.

IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

Hedge accounting requirements were amended to align accounting more closely with risk management. The standard provides entities with an accounting policy choice between applying the hedge accounting requirements of IFRS 9 and continuing to apply IAS 39 to all hedges because the standard currently does not address accounting for macro hedging.

The new standard also introduces expanded disclosure requirements and changes in presentation. These are expected to change the nature and extent of the Company's disclosures about its financial instruments particularly in the year of the adoption of the new standard.

6. Financial risk management

Financial risk factors
The Company 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 Company to manage these risks are discussed below:

6.1 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 Company's financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) 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 Company's market price risk is managed through diversification of the investment portfolio.

6. Financial risk management (continued)

6.2 Interest rate risk
Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The Company's income and operating cash flows are substantially independent of changes in market interest rates as the Company has no significant interest-bearing assets. The Company is exposed to interest rate risk in relation to its non-current borrowings. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.3 Credit risk
Credit risk arises from cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets.

(i) Risk management

Credit risk is managed on a group basis.

For banks and financial institutions, only independently rated parties with a minimum rating of 'C' are accepted. If customers are independently rated, these ratings are used.

Otherwise, if there is no independent rating, management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. 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.

(ii) Impairment of financial assets

The Company has the following types of financial assets that are subject to the expected credit loss model:
- trade receivables
- financial assets at amortised cost
- financial assets carried at FVOCI
- cash and cash equivalents

Trade receivables and contract assets

The Company applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables (including those with a significant financing component, lease contracts and contract assets.

To measure the expected credit losses, trade receivables and contract assets have been grouped based on shared credit risk characteristics and the days past due. The Company defines default as a situation when the debtor is more than 90 days past due on its contractual payments. The contract assets relate to unbilled work in progress and have substantially the same risk characteristics as the trade receivables for the same types of contracts. The Company has therefore concluded that the expected loss rates for trade receivables are a reasonable approximation of the loss rates for the contract assets.

The expected loss rates are based on the payment profiles of sales over a period of 36 months before 31 December 2018 or 1 January 2018 respectively and the corresponding historical credit losses experienced within this period. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

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

Previous accounting policy for impairment of trade receivables

In the prior year, the impairment of trade receivables was assessed based on the incurred loss model. A provision for impairment of trade receivables was established when there was objective evidence that the Company will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days overdue) were considered indicators that the trade receivable was impaired. The amount of the provision was the difference between the carrying amount and the recoverable amount, being the present value of estimated future cash flows, discounted at the effective interest rate.

Debt investments

All of the entity's debt investments at FVOCI are considered to have low credit risk, and the loss allowance recognised during the period was therefore limited to 12 months expected losses. 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.

Debt investments at fair value through other comprehensive income

Debt investments at fair value through other comprehensive income (FVOCI) include listed debt securities. The loss allowance for debt investments at FVOCI is recognised in profit or loss and reduces the fair value loss otherwise recognised in OCI.

Other financial assets at amortised cost

Other financial assets at amortised cost include [loans to related parties including loans to directors and key management personnel, receivable from related party and other receivables.]

Loans to related parties, receivables from related parties, other receivables and debt investments at amortised cost and FVOCI

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

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

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower.

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. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors.

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

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Company. The Company categorises a loan or receivable for write off when a debtor fails to make contractual payments greater than 180 days past due. Where loans or receivables have been written off, the Company continues to engage in enforcement activity to attempt to recover the receivable due. Where recoveries are made, these are recognised in profit or loss.

The Company uses three categories for loans, receivables,other receivables, debt securities at FVOCI which reflect their credit risk and how the loss provision is determined for each of those categories. These internal credit risk ratings are aligned to external credit rating companies, such as Standard and Poor, Moody's and Fitch.

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

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

Interest bearing loans are provided to related parties including key management personnel and directors. The Company does not require the related parties to pledge collateral as security against the loans.

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

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

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

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

Loans to related parties

Company internal credit rating	Gross carrying amount	(Loss allowance)	Carrying amount (net of impairment provision)
	€	€	€
Performing	4.097.259	16.410	4.080.849
Total loans to related parties	4.097.259	16.410	4.080.849

Cash and cash equivalents

Company internal credit rating	**External credit rating**	Gross carrying amount	(Loss allowance)	Carrying amount (net of impairment provision)
		€	€	€
Performing	AAA - A	798	-	798
Total cash and cash equivalents		798	-	798

Debt investments at FVOCI

Company internal credit rating	**External credit rating**	Gross carrying amount	(Loss allowance)	Carrying amount (net of impairment provision)
		€	€	€
Performing	AAA - A	49.638.810	-	49.638.810
Total debt investments at FVOCI		49.638.810	-	49.638.810

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

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets (continued)

Loans to related parties

The following table discloses the changes in the credit loss allowance and gross carrying amount for loans to related parties between the beginning and the end of the reporting period:

	Credit loss allowance				Gross carrying amount			
	Stage 1 Performing €	Stage 2 Under-performing €	Stage 3 Non-performing €	Total €	Stage 1 Performing €	Stage 2 Under-performing €	Stage 3 Non-performing €	Total €
31 December 2017- calculated under IAS 39	-	-	-	-	33.124.339	-	-	33.124.339
Opening loss allowance as at 1 January 2018 - calculated under IFRS 9	(132.663)	-	-	(132.663)	-	-	-	-
Closing balances as at 31 December 2018 (calculated under IFRS 9)	(16.410)	-	-	(16.410)	4.097.259	-	-	4.097.259

Cash and cash equivalents

The following table discloses the changes in the credit loss allowance and gross carrying amount for cash and cash equivalents between the beginning and the end of the reporting period:

	Credit loss allowance				Gross carrying amount			
	Stage 1 Performing €	Stage 2 Under-performing €	Stage 3 Non-performing €	Total €	Stage 1 Performing €	Stage 2 Under-performing €	Stage 3 Non-performing €	Total €
31 December 2017- calculated under IAS 39	-	-	-	-	534.190	-	-	534.190
Closing balances as at 31 December 2018 (calculated under IFRS 9)	-	-	-	-	798	-	-	798

6. Financial risk management (continued)

6.3 Credit risk (continued)

(iii) Net impairment losses on financial and contract assets recognized in profit or loss

During the year, the following gains/(losses) were recognised in profit or loss in relation to impaired financial assets:

Impairment losses	**2018**	2017
	€	€
Impairment charge - loans to related parties	**(28.373)**	-
Reversal of impairment - loans receivable	**107.075**	-
Net impairment profit on financial and contract assets	**78.702**	-

6.4 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 Company 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.

The following tables detail the Company's remaining contractual maturity for its financial liabilities. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The table includes both interest and principal cash flows.

31 December 2018	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	4.333.019	4.333.019	4.333.019	-	-	-	-
Debentures	57.650.047	57.650.047	-	632.870	-	57.017.177	-
Trade and other payables	268.573	268.573	268.573	-	-	-	-
Loans from associates	10.396.297	10.396.297	-	1.382.574	9.013.723	-	-
	72.647.936	**72.647.936**	**4.601.592**	**2.015.444**	**9.013.723**	**57.017.177**	**-**

31 December 2017	Carrying amounts	Contractual cash flows	3 months or less	3-12 months	1-2 years	2-5 years	More than 5 years
	€	€	€	€	€	€	€
Bank loans	3.410.707	3.410.707	2.608.347	802.360	-	-	-
Debentures	47.348.835	47.348.835	-	47.348.835	-	-	-
Trade and other payables	752.274	752.274	752.274	-	-	-	-
Loans from related companies	6.279.861	6.279.861	-	4.547.590	1.732.271	-	-
	57.791.677	57.791.677	3.360.621	52.698.785	1.732.271	-	-

6. Financial risk management (continued)

6.5 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 Company's measurement currency. The Company is exposed to foreign exchange risk arising from various currency exposures primarily with respect to the United States Dollar and the Czech koruna. The Company's Management monitors the exchange rate fluctuations on a continuous basis and acts accordingly.

6.6 Capital risk management
Capital includes equity shares and share premium, convertible preference shares and loan from parent company.

The Company 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 Company's overall strategy remains unchanged from last year.

Fair value estimation

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

7. Critical accounting estimates and judgments

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 Company'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.

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.

Critical accounting estimates and assumptions

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

- **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 Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

7. Critical accounting estimates and judgments (continued)

Critical judgements in applying the Company's accounting policies

- **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 Company 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 investments in associates**

  The Company periodically evaluates the recoverability of investments in associates whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country, which may indicate that the carrying amount of an asset is not recoverable. If facts and circumstances indicate that investment in associates may be impaired, the estimated future discounted cash flows associated with these associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of loans receivable**

  The Company periodically evaluates the recoverability of loans receivable whenever indicators of impairment are present. Indicators of impairment include such items as declines in revenues, earnings or cash flows or material adverse changes in the economic or political stability of a particular country in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **Impairment of available-for-sale financial assets**

  The Company follows the guidance of IAS 39 in determining when an investment is other-than-temporarily impaired. This determination requires significant judgment. In making this judgment, the Company evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost and the financial health and near-term business outlook for the investee, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

- **Impairment of financial assets**

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

8. Revenue

(a) Disaggregation of revenue from contracts with customers

Analysis of revenue by category under revenue recognition guidance effective from 1 January 2018:

	2018	2017
	€	€
Dividend from overseas	**1.166.596**	227.835
Interest income	**922.893**	716.479
Loan interest income	**2.144.487**	2.465.737
Net gain on trading in financial instruments	**-**	164.978
Net fair value gains on financial assets at fair value through profit or loss	**12.842.112**	1.569.126
	17.076.088	5.144.155

Analysis of revenue by category under revenue recognition guidance effective prior to 1 January 2018:

	2017
	€
Dividend income	227.835
Interest income	716.479
Loan interest income	2.465.737
Net gain on trading in financial instruments	164.978
Net fair value gains on financial assets at fair value through profit or loss	1.569.126
	5.144.155

9. Other operating income

	2018	2017
	€	€
Profit from sale of obligations	**8.423**	-
Profit from share derivatives	**-**	10.290.000
	8.423	10.290.000

10. Net profit/(loss) from investing activities

	2018	2017
	€	€
Profit from sale of available-for-sale financial assets	**-**	100.000
Profit from sale of financial assets at fair value through other comprehensive income	**123.500**	-
Exchange profit	**5.823.901**	3.662.882
Loss from sale of available-for-sale financial assets	**-**	(123.607)
Loss from sale of financial assets at fair value through other comprehensive income	**(321.330)**	-
Loss from sales of financial assets at fair value through profit or loss	**(66.117)**	-
Fair value losses on financial assets at fair value through profit or loss	**(537.565)**	(10.640.005)
	5.022.389	(7.000.730)

NOTES TO THE FINANCIAL STATEMENTS
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11. Other expenses

	2018	2017
	€	€
Loss from cancellation of option	10.290.000	-
Broker commission and charges	97.410	118.191
	10.387.410	118.191

12. Operating profit

	2018	2017
	€	€
Operating profit is stated after charging the following items:		
Loss from sale of available-for-sale financial assets (Note 16)	-	23.607
Loss from the sale of financial assets at fair value through other comprehensive income (Note 17)	197.830	-
Directors' fees	476	476
Auditors' remuneration for the statutory audit of annual accounts	20.000	18.000
Auditors' remuneration for other assurance services	13.090	13.090
Auditors' remuneration - prior years	3.420	2.850

13. Finance costs

	2018	2017
	€	€
Finance costs		
Interest expense		
Loan interest	592.221	559.332
Bank overdraft interest	43	31
Loan interest on REPO agreements	266.052	125.262
Debenture interest	3.027.036	3.084.467
Sundry finance expenses		
Bank charges	152	11
Net foreign exchange losses		
Realised foreign exchange loss	572.155	946.879
Unrealised foreign exchange loss	4.757.057	3.310.164
	9.214.716	8.026.146

14. Tax

	2018	2017
	€	€
Corporation tax	39.044	28.360
Overseas tax	68.152	27.792
Charge for the year	107.196	56.152

14. Tax (continued)

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

	2018 €	2017 €
Profit before tax	**2.366.873**	124.094
Tax calculated at the applicable tax rates	**295.859**	15.512
Tax effect of expenses not deductible for tax purposes	**2.237.698**	2.014.701
Tax effect of allowances and income not subject to tax	**(2.494.513)**	(2.001.853)
Overseas tax in excess of credit claim used during the year	**68.152**	27.792
Tax charge	**107.196**	56.152

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

15. Investments in associates

	2018 €	2017 €
Balance at 1 January	-	-
Additions	**1.934.790**	-
Balance at 31 December	**1.934.790**	-

The details of the investments are as follows:

Name	Country of incorporation	Principal activities	2018 Holding %	2017 Holding %	2018 €	2017 €
Red Stone Now s.r.o.	Czech Republic	Provision and collection of funds	49,9	-	**1.934.790**	-
					1.934.790	-

On 31 October 2018, the Company ("New Shareholder") signed a "Declaration on the Transfer of Deposit Obligations" with Red Stone Now, s.r.o.
Per the agreement, the sole shareholder of Red Stone Now, s.r.o., decided to increase the share capital by CZK 200.000, of which CZK 199.600 were undertaken by the Company and CZK 400 by the existing shareholder.
Based on this, the Company holds the 49,9% of the share capital in Red Stone Now, s.r.o.

According to the "Shareholder Contract" signed on 31 October 2018 the Company is the owner of the Investor Share which represents the 49,9% of the share capital for the amount of CZK 199.600 and the shareholder of the remaining share capital is the owner of the Founding Share which represents 50,1% of the share capital for the amount of CZK 200.400.
Based on the Agreement, the "Founding Share" bears the following characteristics:

15. Investments in associates (continued)

(a) The obligation of joint selling, which means that in a case of disposal of shares the Founding shares will have to be disposed under the same conditions as the Investor's share will be sold.
(b) The obligation not to transfer his interest to another partner or to a third party without the prior consent of the holder of the Investor Share.
(c) The obligation not to impose on his share without prior consent of the holder of the Investor Share any of the third party rights in particular no liens or pre-emption rights.

On the other hand, "Investor Share" bears the following characteristics:

(a) A preferential right to a share in the profits.
(b) A preferential right to a share in any personal funds determined by the General meeting to be paid to the shareholders.
(c) Preferential right to share in the entire liquidation balance.
(d) The right to be informed immediately by the holder of the Founding Share in case an offer is received from third party for the purchase of Founding share and the right of the holder of the Investor Share to sell it under the same terms as the Founding Share.
(e) The obligation not to transfer his interest to another partner or to a third party without the prior consent of the holder of the Founding Share.

Per the "Agreement on Provision of Surcharge" concluded on 31 October 2018, the Company and Red Stone Now s.r.o., agreed that the Company shall provide to Red Stone Now s.r.o. the additional amounts of CZK 9.954.373 as a "First Surcharge" and the amount of CZK 40.000.000 as a "Second Surcharge".

Per the "Settlement Contract" dated 31 October 2018, the Company ("Creditor"), and Red Stone Now, s.r.o., according to which:
(1) the Company has a receivable amounting to CZK 50.153.973 (Principal: CZK 50.000.000 plus Accrued Interest: CZK 153.973) for the repayment of the loan and the loan receivable concluded on 24 September 2018;
(2) the Company owes to Red Stone Now, s.r.o. the amount of CZK 199.400 for acquisition of the shares in Red Stone Now, s.r.o.; and
(3) the Company owes to Red Stone Now, s.r.o. the amount of CZK 49.954.373 (representing the first and second surcharges) under the "Agreement on Provision of Surcharge" concluded on 31 October 2018,
the Parties agreed to set off their mutual claims.

However, on 20 November 2018, the Company ("Pledgor") concluded an Agreement on Pledge of Shareholding Interest with a third party ("Pledgee") according to which the Company has established a Pledge for the shares held in Red Stone Now s.r.o. in favour of the Pledgee to secure the receivable of the Pledgee under the Loan Agreement dated 11 November 2018 (initial amount CZK 50.000.000).

16. Available-for-sale financial assets

	2018	2017
	€	€
Balance at 1 January	**10.420.707**	38.598.691
Additions	-	86.076.401
Disposals	-	(115.093.762)
Exchange differences	-	370.768
Interest for the year	-	424.309
Revaluation difference transferred to equity	-	44.300
Reclassification to Financial Assets at Fair Value through Other Comprehensive Income	**(10.420.707)**	-
Balance at 31 December	-	10.420.707
Less non-current portion	-	(10.420.707)
Current portion	-	-

	Fair values 2018	**Cost 2018**	Fair values 2017	Cost 2017
	€	**€**	€	€
Securities listed on a Stock Exchange	-	-	10.420.707	10.385.547
	-	-	10.420.707	10.385.547

Available-for-sale financial assets, comprising principally marketable equity securities, are fair valued annually at the close of business on 31 December. For investments traded in active markets, fair value is determined by reference to Stock Exchange quoted bid prices. For other investments, fair value is estimated by reference to the current market value of similar instruments or by reference to the discounted cash flows of the underlying assets. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

Available-for-sale financial assets are classified as non-current assets, unless they are expected to be realised within twelve months from the reporting date or unless they will need to be sold to raise operating capital.

The following are included in profit or loss with respect to available-for-sale financial assets:

	2018	2017
	€	€
Profit from sale of available-for-sale financial assets	-	100.000
Loss from sale of available-for-sale financial assets	-	(123.607)
Net loss on available-for-sale financial assets	-	(23.607)

(A) During the year ended 31 December 2017, the following occurred:

(a) The listed coupon bonds held in CPI Finance Slovakia II, a.s. (CPI 5,00 / 2022) with a regulated financial institution, the Czech government bonds of ST. Dluhop. 1,00/26 and the Czech government bonds of ST. Dluhop. 2,40/25, were all disposed off.

(b) On 31 December 2017, the Company holds 124 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, 11 pieces of fixed rate perpetual notes of J&T Banka 9% PERP EUR and 51 pieces of fixed rate perpetual notes of J&T Banka 9% PERP CZK.

(c) During the year ended 31 December 2017, the Company purchased a number of bonds in a third party, which were all disposed during the period.

16. Available-for-sale financial assets (continued)

On 26 April 2017, the Company entered into a Contract on the set-off of receivables with a third party for the set-off of their mutual receivables. The aforementioned third party has a receivable from the Company, arising from the purchase price of Promissory notes 01/2017 - 08/2017 all issued on 26 April 2017, in the total amount of €3.880.000. The Company has a receivable from the Other party arising from the purchase price from the disposal of bonds in the total amount of €6.889.886,12, out of which the amount of €3.009.886,12 was already settled to the Company. The Parties therefore, agreed to mutually set-off their receivables in the amount of €3.880.000.

(d) On 31 December 2017, the Company additionally holds 23 coupon bonds in Gladonia Limited (Gladonia 3,00/20).

17. Financial assets at fair value through other comprehensive income

	2018	2017
	€	€
Additions	**57.015.592**	-
Disposals	**(17.985.765)**	-
Exchange differences	**578.599**	-
Revaluation difference transferred from equity due to disposal	**(24.978)**	-
Reclassification from Available-for-sale financial assets	**10.420.707**	-
Interest income	**426.127**	-
	50.430.282	-

	Cost		**Fair values**	
	2018	2017	**2018**	2017
	€	€	**€**	€
Securities listed on a Stock Exchange	**50.088.947**	-	**50.430.282**	-
	50.088.947	-	**50.430.282**	-

(A) On 31 December 2018, the Company holds 124 pieces of fixed rate perpetual notes of J&T Banka 10% PERP, 16 pieces of fixed rate perpetual notes of J&T Banka 9% PERP EUR and 51 pieces of fixed rate perpetual notes of J&T Banka 9% PERP CZK.

Additionally, on 31 December 2018, the Company holds 22 coupon bonds in Gladonia Limited (Gladonia 3,00/20), 55 coupon bonds in J&T Energy Financing (JTEF CZKII 5,25/25), 100.000 coupon bonds in EPH (EPH 3,50/20 CZK), 9.000 coupon bonds in EPH (EPH 3,50/20 EUR) and 174 coupon bonds in Nordic T.H.6,00/24.

(i) Disposal of equity investments

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

In the prior financial year, the Company had designated equity investments as available-for-sale where management intended to hold them for the medium to long-term.

Notes 3 and 4 explain the change of accounting policy and the reclassification of certain equity investments from available-for-sale to at fair value through other comprehensive income.

(ii) Disposal of debt investments

On disposal of these debt investments, any related balance within the FVOCI reserve is reclassified to profit or loss.

17. Financial assets at fair value through other comprehensive income (continued)

(iii) Amounts recognised in profit or loss and other comprehensive income

The following are included in profit or loss with respect to financial assets at fair value through other comprehensive income:

	2018	2017
	€	€
Profit from sale of financial assets at fair value through other comprehensive income	**123.500**	-
Loss from sale of financial assets at fair value through other comprehensive income	**(321.330)**	-
Net (loss) on financial assets at fair value through other comprehensive income	**(197.830)**	-

18. Non-current loans receivable

	2018	2017
	€	€
Balance at 1 January	**36.235.073**	52.197.339
New loans granted	**129.962.105**	33.904.436
Repayments	**(123.378.910)**	(53.925.880)
Interest charged	**2.144.487**	2.465.737
Impairment charge	**(57.108)**	-
Set-off of loans	**(39.341.058)**	(2.248.323)
Assignment of loans	**1.951.076**	1.379.405
Exchange differences	**(221.751)**	2.462.359
Balance at 31 December	**7.293.914**	36.235.073

	2018	2017
	€	€
Loans receivable	**3.213.065**	3.110.734
Loans to associates (Note 26.4)	**4.080.849**	33.124.339
	7.293.914	36.235.073
Less current portion	**(735.242)**	(33.822.713)
Non-current portion	**6.558.672**	2.412.360

The loans are repayable as follows:

	2018	2017
	€	€
Within one year	**735.242**	33.822.713
Between one and five years	**6.558.672**	2.412.360
	7.293.914	36.235.073

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

The effective interest rates on receivables (current and non-current) were as follows:

	2018	2017

18. Non-current loans receivable (continued)

Loans receivable	**1year Pribor + 5,54%, 5,8%-6%**	1year Pribor + 5,54%, 3,5%-12%
Loans to associates	**2weekly Repo + 1% / 2,50% - 6,10%**	2weekly Repo + 1% / 2,50% - 7,35%

Loans to related companies relate to the following:

(i) On 1st January 2014, the Company ("Creditor") concluded the following Credit Contracts with J&T Private Equity B.V. ("Debtor"):

(1) Credit Contract 8/JSML/2014 for a loan with a credit limit of €38.000.000, bearing interest at the 2 weekly repo announced by the European Central Bank (ECB) plus a margin of 1% per annum, which is repayable until 31 December 2016.
The amount of €18.628.341,45 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.
The loan was fully settled on 29 December 2016.

Per Amendment No.1 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

The loan was fully settled on 8 November 2017.

As from 3 April 2018, the Company provided additional finance. The loan was outstanding as at 30 June 2018.

On 01 October 2018, the Company entered into a Set Off Agreement for Mutual Receivables, with J&T Private Equity B.V. (JTPE). According to the Agreement, the above loan was fully set off with the claims of JTPE towards the Company arising from the Contract on Debt Assumption concluded on 01 October 2018.

(2) Credit Contract 9/JSML/2014 for a loan with a credit limit of €5.000.000, bearing interest at 4,75% per annum, which is repayable until 31 December 2016.The amount of €1.459.654,98 arising from the Termination Agreement signed on 1st January 2014 is part of this loan.
Per Amendment No.1 signed on 13 November 2015, the interest rate decreased to 3,85% per annum.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2017.

The loan was fully settled on 8 November 2017.

Per Amendment No.3 signed on 30 December 2017, the credit limit increased to €15.000.000 and the repayment date was extended until 31 December 2018.

As from 4 January 2018, the Company provided additional finance.

Per the Termination Agreement signed on 23 April 2018, the Parties agreed to terminate the Credit Contract.

(ii) Additional Agreements concluded during subsequent years relate to the following:

18. Non-current loans receivable (continued)

(1) On 12 March 2014, the Company ("Creditor") concluded Credit Contract 14/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €5.000.000, bearing interest at 4,05% per annum, which is repayable until 31 December 2016.

Per Amendment No.1 signed on 28 July 2015, the interest rate increased to 5,15% per annum.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

On 29 June 2017, the Parties entered into a Termination Agreement for the termination of the loan. Up to the date of signing this Agreement, all rights and obligations arising from the Credit Contract are settled up to full extent.

(2) On 19 September 2014, the Company ("Creditor") concluded Credit Contract 20/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of €1.000.000, bearing interest at the 2 weekly repo announced by the European Central Bank (ECB) plus a margin of 1% per annum, which is repayable until 31 December 2016.

Per Amendment No.1 signed on 29 April 2016, the credit limit increased to €7.000.000.

Per Amendment No.2 signed on 30 December 2016, the repayment date was extended until 31 December 2018.

On 29 April 2016, the Company ("Creditor") entered into an Agreement of mutual understanding with J&T Private Equity B.V. ("Debtor") according to which, the Parties agreed to terminate the Credit Contracts 16/JSML/2014, which on this date has a balance of CZK 129.034.756,64 (equivalent to €4.772.350,47) and 18/JSML/2014, which on this date has a balance of €1.016.384,23 and at the same time to increase the principal amount of the Credit Contrract 20/JSML/2014 by these amounts.
On 01 May 2016, the balance of 20/JSML/2014 shall be €6.515.826,05.

On 01 October 2018, the Company entered into a Set Off Agreement for Mutual Receivables, with J&T Private Equity B.V. (JTPE). According to the Agreement, the above loan was fully set off with the claims of JTPE towards the Company arising from the Contract on Debt Assumption concluded on 01 October 2018.

(3) On 22 October 2014, the Company ("Creditor") concluded Credit Contract 21/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 600.000.000, bearing interest at 7,35% per annum, which is repayable until 22 October 2018.

According to Amendment No.1 concluded on 16 October 2018, the credit limit of the loan was increased to CZK 800.000.000, the interest rate was decreased to 6,10% per annum and the repayment date of the loan was extended until 16 October 2023.

On 31 December 2018, the outstanding balance of the Principal of 21/JSML/2014 is CZK 105.219.072,27.

(4) On 05 November 2014, the Company ("Creditor") concluded Credit Contract 22/JSML/2014 with J&T Private Equity B.V. ("Debtor") for a loan with a credit limit of CZK 601.350.000, bearing interest at 2,50% per annum, which is repayable until 22 October 2018.

According to Amendment No.1 concluded on 22 October 2018, the repayment date of the loan was extended until 16 October 2023.

On 31 December 2018, the outstanding balance of the Principal of 22/JSML/2014 is CZK 109.012,50.

(5) Loans receivable from associate

18. Non-current loans receivable (continued)

On 26 October 2018, the Company ("Assignee") entered into an "Assignment Agreement", for the assignment of five loans receivable from Red Stone Now, s.r.o.: with a total principal amount of CZK 50.000.000, all bearing interest at 5% per annum. The consideration for the assignment of the loan was CZK 50.454.520,55 and was repaid on 29 October 2018.

Per the "Settlement Contract" dated 31 October 2018, the Company ("Creditor"), and Red Stone Now, s.r.o., according to which:
(1) the Company has a receivable amounting to CZK 50.153.973 (Principal: CZK 50.000.000 plus Accrued Interest: CZK 153.973) for the repayment of the loan and the loan receivable concluded on 24 September 2018;
(2) the Company owes to Red Stone Now, s.r.o. the amount of CZK 199.400 for acquisition of the shares in Red Stone Now, s.r.o.; and
(3) the Company owes to Red Stone Now, s.r.o. the amount of CZK 49.954.373 (representing the first and second surcharges) under the "Agreement on Provision of Surcharge" concluded on 31 October 2018,
the Parties agreed to set off their mutual claims.

Other loans relating to Agreements concluded during 2015 to 2017 relate to the following:

(1) On 21 January 2015, the Company ("Creditor") entered into a Loan Contract with a third party individual ("Debtor") for the granting of a loan in the amount of CZK 53.316.562,50, which bears interest at 6,5% per annum and is repayable until 15 February 2017. The interest is payable annually on the 21st of January of each year. In case the interest is not paid on time, is capitalised on the principal amount of the loan.

On 13 February 2017, the Company entered into an Agreement on setting off mutual receivables with the same third party individual ("Party B") according to which, the Parties shall set off their following mutual receivables.
(i) Receivable of the Company in the amount of CZK 60.752.364,02, resulting from the Loan Contract signed on 21 January 2015.
(ii) Receivable of Party B in the amount of CZK 60.752.364,02, which consists the selling price of the promissory note under promissory note hand over protocol as of 13 February 2017.
The receivables of both Parties were mutually set off.

(2) On 14 April 2016, the Company ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the granting of a loan in the amount of €10.800.000, which bears interest at 12% per annum and is repayable on 14 April 2017.
The principal of the loan was fully settled on 02 December 2016, whereas the accrued interest was still outstanding. The accrued interest was fully settled on 27 March 2017.

(3) On 16 June 2016, the Company ("Creditor") entered into a Loan Contract with a third party ("Debtor") for the granting of a loan in the amount of €1.626.700, which bears interest at 6% per annum and is repayable on 15 December 2016.

Per Amendment No.1 signed on 14 December 2016, the repayment date was extended until 15 September 2017.

Per Amendment No.2 signed on 14 September 2017, the repayment date was further extended until 15 March 2018.

Per Amendment No.3 signed on 14 March 2018, the repayment date was further extended until 15 March 2019.

Per Amendment No.4 signed on 14 March 2019, the repayment date was further extended until 15 March 2020. In addition, the parties agreed that as from 14 March 2019, the accrued interest (i.e. €267.670,14) shall be capitalised and become part of the loan.

On 31 December 2018, the outstanding balance of the Principal was €1.626.700.

18. Non-current loans receivable (continued)

(4) On 02 May 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivable with a financial institution ("Assignor") for the assignment of the loan initially payable to the Assignor resulting from Overdraft Loan Agreement entered between the Assignor as the Creditor and a third party as the Borrower on 05 May 2006.
As at the date of the assignment, the loan has a total amount of CZK 17.282.325,81, which consists of principal in the amount of CZK 16.883.062,01, the accrued interest amount to CZK 352.044,33 and the default interest amounts to CZK 47.219,47.
The fee for the assignment of the receivable amounts to CZK 17.282.325,81 and it is payable within three days from the signing of this Agreement.

Per Amendment No.19 to the Credit Contract CZK 60/KTK/2006 signed on 29 April 2016, the Parties agree that as of the effectiveness of this Agreement the interest rate of the receivable is 1Y PRIBOR + 5,54 % per annum.
The interest rate is always set for a year period, since the rate announced by the Czech National Bank on the last day of the previous calendar year is always applied for the PRIBOR rate.
In case the value of the 1Y PRIBOR rate declines below 0,00% per annum, the parties agree that this rate will be replaced by a fixed rate of 0,00% per annum for the duration of this period.
In addition, the repayment date of the loan is extended until 28 April 2017.

Per Amendment No.20 to the Credit Contract CZK 60/KTK/2006 signed on 2 May 2017 between the Company ("Creditor") and a third party ("Debtor"), the repayment date has been extended to 31 December 2017.
In addition, the Parties agreed that the interest assigned and the default interest in the amount of CZK 352.044,33 and CZK 47.219,47 respectively shall be capitalised and become part of the principal.

Per Amendment No.21 signed on 29 December 2017, the parties agreed for the prolongation of the repayment date of the loan to 30 June 2018.

Per Amendment No.22 signed on 29 June 2018, the parties agreed for the prolongation of the repayment date of the loan to 31 December 2018.

Per Amendment No.23 signed on 18 December 2018, the parties agreed for the prolongation of the repayment date of the loan to 31 December 2019.

On 31 December 2018, the outstanding balance of Principal was CZK 17.282.325,81.

(5) On 3 November 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivables with a third party ("Assignor") for the assignment of the following receivables from a third party ("Debtor"):
(i) Receivable resulting from a Loan Contract signed on 8 August 2006, which bears interest of 10% per annum and consists of principal in the amount of CZK 10.068.704,47 and accrued interest of CZK 8.833.477,78. The principal assigned was in the amount of CZK 9.928.440,70.

Per Amendment No.2 signed between the original parties on 16 August 2007, the repayment date is until 31 December 2020 and per Amendment No.4 signed on 17 June 2011, the principal amount of the loan is up to the amount of CZK 13.000.000.

Per the Novation Agreement to the obligation originating from the Loan Contract of 8 August 2006, concluded on 30 April 2018, the interest rate was reduced to 5,8% per annum.

(ii) Receivable resulting from a Loan Contract signed on 25 April 2013, which bears interest of 3,5% per annum, which consists of accrued interest in the amount of CZK 138.081,52.
The receivables are assigned for a consideration equal to the nominal value of the receivables, CZK 18.900.000, which is payable within three months from the day of the signing of this Agreement, i.e. until 3 February 2018.

According to the original Loan Contract, the repayment date of the outstanding accrued interest is 31 December 2024.

18. Non-current loans receivable (continued)

On 31 December 2018, the outstanding balance of the Principal is CZK 6.999.584,28.

The loans assigned are secured with 93.750 shares that the Debtor holds in a Maltese Company, which are pledged.

The Share Pledge Agreement was concluded on 31 December 2013 between the Debtor ("Pledgor") and a third party. ("Pledgee").

Per the Notice and Request to provide Security signed between the Company ("Assignee", "New Creditor") and the Debtor, together with the assignment of the loans to the Company, the security and rights under the Share Pledge Agreement signed on 31 December 2013, were also assigned.

According to the Notice, the Company applies its rights to all dividends, interest and other monies paid or payable in respect of the Pledged Shares and also applies its right to be provided by additional adequate security in relation to any assets to which the Debtor has ownership with a nominal and / or market value above CZK 22.000.000, up to the total amount of CZK 25.000.000.

19. Trade and other receivables

	2018	2017
	€	€
Trade receivables	**40.331**	184.357
Deposits and prepayments	**47.847**	67.968
Derivative financial instruments	**593**	10.291.390
Bills of exchange receivable	**32.786**	3.882.344
	121.557	14.426.059

For a summary of key terms and conditions relating to the balances with related parties, refer to note 26 of the financial statements.

(A) On 31 December 2018 and 31 December 2017, Trade receivables mainly relate to the balances of broker accounts held with a regulated financial institution.

(B) Bills of exchange receivable relate to the following transactions during the years ended 31 December 2017 and 2018:

(i) On 26 April 2017, the Company ("Creditor") concluded six Bill of Exchange Contracts with a third party ("Issuer"), for the issue of promissory notes which have a value of €525.576,39 each on 31 December 2017. The principal amount of each promissory note is €500.000, bears interest at the rate of 7,25% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendments No.1 concluded on the six Bills of Exchange Contracts on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017. Therefore, as at 31 December 2017, each of the bills of exchange will have a balance of €525.072,92.

On 29 December 2017, the Company ("Creditor") entered into Bills of Exchange Contracts, which replace the existing Bills of Exchange Contracts signed on 26 April 2017. The new Contracts extend the maturity of the existing Bills of Exchange until 29 June 2018 and set their interest rate at 7,25% per annum.

All the above were replaced by a new Bill of Exchange Contract on 29 June 2018.

19. Trade and other receivables (continued)

(ii) On 26 April 2017, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €517.291,67 on 31 December 2017. The principal amount of the promissory note is €500.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

On 29 December 2017, the Company ("Creditor") entered into a Bill of Exchange Contract, which replaces the existing Bill of Exchange Contract signed on 26 April 2017. The new Contract extends the maturity of the existing Bill of Exchange until 29 June 2018 and sets the interest rate at 7,25% per annum.

The above was replaced by a new Bill of Exchange Contract on 29 June 2018.

(iii) On the same day, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €393.141,67 on 31 December 2017. The principal amount of the promissory note is €380.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

On 29 December 2017, the Company ("Creditor") entered into a Bill of Exchange Contract, which replaces the existing Bill of Exchange Contract signed on 26 April 2017. The new Contract extends the maturity of the existing Bill of Exchange until 29 June 2018 and sets the interest rate at 7,25% per annum.

The above was replaced by a new Bill of Exchange Contract on 29 June 2018.

On 26 April 2017, the Company entered into a Contract on the set-off of receivables with a third party for the set-off of their mutual receivables. The aforementioned third party has a receivable from the Company, arising from the purchase price of Promissory notes 01/2017 - 08/2017 all issued on 26 April 2017, in the total amount of €3.880.000. The Company has a receivable from the Other party arising from the purchase price from the disposal of bonds in the total amount of €6.889.886,12, out of which the amount of €3.009.886,12 was already settled to the Company. The Parties therefore, agreed to mutually set-off their receivables in the amount of €3.880.000.

(iv) On 13 February 2017, the Company ("New Creditor") concluded an Agreement on Assumption of Obligations Under Issue Terms and Conditions with a third party ("Creditor"), for the transfer of the promissory note to the Company with a value of CZK 60.752.364,02. The promissory note was issued by J&T Private Equity B.V. ("Debtor") on 21 January 2014, and its matures on 15 February 2017.

On 13 February 2017, the Company entered into an Agreement on setting off mutual receivables with a third party ("Party B") according to which, the Parties shall set off their following mutual receivables.
(i) Receivable of the Company in the amount of CZK 60.752.364,02, resulting from the Credit Contract signed on 21 January 2015.
(ii) Receivable of Party B in the amount of CZK 60.752.364,02, which consists the selling price of the promissory note under promissory note hand over protocol as of 13 February 2017.
The receivables of both Parties were mutually set off.

(v) On 11 August 2017, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €6.632.166,67 on 11 December 2017. The principle amount of the promissory note is €6.500.000, bears interest at the rate of 6,00% per annum calculated on a 360 days basis and is payable until 11 December 2017.

This Bill of Exchange was fully settled on 7 December 2017.

19. Trade and other receivables (continued)

(vi) On 11 April 2018, the Company ("Creditor") entered into a Bills of Exchange Contract, with a third party ("Issuer"), for the issue of a promissory note which has a value of €5.256.666,67. The principal amount of the promissory note is €5.000.000, bears interest at the rate of 7,00% per annum calculated on a 360 days basis and is payable until 31 December 2018.

(vii) On 29 June 2018, the Company ("Creditor") entered into eight Bill of Exchange Contracts, with a third party ("Issuer"), for the issue of promissory notes, as follows:
(1) Promissory note (PN) no. 01/2017/2 which has a value of €518.628,47 (principal amount of €500.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.
(2) PN no. 02/2017/2 which has a value of €518.628,47 (principal amount of €500.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.
(3) PN no. 03/2017/2 which has a value of €518.628,47 (principal amount of €500.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.
(4) PN no. 04/2017/2 which has a value of €518.628,47 (principal amount of €500.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.
(5) PN no. 05/2017/2 which has a value of €518.628,47 (principal amount of €500.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.
(6) PN no. 06/2017/2 which has a value of €518.628,47 (principal amount of €500.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.
(7) PN no. 07/2017/2 which has a value of €518.628,47 (principal amount of €500.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.
(8) PN no. 08/2017/2 which has a value of €394.157,64 (principal amount of €380.000), bears interest at the rate of 7,25% per annum calculated on a 360 days basis and is payable until 31 December 2018.

On 31 December 2018, the principal amount of all eight Bills of Exchange were repaid in full together with their accrued interest except from the accrued interest on PN nos. 07/2017/2 and 08/2017/2 (repaid on 2 January 2019).

(C) On 3 October 2017, the Company ("Seller") entered into a Call and Put Option Agreement with J&T Private Equity Group Limited ("JTPEG", "Purchaser") according to which, JTPEG shall have the right to purchase the shares that the Company has in its ownership, which consist of 300.000 pieces of Class A Investor Shares of nominal value of €100 per piece in the Sandberg Private Equity 2 Fund ("Shares"), being a sub-fund of Sandberg Investment Fund SICAV PLC. The remuneration for the exercise of the Put Option or the Call Option shall be €30.000.000, which shall be payable within two months following the exercise date. The exercise date shall be the day of delivery of the Call Option or the Put Option Notice. The Call and Put Option Period starts from the date of the signing of this Agreement and ends on 30 June 2018.

Per the Termination Agreement signed on 27 June 2018, the Parties agreed to terminate the Option.

20. Financial assets at fair value through profit or loss

	2018	2017
	€	€
Balance at 1 January	**54.700.373**	45.013.511
Additions	**167.329.537**	42.591.820
Disposals	**(160.397.016)**	(23.808.581)
Change in fair value	**12.304.547**	(9.070.879)
Exchange differences	**(130.261)**	(25.498)
Balance at 31 December	**73.807.180**	54.700.373
Less non-current portion	-	-
Current portion	**73.807.180**	54.700.373

20. Financial assets at fair value through profit or loss (continued)

	Fair values 2018 €	**Cost 2018 €**	Fair values 2017 €	Cost 2017 €
Securities listed on a Stock Exchange	**73.807.180**	**68.500.512**	54.700.373	61.659.826
	73.807.180	**68.500.512**	54.700.373	61.659.826

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 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 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.

The Company's investments which exceeded 5% of the class "Securities listed on a Stock Exchange" and/or 5% of net assets are shown below:

Investment	Type of investment	Percentage in the investment category	Percentage of net assets	**2018 €**	2017 €
Tatry mountain resorts, a.s.	Security	4,27%	13,27%	**8.074.957**	7.645.438
J&T Ostravice Active Life	Unit certificate	11,09%	1,78%	**1.084.478**	958.431
Sandberg Investment Fund SICAV PLC	Unit certificate	- %	50,00%	-	19.710.000
Best Hotel Properties a.s. (BHP)	Security	7,78%	13,61%	**8.281.027**	8.716.830
J&T Investment Pool - I - SKK, a.s.	Security	36,22%	37,91%	**23.064.989**	-
J&T Investment Pool - I - CZK, a.s.	Security	20,40%	27,46%	**16.704.316**	-
				57.209.767	37.030.699

(A) On 31 December 2017, the Company holds 133.348 shares in Tatry mountain resorts, a.s. (TMR) and 2.724.022 in Best Hotel Properties a.s. (BHP).
In addition, the Company holds 152.998 shares in TMR, which are used as a pledge on the various REPO agreements with other financial institutions. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.396.655 (CZK 86.733.435) plus interest (with various parties).

On 6 November 2017, the Company ("Purchaser") entered into an Agreement on purchase of securities with a third party ("Purchaser") for the transfer of 1.282.050 securities in the share capital of Best Hotel Properties, a.s. (BHP) for the purchase price of €3.910.252,50. The shares purchases have a nominal value of €1,00 per share and represent a share of 3,66% in the share capital of BHP.

Additionally, all 49.494 shares held in a Czech Company (with shares listed on the Prague Stock Exchange) and all 11.687.200 shares held with Dragon Ukrainian Properties & Development plc were fully disposed during the period.

The Company still holds 255 pieces of J&T Ostravice Active Life and 300.000 pieces of Sandberg Private Equity 2 Fund, which constitutes a sub fund of Sandberg Investment Fund SICAV PLC.

During the year 2017, the Company also acquired 205.000 shares in OPAP SA and 798.045 shares in CEZ, a.s. which are all held on 31 December 2017.

20. Financial assets at fair value through profit or loss (continued)

(B) On 31 December 2018, the Company holds 153.343 shares in Tatry mountain resorts, a.s. (TMR), 2.724.022 in Best Hotel Properties a.s. (BHP), 729.045 in CEZ, a.s.
In addition, the Company holds 133.003 shares in TMR, which are used as a pledge on the various REPO agreements with other financial institutions. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.140.970 (CZK 80.798.732,00) plus interest.
It also holds 69.000 shares in CEZ, a.s., which are used as a pledge on one REPO agreement, based on which, the Company sold and agreed to purchase back the above shares for a total of €1.178.069 (CZK 30.304.800) plus interest.

Moreover, the Company still holds 255 pieces of J&T Ostravice Active Life.
Finally, the Company holds 102 pieces of J&T Investment Pool - I - SKK, a.s. and 163 pieces of J&T Investment Pool - I - CZK, a.s.

During the year, the Company disposed all shares held with OPAP SA.

On 31 May 2018, the Company acquired 95.038,9659 pieces of Sandberg Private Equity 2 Fund, being a sub-fund of Sandberg Investment Fund SICAV PLC for a purchase price of €5.000.000 which was paid on 19 June 2018.

On 27 June 2018, the Company ("Seller") entered into a Share Purchase Agreement with Rigoberto Investments Limited ("Purchaser") for the disposal of 395.038,9659 pieces of Sandberg Private Equity 2 Fund, being a sub-fund of Sandberg Investment Fund SICAV PLC for a purchase price of €35.000.000, which is payable until 30 June 2018.
The remuneration was received on 29 June 2018.

All pieces held in Sandberg Private Equity 2 Fund, which constitutes a sub-fund of Sandberg Investment Fund SICAV PLC, were disposed.

21. Cash at bank

Cash balances are analysed as follows:

	2018	2017
	€	€
Cash at bank and in hand	**798**	534.190
	798	534.190

	2018	2017
Maturity analysis:	**€**	€
On demand	**798**	534.190
	798	534.190

Non-cash transactions

The principal non-cash transactions during the current and prior year were the acquisition of property, plant and equipment using finance leases.

21. Cash at bank (continued)

Cash and cash equivalents by currency:

	2018	2017
	€	€
United States Dollars	-	416.993
Euro	247	1.126
Czech koruna	551	116.071
	798	534.190

The exposure of the Company to credit risk and impairment losses in relation to cash and cash equivalents is reported in note 6 of the financial statements.

22. Share capital

	2018 Number of shares	2018 €	2017 Number of shares	2017 €
Authorised				
Ordinary shares of €1 each	11.000	11.000	11.000	11.000
Increase of Authorised share capital - Ordinary shares of €1 each	15.000	15.000	-	-
	26.000	26.000	11.000	11.000
		€		€
Issued and fully paid				
Balance at 1 January	11.000	11.000	11.000	11.000
Issue of shares	15.000	15.000	-	-
Balance at 31 December	26.000	26.000	11.000	11.000

Authorised capital

Under its Memorandum the Company fixed its share capital at 1.000 ordinary shares of nominal value of €1 each.

On 18 August 2011, the Company increased its authorised share capital by 10.000 ordinary shares of nominal value of €1 each. As a result, the authorised share capital of the Company increased to 11.000 ordinary shares of nominal value of €1 each.

On 20 June 2018, the Shareholders resolved with a Special Resolution, to increase the Authorised Share Capital of the Company by 15.000 ordinary shares, of nominal value of €1 per share.
The total Authorised Share Capital after the increase is 26.000 shares.
The new shares were all issued.

Issued capital

On 18 August 2011, the Company increased its share capital by 10.000 ordinary shares of nominal value of €1 each at a total share premium of €50.914.000. As a result, the issued share capital of the Company increased to 11.000 ordinary shares of nominal value of €1 each.

On 20 June 2018, the Company increased its share capital by 15.000 ordinary shares of nominal value of €1 each. As a result, the issued share capital of the Company increased to 26.000 ordinary shares of nominal value of €1 each.

23. Borrowings

	2018 €	2017 €
Balance at 1 January	**57.039.403**	71.283.642
Additions	**134.335.698**	59.771.562
Repayments	**(121.891.586)**	(81.088.689)
Interest for the year	**3.885.309**	3.769.060
Exchange differences	**(242.261)**	3.303.828
Set off of balances	**1.568.753**	-
Repurchase of own long term debentures	**(33.750.507)**	-
Sale of repurchased own long term debentures	**32.720.688**	-
Capitalised expenses	**(1.286.134)**	-
Balance at 31 December	**72.379.363**	57.039.403

	2018 €	2017 €
Current borrowings		
Bank loans	**4.333.019**	3.410.707
Debentures	**632.870**	47.348.835
Loans from associates (Note 26.5)	**1.382.574**	4.547.590
	6.348.463	55.307.132
Non-current borrowings		
Debentures	**57.017.177**	-
Loans from associates (Note 26.5)	**9.013.723**	1.732.271
	66.030.900	1.732.271
Total	**72.379.363**	57.039.403

Maturity of non-current borrowings:

	2018 €	2017 €
Between one to two years	**9.013.723**	1.732.271
Between two and five years	**57.017.177**	-
	66.030.900	1.732.271

On 31 December 2018, the bank loans are secured as follows:

- By a pledge of 133.003 shares in Tatry Mountain resorts, a.s. (TMR) (2017: 152.998 shares in TMR).
- By a pledge of 69.000 shares in CEZ, a.s. (CEZ) (2017: - shares in CEZ).

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

	2018	2017
Bank loans	**2,50%-3,00%**	2,50%-3,00%
Debentures	**5%**	6,25%
Loans from associates	**4%, 4,20%, 1year Pribor + 5,21%**	4,20%, 5,90%, 1year Pribor + 5,21%

23. Borrowings (continued)

(A) Loans from related parties

(i) On 15 January 2016, the Company ("Debtor") entered into Credit Contract 25/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of $1.868.000, which bears interest at the rate of 3,20% per annum and is repayable on 18 December 2020.

On 31 May 2017, the Parties entered into a Termination Agreement for the termination of the loan. Up to the date of signing this Agreement, all rights and obligations arising from the Credit Contract are settled up to full extent.

(ii) On 16 June 2016, the Company ("Debtor") entered into Loan Contract 26/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan in the amount of €1.626.700, which bears interest at the rate of 4,20% per annum and is repayable on 15 December 2016.

Per Amendment No.1 signed on 14 December 2016, the repayment date has been extended until 15 September 2017.

Per Amendment No.2 signed on 14 September 2017, the repayment date has been extended until 15 March 2018.

Per Amendment No.3 signed on 15 March 2018, the repayment date has been extended until 15 March 2019.

Per Amendment No.4 signed on 14 March 2019, the repayment date has been extended until 15 March 2020. In addition, the parties agreed that as from 14 March 2019, the accrued interest (i.e. €187.369,10) shall be capitalised and become part of the loan.

On 31 December 2018, the outstanding balance of Principal is €1.626.700.

(iii) On 29 December 2016, the Company ("Debtor") entered into Credit Contract 28/JSML/2016 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €20.050.000, which bears interest at the rate of 4% per annum and is repayable on 29 March 2017.

The loan was fully settled on 4 January 2017.

(iv) On 08 March 2017, the Company ("Debtor") entered into Credit Contract 29/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of CZK 408.500.000, which bears interest at the rate of 2,60% per annum and is repayable on 31 December 2017.

Per the Termination Agreement signed on 20 September 2017, the loan is fully settled and Credit Contract is terminated.

(v) On 26 April 2017, the Company ("Debtor") entered into Credit Contract 30/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €6.900.000, which bears interest at the rate of 5% per annum and is repayable on 31 December 2017.

Per Amendment No.1 signed on 11 August 2017, the credit limit increased up to the amount of €10.380.000 and the interest rate was amended to 5,90% per annum.

Per Amendment No.2 signed on 30 December 2017, the repayment date has been extended until 29 June 2018.

Per Amendment No.3 signed on 29 June 2018, the repayment date has been extended until 31 December 2018.

On 31 December 2018, the outstanding balance of the Principal of 30/JSML/2017 is €nil.
The Company repaid in full loan 30/JSML/2017 by various payments with the last being made on 31 December 2018.

23. Borrowings (continued)

(vi) On 03 May 2017, the Company ("Debtor") entered into Loan Contract 31/JSML/2017 with J&T Private Equity B.V. ("Creditor") for the granting of a loan in the amount of CZK 17.282.325.81, which bears interest at 1 year PRIBOR plus a fixed rate of 5,21% per annum and is repayable until 02 May 2018.

On 28 February 2018, a Contract on Novation of Obligations was concluded between the Parties, according to which, the original Loan Contract 31/JSML/2017 is replaced by a Credit Contract, which has a credit limit of CZK 38.000.000 and bears interest at 1 year PRIBOR plus a fixed rate of 5,21 % per annum. The repayment date is still 02 May 2018.

Per Amendment No.1 to the Credit Contract concluded on 28 February 2018, signed on 02 May 2018, the repayment date has been extended until 31 December 2018.

Per Amendment No.2 to the Credit Contract concluded on 28 February 2018, signed on 31 December 2018, the repayment date has been extended until 31 December 2019.

On 31 December 2018, the outstanding balance of the Principal is CZK 35.433.527,59.

(vii) On 01 October 2018, the Company ("Debtor") entered into Credit Contract 32/JSML/2018 with J&T Private Equity B.V. ("Creditor") for the granting of a loan with a credit limit in the amount of €10.000.000, which bears interest at 4% per annum and is repayable until 31 December 2020.

On 31 December 2018, the outstanding balance of the Principal of 32/JSML/2018 is €7.212.340,79.

On 01 October 2018, the Company ("Buyer") entered into a Securities Purchase Agreement with Paulinino Limited ("Seller"), for the acquisition of 163 shares in J&T Investment Pool - I - SKK, a.s. for the total purchase price of €22.625.663,25 and 102 shares in J&T Investment Pool - I - CZK, a.s. for the total purchase price of €16.357.780,90. The total purchase price of €38.983.444,15 was payable within one year from the signing of the Agreement.

On 01 October 2018, the Company ("Original Debtor"), entered into a Contract on Debt Assumption with Paulinino Limited ("Creditor") and J&T Private Equity B.V. ("New Debtor"). According to the Agreement, the parties agreed that the Company shall assign to the New Debtor the debt towards Paulinino Limited according to the above Securities Purchase Agreement (purchase price - €38.983.444,15)., for the compensation amount of €38.983.444,15.

On 01 October 2018, the Company entered into a Set Off Agreement for Mutual Receivables, with J&T Private Equity B.V. (JTPE). According to the Agreement, the Company holds a monetary receivable with JTPE originated from the Credit Contract concluded on 01 January 2014 for the amount of €36.900.638;16 ("Receivable 1") and a monetary receivable with JTPE originated from the Credit Contract concluded on 19 September 2014 for the amount of €505.630,46 ("Receivable 2"). On the other hand, JTPE holds a monetary receivable towards the Company originated from the Contract on Debt Assumption concluded on 01 October 2018 for the amount of €38.983.444,15 ("Receivable 3").
The parties agreed that the parties shall set off their mutual claims and Receivable 1 and Receivable 2 shall become extinct while Receivable 3 shall be reduced by €37.406.268,62 and shall be considered as the drawing of financial means based on the Credit Contract 32/JSML/2018, concluded on 30 November 2018 in the amount of €1.577.175,53.

(B) Bank Loans

Bank loans represent REPO agreements with financial institutions.

On 06 May 2013, the Company entered into an Agreement on the Exercise of Voting Rights Associated with Shares with a regulated financial institution for the security of loans by transfer of securities.

23. Borrowings (continued)

On 31 December 2017, the bank loans represent REPO agreements for 152.998 shares in Tatry mountain resorts, a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.396.655 (CZK 86.733.435) plus interest.

On 31 December 2018, the bank loans represent REPO agreements for 133.003 shares in Tatry mountain resorts, a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €3.140.970 (CZK 80.798.732,00) plus interest.

The bank loans also represent REPO agreements for 69.000 shares in CEZ, a.s. Based on the various agreements, the Company sold and agreed to purchase back the above shares for a total of €1.178.069 (CZK 30.304.800) plus interest.

(C) Debentures 2014

(i) On 17 July 2014, the Company ("Issuer") entered into a Mandate Agreement on provision of services related to the issue of the bonds with a third party ("Arranger"), for the issue of 400 fixed rate bonds of 6,25% per annum, with an interest period of 6 months, in the total principal amount of CZK 1.200.000.000, due in 2018.
The Company authorises the Arranger to proceed with various of services, since the Arranger is equipped with required experience for the provision of support to the Issuer.
On the issue date, the Company shall pay to the Arranger a remuneration of CZK 600.000 for the assistance to the Company within preparation of the documentation and CZK 3.000.000 for the intermediation of subscribers to the Company.
The remuneration shall be payable 7 days after the issue date.
Additionally, the Company is entitled to issue additional bonds up to the principal amount of CZK 600.000.000 during the issue period or in the additional issue period.
In addition to the remuneration, the Company shall pay to the Arranger all the documented costs connected with the issue of the bonds, legal costs, the costs of communication, notarial fees, costs of copying, costs of executing a final summary of documentation and the administrative costs of the Czech National Bank (CNB).

(ii) On 23 September 2014, the Company ("Issuer") entered into an Agreement with the a regulated financial institution ("Administrator"), according to which the Administrator agrees that in relation to the issue of the bonds, it will act as an administrator, a listing agent and a calculation agent. The Administrator shall notify the Company of the total amount of financial means, which are to be remitted to the internal account of the Administrator.
The Company shall pay remuneration to the Administrator, in the manner and the maturity dates agreed by and between the Company and the Administrator in a Special Arrangement to this Agreement.

(iii) According to the Special Arrangement with the Administrator signed on the same date, the Company agrees to pay to the Administrator an annual remuneration of 0,15% of the overall volume of the issue of bonds, which is payable on the issue date for the first year and for each subsequent year, on the anniversary thereof.

(iv) Per the Agreement on Placement of Bonds signed on the same date between the Company ("Issuer") and a regulated financial institution ("Lead Manager"), the Lead Manager intends to ensure the process of the subscription and purchase of bonds and to identify proper subscribers who will subscribe the entire issue of bonds.
The remuneration for the services provided shall be agreed in the Special Arrangement to this Agreement.

(v) According to the Special Arrangement to the Agreement on Placement of Bonds signed on the same date, the Company agrees to pay to the Lead Manager a remuneration of 1,50% of the overall volume of the bonds subscribed during the issue period or additional issue period, which is payable retrospectively on a monthly basis against an invoice issued by the Manager after the end of each calendar month of its activity as Manager for the previous calendar month.
The remuneration specified above is exclusive of the value added tax.

23. Borrowings (continued)

(vi) The Company has made the following two issues of bonds which are listed on the Prague Stock Exchange (PSE):

(1) On 22 October 2014, the Company issued 200 fixed rate bonds with the nominal value of each bond amounting to CZK 3.000.000, for the total amount of CZK 600.000.000. The maturity date is 22 October 2018. The interest payments are semi annually with the first due on 22 April 2015.
(2) On 05 November 2014, the Company issued additionally 200 fixed rate bonds with the nominal value of each bond amounting to CZK 3.000.000, for the total amount of CZK 600.000.000. The maturity date is 22 October 2018. The interest payments are semi annually with the first due on 22 April 2015.

(vii) However, on 10 December 2014, the Company has bought back 65 pieces of the bonds issued with nominal value of CZK 3.000.000 each, for the total amount of CZK 196.625.000 (CZK 195.000.000 plus accrued interest CZK 1.625.000).

(viii) On 08 January 2015, the Company has bought back 96 pieces of the bonds issued with nominal value of CZK 3.000.000 each, for the total amount of CZK 291.800.000 (CZK 288.000.000 plus accrued interest CZK 3.800.000).

During 2015, the Company sold all bonds repurchased.

The interest payments were made regularly up to the maturity date.

All bonds were repaid in full on 22 October 2018.

(D) Debentures 2018

(i) Per the Resolution of the Board of Directors signed on 14 September 2018, the Board agreed to issue 400 pieces of bonds, with possibility of increase up to 50% of the total issue volume, which have a nominal value of CZK 3.000.000 each (total of CZK 1.200.000.000) and maturity in year 2023.

(ii) On 20 September 2018, the Company ("Issuer") entered into a Mandate Agreement on provision of services related to the issue of the bonds with a regulated financial institution ("Manager") and a third party ("Arranger"), for the issue of 400 fixed rate bonds of 5% per annum, with an interest period of 6 months, in the total principal amount of CZK 1.200.000.000, due in 2023, which can be increased to 500 fixed rate bonds in the total principal amount of CZK 1.800.000.000.
The Company authorises the Arranger to proceed with various of services, since the Arranger is equipped with required experience for the provision of support to the Issuer costs of the Czech National Bank (CNB).

On 20 September 2018, the Company ("Issuer") entered into an Agreement with the a regulated financial institution ("Administrator"), according to which the Administrator agrees that in relation to the issue of the bonds, it will act as an administrator, a listing agent and a calculation agent. The Administrator shall notify the Company of the total amount of financial means, which are to be remitted to the internal account of the Administrator.
The Company shall pay remuneration to the Administrator, in the manner and the maturity dates agreed by and between the Company and the Administrator in a Special Arrangement to this Agreement.

According to the Special Arrangement with the Administrator signed on the same date, the Company agrees to pay to the Administrator an annual remuneration of 0,10% of the overall volume of the issue of bonds, which is payable on the issue date for the first year and for each subsequent year, on the anniversary thereof.

Per the Agreement on Placement of Bonds signed on the same date between the Company ("Issuer") and a regulated financial institution ("Manager"), the Manager intends to ensure the process of the subscription and purchase of bonds and to identify proper subscribers who will subscribe the entire issue of bonds.
The remuneration for the services provided shall be agreed in the Special Arrangement to this Agreement.

23. Borrowings (continued)

According to the Special Arrangement to the Agreement on Placement of Bonds signed on the same date, the Company agrees to pay to the Manager a remuneration of 2% of the overall volume of the bonds subscribed during the issue period or additional issue period, which is payable retrospectively on a monthly basis against an invoice issued by the Manager after the end of each calendar month of its activity as Manager for the previous calendar month.
The remuneration specified above is exclusive of the value added tax.

In October 2018, the Company issued 400 bonds of total nominal value of CZK 1.200.000.000.
On 3 December 2018, the Company issued additionally 100 bonds of total nominal value of CZK 300.000.000.

On 31 December 2018, the issued bonds of the Company have a total nominal value of CZK 1.500.000.000.

(E) Other loans

(i) On 27 June 2014, the Company ("Debtor") entered into a Loan Contract with a third party ("Creditor") for the granting of a loan in the amount of CZK 100.000.000, which bears interest at the rate of 4,50% per annum and is repayable on 27 December 2014.

Per Amendment No.1 signed on 28 August 2014, the principal amount was increased up to the amount of CZK 104.650.000.

Per Amendment No.2 signed on 26 December 2014, the repayment date has been extended until 01 June 2015.

Per Amendment No.3 signed on 01 June 2015, the repayment date has been extended until 01 October 2015.

Per Amendment No.4 signed on 01 October 2015, the repayment date has been extended until 01 November 2015.

Per Amendment No.5 signed on 01 November 2015, the repayment date has been extended until 31 December 2015.

Per Amendment No.6 signed on 30 December 2015, the repayment date has been extended until 29 February 2016.

Per Amendment No.7 signed on 29 February 2016, the repayment date has been extended until 30 April 2016.

Per Amendment No.8 signed on 04 April 2016, the principal amount was increased up to the amount of CZK 119.650.000.

The loan was fully settled based on the Safekeeping Agreement below.

(ii) On 08 July 2014, the Company ("Debtor") entered into a Loan Contract with a third party ("Creditor") for the granting of a loan in the amount of €934.093,18, which bears interest at the rate of 4,50% per annum and is repayable on 08 January 2015.

Per Amendment No.1 signed on 02 January 2015, the repayment date has been extended until 01 June 2015.

Per Amendment No.2 signed on 01 June 2015, the repayment date has been extended until 01 October 2015.

Per Amendment No.3 signed on 01 October 2015, the repayment date has been extended until 01 November 2015.

Per Amendment No.4 signed on 01 November 2015, the repayment date has been extended until 31 December 2015.

Per Amendment No.5 signed on 30 December 2015, the repayment date has been extended until 29 February 2016.

Per Amendment No.6 signed on 29 February 2016, the repayment date has been extended until 30 April 2016.

23. Borrowings (continued)

On 30 April 2016, the Company ("Depositary") entered into a Safekeeping Agreement with a third party ("Depositor"), according to which, the Depositor agreed to entrust the Company with the safekeeping of the total amount of CZK 155.680.803,44.
The amount entrusted results from the following:
(i) CZK 128.360.372,60 from the Loan Contract signed on 27 June 2014,
(ii) €1.010.445,70 (equivalent to CZK 27.320.430,84) from the Loan Contract signed on 08 July 2014.

The Parties agree that if the liquidator of the Depositor does not prepare the final report on the course of the liquidation and does not compile financial statements by 30 June 2016, the amount of deposit shall carry interest in the amount of 4,5% per annum upon written request by the Depositor as of the day of the request until the day when the liquidator of the Depositor prepares the final report on the course of the liquidation or compiles financial statements.

The Company undertakes to pay out the amount entrusted or a part whenever it is requested by the Depositor in writing to do so.
Unless the amount entrusted is disposed of by 30 June 2017, the Company shall return the amount of deposit or its remaining part by 15 July 2017.
The Parties agreed that the safekeeping of the amount of deposit under this Agreement shall be free of charge and the depositary is not entitled to any remuneration.

On 01 July 2016, the third party delivered the Request under the Safekeeping Agreement according to which, the third party declares that by 30 June 2016 the final report on the course of the liquidation and financial statements were not prepared and requests that the amount of the deposit carries interest in the amount of 4,5% per annum from the delivery of this request.

Per the Notice of termination of carrying interest signed on 02 November 2016, the financial statements of the Depositor were compiled as at 02 November 2016.
As of this day, the total amount of the Deposit is CZK 153.680.803,44 and the interest on the amount of the Deposit is CZK 2.349.421,60.

The Safekeeping Agreement was fully settled on 29 March 2017.

24. Trade and other payables

	2018	2017
	€	€
Trade payables	-	740.162
VAT	**908**	16.348
Accruals	**21.780**	34.647
Other creditors	**268.573**	12.112
	291.261	803.269

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

On 31 December 2017, the balance of Trade payables relates to the following:

On 3 November 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivables with a third party ("Assignor") for the assignment of the following receivables:
(i) Receivable resulting from a Loan Contract signed on 8 August 2006, which bears interest of 10% p.a. and consists of principal in the amount of CZK 10.068.704,47 and accrued interest of CZK 8.833.477,78. The principal assigned was in the amount of CZK 9.928.440,70.
(ii) Receivable resulting from a Loan Contract signed on 25 April 2013, which bears interest of 3,5% p.a., which consists of accrued interest in the amount of CZK 138.081,52.
The receivables are assigned for a consideration equal to the nominal value of the receivables, CZK 18.900.000, which is payable within three months from the day of the signing of this Agreement, i.e. until 3 February 2018.

Per Amendment No.1 signed on 31 January 2018, the consideration is payable within four months from the day of the signing of the Agreement, i.e. until 3 March 2018.

The amount was settled on 28 February 2018.

During the period ended 30 June 2017, the following Agreements were concluded:

(i) On 26 April 2017, the Company ("Creditor") concluded six Bill of Exchange Contracts with a third party ("Issuer"), for the issue of promissory notes which have a value of €525.576,39 each on 31 December 2017. The principal amount of each promissory note is €500.000, bears interest at the rate of 7,25% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendments No.1 concluded on the six Bills of Exchange Contracts on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017. Therefore, as at 31 December 2017, each of the bills of exchange balance will have a balance of €525.072,92.

(ii) On the same day, the Company ("Creditor") concluded an additional Bill of Exchange Contract with a third party ("Issuer"), for the issue of a promissory note which has a value of €517.291,67 on 31 December 2017. The principle amount of the promissory note is €500.000, bears interest at the rate of 5,00% per annum calculated on a 365 or 366 days basis and is payable until 31 December 2017.

According to Amendment No.1 signed on 30 May 2017, the interest shall be calculated on a 360 days basis as from 26 April 2017.

(iii) On 26 April 2017, the Company entered into a Contract on the set-off of receivables with Third Party 1 for the set-off of their mutual receivables. Third Party 2 has the purchase price of Promissory notes 01/2017 - 08/2017 all issued on 26 April 2017, receivable from the Company, in the total amount of €3.880.000. The Company has the purchase price from the disposal of bonds receivable from the Other party in the total amount of €6.889.886,12, out of which the amount of €3.009.886,12 was already settled to the Company.
The Parties therefore, agreed to mutually set-off their receivables in the amount of €3.880.000.

24. Trade and other payables (continued)

(iv) On 13 February 2017, the Company ("New Creditor") concluded an Agreement on Assumption of Obligations Under Issue Terms and Conditions with Third Party 1 ("Creditor"), for the transfer of the promissory note to the Company with a value of CZK 60.752.364,02. The promissory note was issued by J&T Private Equity B.V. ("Debtor") on 21 January 2014, and its matures on 15 February 2017.

(v) On 13 February 2017, the Company entered into an Agreement on setting off mutual receivables with Third Party 1 ("Party B") according to which, the Parties shall set off their following mutual receivables.
(i) Receivable of the Company in the amount of CZK60.752.364,02, resulting from the Credit Contract signed on 21 January 2015.
(ii) Receivable of Party B in the amount of CZK60.752.364,02, which consists the selling price of the promissory note under promissory note hand over protocol as of 13 February 2017.
The receivables of both Parties were mutually set off.

(vi) On 02 May 2017, the Company ("Assignee") entered into an Agreement on Assignment of Receivable with a Bank ("Assignor") for the assignment of the loan initially payable to the Assignor resulting from Overdraft Loan Agreement entered between the Assignor as the Creditor and a third party as the Borrower on 05 May 2006.
As at the date of the assignment, the loan has a total amount of CZK 17.282.325,81, which consists of principal in the amount of CZK 16.883.062,01, the accrued interest amount to CZK 352.044,33 and the default interest amounts to CZK 47.219,47.
The fee for the assignment of the receivable amounts to CZK 17.282.325,81 and it is payable within three days from the signing of this Agreement.

The fee was settled on 03 May 2017.

25. Current tax liabilities/(current tax assets)

	2018	2017
	€	€
Corporation tax	**4.233**	(4.811)
	4.233	(4.811)

26. Related party transactions

The Company is controlled by J&T Private Equity Group Limited, incorporated in Cyprus, which owns 100% of the Company's shares.
Until 15 December 2016, the ultimate controlling parties were nine non resident individuals and one resident individual.
However, as from 15 December 2016, the ultimate controlling parties are eight non resident individuals and one resident individual.

As from 20 June 2018, the ultimate controlling party is still J&T Private Equity Group Limited (99,77%) but the shareholders are:

(1) J&T Private Equity Group Limited, incorporated in Cyprus, which owns 99,77% of the Company's shares,
(2) Berg Nominees Limited (Cyprus - 0,038%),
(3) Mrs. Evridiki Havva (Cypriot individual - 0,038%),
(4) Mrs. Maria Skarpari (Cypriot individual - 0,038%),
(5) Global Bridge Trustees Limited (Cyprus - 0,038%),
(6) Profel Corporate Limited (Cyprus - 0,038%),
(7) Mrs. Eleni Stylianou (Cyprus - 0,038%).

26. Related party transactions (continued)

The following transactions were carried out with related parties:

26.1 Directors' remuneration

The remuneration of Directors and other members of key management was as follows:

	2018	2017
	€	€
Directors' fees	476	476
	476	476

26.2 Interest income

	2018	2017
	€	€
J&T Private Equity B.V.	1.980.575	2.319.257
	1.980.575	2.319.257

26.3 Interest expense

	2018	2017
	€	€
J&T Private Equity B.V.	592.221	559.332
	592.221	559.332

26.4 Loans to related parties (Note 18)

	2018	2017
	€	€
J&T Private Equity B.V.	4.080.849	33.124.339
	4.080.849	33.124.339

26.5 Loans from related parties (Note 23)

	2018	2017
	€	€
J&T Private Equity B.V.	10.396.297	6.279.861
	10.396.297	6.279.861

27. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018.

28. Commitments

The Company had no capital or other commitments as at 31 December 2018 except from the following.

On 20 November 2018, the Company ("Pledgor") concluded an Agreement on Pledge of Shareholding Interest with a third party ("Pledgee") according to which the Company has established a Pledge for the shares held in Red Stone Now s.r.o. in favour of the Pledgee to secure the receivable of the Pledgee under the Loan Agreement dated 11 November 2018 (initial amount CZK 50.000.000).

29. Accounting policies up to 31 December 2017

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

Revenue recognition

Revenue comprises the invoiced amount for the sale of goods and services net of Value Added Tax, rebates and discounts. Revenues earned by the Company are recognised on the following bases:

Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Trade receivables

Trade receivables are measured at initial recognition at fair value and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. This is defined as the fair value of cash consideration given to originate those loans as is determined by reference to market prices at origination date. All loans are recognised when cash is advanced to the borrower.

An allowance for loan impairment is established if there is objective evidence that the Company will not be able to collect all amounts due according to the original contractual terms of loans. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows including amounts recoverable from guarantees and collateral, discounted at the original effective interest rate of loans.

Financial assets

(1) Classification

The Company classifies its financial assets in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of financial assets at initial recognition.

- Financial assets at fair value through profit or loss

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

29. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

Financial assets (continued)

- Loans and receivables

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

- Available-for-sale financial assets

  Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories. They are included in non-current assets, unless Management intends to dispose of the investment within twelve months of the reporting date.

(2) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on trade-date which is the date on which the Company commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from financial assets at fair value through profit or loss is recognised in the profit or loss when the Company's right to receive payments is established.

The fair values of quoted investments are based on current bid prices. If the market for a financial asset is not active (and for unlisted securities), the Company establishes fair value by using valuation techniques. These include the use of recent arm's length transactions, reference to other instruments that are substantially the same and discounted cash flow analysis, making maximum use of market inputs and relying as little as possible on entity specific inputs. Equity investments for which fair values cannot be measured reliably are recognised at cost less impairment.

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

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

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

29. Accounting policies up to 31 December 2017 (continued)

Financial instruments (continued)

Financial assets (continued)

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is considered as an indicator that the securities are impaired. If any such evidence exists for available-for-sale securities the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For financial assets measured at amortised cost, if in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortised cost would have been had the impairment not been recognised.

In respect of available-for-sale equity securities, impairment losses previously recognised in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognised in other comprehensive income and accumulated under the heading of investments revaluation reserve. In respect of available-for-sale debt securities, impairment losses are subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

Derecognition of financial assets and liabilities

Financial assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the rights to receive cash flows from the asset have expired;
- the Company retains the right to receive cash flows from the asset, but has assumed an obligation to pay them in full without material delay to a third party under a 'pass through' arrangement; or
- the Company has transferred its rights to receive cash flows from the asset and either (a) has transferred substantially all the risks and rewards of the asset, or (b) has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

30. Events after the reporting period

There were no material events after the reporting period, which have a bearing on the understanding of the financial statements, except from the following.

On 16 and XXX April 2019, the interest payments relating to the fixed rate debentures were made.

Independent auditor's report on pages 5 to 7

DETAILED INCOME STATEMENT
Year ended 31 December 2018

	Page	2018 €	2017 €
Revenue			
Dividend income		**1.166.596**	227.835
Interest income		**922.893**	716.479
Loan interest income		**2.144.487**	2.465.737
Net gain on trading in financial instruments		**-**	164.978
Net fair value gains on financial assets at fair value through profit or loss		**12.842.112**	1.569.126
Other operating income			
Profit from sale of obligations		**8.423**	-
Profit from share derivatives		**-**	10.290.000
Profit from sale of available-for-sale financial assets		**-**	100.000
Profit from sale of financial assets at fair value through other comprehensive income		**123.500**	-
Reversal of impairment - loans receivable		**107.075**	-
Exchange profit		**5.823.901**	3.662.882
		23.138.987	19.197.037
Operating expenses			
Administration expenses	73	**(216.603)**	(164.994)
		22.922.384	19.032.043
Other operating expenses			
Loss from cancellation of option		**(10.290.000)**	-
Broker commission and charges		**(97.410)**	(118.191)
Impairment charge - loans to related parties		**(28.373)**	-
Loss from sale of available-for-sale financial assets		**-**	(123.607)
Loss from sale of financial assets at fair value through other comprehensive income		**(321.330)**	-
Loss from sales of financial assets at fair value through profit or loss		**(66.117)**	-
Fair value losses on financial assets at fair value through profit or loss		**(537.565)**	(10.640.005)
Operating profit		**11.581.589**	8.150.240
Finance costs	74	**(9.214.716)**	(8.026.146)
Net profit for the year before tax		**2.366.873**	124.094

OTHER OPERATING EXPENSES
Year ended 31 December 2018

	2018 €	2017 €
Administration expenses		
Annual levy	**350**	350
Courier expenses	**1.150**	1.190
Certification and legalisation expenses	**1.910**	1.103
Auditors' remuneration for the statutory audit of annual accounts	**20.000**	18.000
Auditors' remuneration for other assurance services	**13.090**	13.090
Auditors' remuneration - prior years	**3.420**	2.850
Accounting fees	**14.790**	12.495
Other professional fees	**60.172**	31.177
Translation fees	**1.456**	901
Directors' fees	**476**	476
Fines	**100**	1.608
Legal and professional	**21.491**	-
Administration and fees for bonds	**78.198**	81.754
	216.603	164.994

FINANCE EXPENSES
Year ended 31 December 2018

	2018 €	2017 €
Finance costs		
Interest expense		
Loan interest	**592.221**	559.332
Bank overdraft interest	**43**	31
Loan interest on REPO agreements	**266.052**	125.262
Debenture interest	**3.027.036**	3.084.467
Sundry finance expenses		
Bank charges	**152**	11
Net foreign exchange losses		
Realised foreign exchange loss	**572.155**	946.879
Unrealised foreign exchange loss	**4.757.057**	3.310.164
	9.214.716	8.026.146

COMPUTATION OF CORPORATION TAX

Year ended 31 December 2018

	Page	€	€
Net profit per income statement	72		2.366.873
Add:			
Broker commission and charges		97.410	
Loss from sale of financial assets at fair value through other comprehensive income		321.330	
Loss from sales of financial assets at fair value through profit or loss		66.117	
Fair value losses on financial assets at fair value through profit or loss		537.565	
Impairment charge - loans to related parties		28.373	
Realised foreign exchange loss		572.155	
Unrealised foreign exchange loss		4.757.057	
Annual levy		350	
Fines		100	
Non-allowable interest		1.231.129	
Loss on cancellation of option		10.290.000	
			17.901.586
			20.268.459
Less:			
Profit from sale of financial assets at fair value through other comprehensive income		123.500	
Fair value gains on financial assets at fair value through profit or loss		12.842.112	
Dividends received		1.166.596	
Realised foreign exchange profit		1.211.527	
Unrealised foreign exchange profit		4.612.374	
			(19.956.109)
Chargeable income for the year			312.350

Calculation of corporation tax	Income €	Rate %	Total € c
Tax at normal rates:			
Chargeable income as above	312.350	12,50	39.043,75
Tax paid provisionally	240.000		(30.000,00)
TAX PAYABLE			9.043,75