AKTOR CONTRACTORS LIMITED

3 Theokritou, Maroulla court, flat 1
1060 Nicosia
Cyprus

HE 246487

REPORT AND FINANCIAL STATEMENTS

The Management Report , the Auditor's report and the Financial Statements of the company for the year ended 31 December 2018 are true copies of those presented at the Annual General Meeting.

Signature ....
Andreas Mavromatis
Director

Signature ....
Brena Services Limited
Secretary

BRENA SERVICES LIMITED

Crowe Cyprus Limited
8 Stasinos Avenue, 1st Floor
Photiades Business Center
1060, Nicosia, Cyprus
P.O.Box 22545, 1522 Nicosia, Cyprus
Tel. +357 22 755656
Fax. +357 22 452055
www.crowe.com.cy

AKTOR CONTRACTORS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2018

AKTOR CONTRACTORS LIMITED

REPORT AND FINANCIAL STATEMENTS
Year ended 31 December 2018

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BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Andreas Mavromatis Maria Loulli Shouftas Alexandros Exarchou Panagiotis Malamitsis Marilena Michael
Company Secretary:	Brena Services Limited 8 Zinonos Kitieos, Kato Lakatamia 1066 Nicosia Cyprus
Independent Auditors:	Crowe Cyprus Limited Certified Public Accountants and Registered Auditors Photiades Business Centre 1st floor, 8 Stassinos Avenue P.O. Box 22545 1522 Nicosia
Registered office:	3 Theokritou, Maroulla court, flat 1 1060 Nicosia Cyprus

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 provision of finance, the leasing of equipment and contractor for road constructions and building projects.

The Company also operates through a branch in Greece.

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 not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

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

Results
The Company's results for the year are set out on page 6. The net loss for the year is carried forward.

Share capital
Authorised capital
On 31 December 2018 the authorised share capital of the Company was increased to 61.000 ordinary shares of nominal value of €1 each.
Issued capital
On 31 December 2018, the Company issued 1.000 shares of nominal value €1 each at the price of €775 per share representing €774 share premium per share.

Board of Directors
The members of the Company's Board of Directors at the date of this report are presented on page 1.
Mr. Andreas Constantinides who was appointed director on 16 January 2018 resigned on 21 June 2018 and on the same date Mrs. Marilena Michael appointed in his place.
Mr. Dimitrios Koutras resigned on 10 September 2018 and on the same date Mr. Alexandros Exarchou appointed in his place.

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

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 24 to the financial statements.

Independent Auditors
The Independent Auditors, Crowe Cyprus Limited, 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,

Andreas Mavromatis
Director

Nicosia, 26 November 2019

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Independent Auditor's Report

To the Members of Aktor Contractors Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aktor Contractors Limited (the "Company"), which are presented in pages 6 to 24 and comprise the statement of financial position as at 31 December 2018, and the statement of 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 Aktor Contractors Limited 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.

Other information

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

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

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

Independent Auditor's Report (continued)

To the Members of Aktor Contractors Limited

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.
- 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.

Independent Auditor's Report (continued)

To the Members of Aktor Contractors Limited

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.

Chrysis Pegasiou FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
Crowe Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 26 November 2019

AKTOR CONTRACTORS LIMITED

STATEMENT OF COMPREHENSIVE INCOME
Year ended 31 December 2018

	Note	**2018**	2017
		€	€
Revenue	8	**561.150**	586.182
Cost of sales	9	**(451.760)**	(503.257)
		109.390	82.925
Administration expenses		**(189.354)**	(240.979)
Other expenses	10	**-**	(36.150)
Operating loss		**(79.964)**	(194.204)
Net finance (costs)/income	13	**(485)**	252
Loss before tax		**(80.449)**	(193.952)
Tax	14	**(33.357)**	(20.228)
Net loss for the year		**(113.806)**	(214.180)
Other comprehensive income		**-**	-
Total comprehensive expense for the year		**(113.806)**	(214.180)

The notes on pages 10 to 24 form an integral part of these financial statements.

STATEMENT OF FINANCIAL POSITION
31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Property, plant and equipment	15	**895.125**	1.126.125
Investment in associate	16	**1**	1
Capital in joint venture	17	**1**	-
		895.127	1.126.126
Current assets			
Trade and other receivables	18	**51.458**	112.826
Cash at bank and in hand	19	**56.445**	215.871
		107.903	328.697
Total assets		**1.003.030**	1.454.823
EQUITY AND LIABILITIES			
Equity			
Share capital	20	**61.000**	60.000
Share premium		**774.000**	-
Accumulated losses		**(1.535.052)**	(1.421.246)
Total equity		**(700.052)**	(1.361.246)
Current liabilities			
Trade and other payables	21	**1.677.339**	2.809.887
Current tax liabilities	22	**25.743**	6.182
		1.703.082	2.816.069
Total equity and liabilities		**1.003.030**	1.454.823

On 26 November 2019 the Board of Directors of Aktor Contractors Limited authorised these financial statements for issue.

....
Andreas Mavromatis
Director

....
Maria Louli Shouftas
Director

STATEMENT OF CHANGES IN EQUITY
Year ended 31 December 2018

	Note	Share capital €	Share premium €	Accumulated losses €	Total €
Balance at 1 January 2017		**60.000**	**-**	**(1.207.066)**	**(1.147.066)**
Total comprehensive expense for the year		-	-	(214.180)	(214.180)
Balance at 31 December 2017/ 1 January 2018		**60.000**	**-**	**(1.421.246)**	**(1.361.246)**
Total comprehensive expense for the year		-	-	(113.806)	(113.806)
Issue of share capital	20	1.000	774.000	-	775.000
Balance at 31 December 2018		**61.000**	**774.000**	**(1.535.052)**	**(700.052)**

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.

CASH FLOW STATEMENT
Year ended 31 December 2018

	Note	2018 €	2017 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(80.449)**	(193.952)
Adjustments for:			
Depreciation of property, plant and equipment	15	**231.000**	241.000
Loss from the sale of property, plant and equipment		**-**	18.125
Interest income	13	**(3)**	(9)
Interest expense	13	**-**	100
		150.548	65.264
Changes in working capital:			
Decrease in trade and other receivables		**61.368**	1.596.736
Decrease in trade and other payables		**(1.132.549)**	(1.703.440)
Cash used in operations		**(920.633)**	(41.440)
Tax (paid)/refunded		**(13.796)**	79.548
Net cash (used in)/generated from operating activities		**(934.429)**	38.108
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant and equipment		**-**	60.000
Interest received		**3**	9
Net cash generated from investing activities		**3**	60.009
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of share capital		**775.000**	-
Interest paid		**-**	(100)
Net cash generated from/(used in) financing activities		**775.000**	(100)
Net (decrease)/increase in cash and cash equivalents		**(159.426)**	98.017
Cash and cash equivalents at beginning of the year		**215.871**	117.854
Cash and cash equivalents at end of the year	19	**56.445**	215.871

The notes on pages 10 to 24 form an integral part of these financial statements.

1. Incorporation and principal activities

Country of incorporation

The Company Aktor Contractors Limited (the "Company") was incorporated in Cyprus on 27 February 2009 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 3 Theokritou, Maroulla court, flat 1, 1060 Nicosia, Cyprus.

Principal activities

The principal activities of the Company, which are unchanged from last year, are the holding of investments and provision of finance, the leasing of equipment and contractor for road constructions and building projects.

The Company also operates through a branch in Greece.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113.

These financial statements are the separate financial statements. The Company did not prepare consolidated financial statements on the basis of the exemption in paragraph 4(a) of IFRS10 'Consolidated Financial Statements'. Its ultimate parent company Aktor SA, an entity incorporated in Greece, produces consolidated financial statements for public use that have been prepared in accordance with International Financial Reporting Standards. These consolidated financial statements can be obtained in http://www.aktor.gr.

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. This adoption did not have a material effect on the accounting policies of the Company.

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.

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.

Joint arrangements

Joint arrangements are arrangements of which the Company has joint control. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

4. Significant accounting policies (continued)

Joint arrangements (continued)

The classification of a joint arrangement as a joint operation or a joint venture depends upon the rights and obligations of the parties to the arrangement. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement.

In relation to its interest in a joint operation, the Company recognises its assets, liabilities, revenue and expenses including its share of those held or incurred jointly. Interests in joint ventures are recognized as an investment and are accounted for using the equity method as described below.

Under the equity method, an investment in joint venture is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the joint venture. When the Company's share of losses of joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

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.

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 comprehensive income in the period in which the circumstances that give rise to the revision become known by management.

4. Significant accounting policies (continued)

Revenue recognition (continued)

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).

- **Rendering of services**

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

Employee benefits

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

Finance income

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

Finance costs

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

Foreign currency translation

(1) Functional and presentation currency
Items included in the 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.

(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.

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.

4. Significant accounting policies (continued)

Property, plant and equipment

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

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

	%
Plant and machinery	10

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

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

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

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

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).

4. Significant accounting policies (continued)

Financial assets - Recognition and derecognition

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

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

Financial assets - Measurement

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

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 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 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.

4. Significant accounting policies (continued)

Financial assets - Measurement (continued)

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 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.

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 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 -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 and in hand.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.

Share capital

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

5. 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.

6. Financial risk management

Financial risk factors
The Company is exposed to 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 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.

6.2 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:
- cash and cash equivalents

6.3 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.

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

6. Financial risk management (continued)

6.5 Capital risk management
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.

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.

Judgments

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:

- **Provision for bad and doubtful debts**

  The Company reviews its trade and other receivables for evidence of their recoverability. Such evidence includes the customer's payment record and the customer's overall financial position. If indications of irrecoverability exist, the recoverable amount is estimated and a respective provision for bad and doubtful debts is made. The amount of the provision is charged through profit or loss. The review of credit risk is continuous and the methodology and assumptions used for estimating the provision are reviewed regularly and adjusted accordingly.

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The 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.

- **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.

7. Critical accounting estimates and judgments (continued)

- **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

	2018	2017
	€	€
Operating lease income	**381.150**	395.588
Rendering of services	**180.000**	120.000
Work executed	**-**	70.594
	561.150	586.182

9. Cost of sales

	2018	2017
	€	€
Inventories used	**584**	10.374
Staff costs (Note 9)	**135.170**	57.502
Rent	**3.775**	1.162
Telephone and postage	**717**	882
Subcontracted work	**2.415**	137.921
Electricity and fuel	**-**	2.238
Water supply and cleaning	**-**	94
Technician fees	**72.267**	25.636
Commission expense	**4.137**	11.090
Insurance	**-**	651
Licenses and taxes	**543**	10.250
Sundry expenses	**155**	3.670
Transportation and travelling expenses	**920**	167
Printing and stationary	**77**	620
Depreciation	**231.000**	241.000
	451.760	503.257

10. Other expenses

	2018	2017
	€	€
Loss on disposal of property, plant and equipment	**-**	18.125
Other operating expenses - prior year	**-**	3.507
Impairment charge - receivables	**-**	14.518
	-	36.150

11. Administration expenses

	2018	2017
	€	€
Staff costs (Note 12)	**106.548**	128.934
Auditors' remuneration - current year	**5.000**	5.000
Auditors' remuneration - prior years	**2.000**	1.700
Insurance	**1.190**	1.274
Telephone and postage	**118**	174
Professional licence fee	**222**	382
Annual levy	**490**	350
Marketing and research expenses	**36.750**	63.000
Rent	**1.800**	3.520
Legal fees	**825**	1.350
Fines	**100**	48
Administration expenses	**1.000**	1.000
Other professional fees	**26.905**	25.933
Subscriptions and contributions	**190**	1.521
Accounting fees	**6.000**	6.000
Revenue stamps	**65**	65
Sundry expenses	**151**	728
Total expenses	**189.354**	240.979

12. Staff costs

	2018	2017
	€	€
Salaries	**205.811**	160.621
Social security costs	**33.957**	23.475
Social cohesion fund	**1.950**	2.340
	241.718	186.436

13. Finance income/(costs)

	2018	2017
	€	€
Interest income	**3**	9
Exchange profit	**30**	689
Finance income	**33**	698
Net foreign exchange losses	**(11)**	(150)
Interest expense	**-**	(100)
Sundry finance expenses	**(507)**	(196)
Finance costs	**(518)**	(446)
Net finance (costs)/income	**(485)**	252

14. Tax

	2018	2017
	€	€
Overseas tax	**33.357**	18.819
Deferred tax - charge	**-**	1.409
Charge for the year	**33.357**	20.228

14. Tax (continued)

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

	2018	2017
	€	€
Loss before tax	**(80.449)**	(193.952)
Tax calculated at the applicable tax rates	**(10.056)**	(24.244)
Tax effect of expenses not deductible for tax purposes	**75**	1.872
Tax effect of allowances and income not subject to tax	**(13.340)**	(7.082)
Tax effect of tax loss for the year	**23.321**	29.454
Deferred tax	**-**	1.409
Overseas tax in excess of credit claim used during the year	**33.357**	18.819
Tax charge	**33.357**	20.228

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. Property, plant and equipment

	Plant and machinery
	€
Cost	
Balance at 1 January 2017	2.460.000
Disposals	(150.000)
Balance at 31 December 2017/ 1 January 2018	**2.310.000**
Balance at 31 December 2018	**2.310.000**
Depreciation	
Balance at 1 January 2017	1.014.750
Charge for the year	241.000
On disposals	(71.875)
Balance at 31 December 2017/ 1 January 2018	**1.183.875**
Charge for the year	231.000
Balance at 31 December 2018	**1.414.875**
Net book amount	
Balance at 31 December 2018	**895.125**
Balance at 31 December 2017	**1.126.125**

16. Investment in associate

	2018	2017
	€	€
Balance at 1 January	1	1
Balance at 31 December	**1**	1

The details of the investment are as follows:

Name	Country of incorporation	Principal activities	2018 Holding %	2017 Holding %
Aktor Asphaltic Limited	Cyprus	Production and trading of all kinds of asphaltic materials	**50**	50

17. Capital in joint venture

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

The details of the joint ventures are as follows:

Name	Country of incorporation	Principal activities	2018 Holding %	2017 Holding %
Joint Venture Aktor SA Aktor Contractors Ltd	Greece	Construction of road	**15**	-

18. Trade and other receivables

	2018	2017
	€	€
Receivable from related company (Note 23.3)	-	2.571
Deposits and prepayments	**21.208**	5.905
Other receivables	-	1.163
Refundable VAT	**30.250**	103.187
	51.458	112.826

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

19. Cash at bank and in hand

For the purposes of the cash flow statement, the cash and cash equivalents include the following:

	2018	2017
	€	€
Cash at bank and in hand	**56.445**	215.871
	56.445	215.871

20. Share capital

	2018 Number of shares	2018 €	2017 Number of shares	2017 €
Authorised				
Ordinary shares of €1 each	**61.000**	**61.000**	60.000	60.000
		€		€
Issued and fully paid				
Balance at 1 January	**60.000**	**60.000**	60.000	60.000
Issue of shares	**1.000**	**1.000**	-	-
Balance at 31 December	**61.000**	**61.000**	60.000	60.000

Authorised capital

On 31 December 2018 the authorised share capital of the Company was increased to 61.000 ordinary shares of nominal value of €1 each.

Issued capital

On 31 December 2018, the Company issued 1.000 shares of nominal value €1 each at the price of €775 per share representing €774 share premium per share.

21. Trade and other payables

	2018	2017
	€	€
Social insurance and other taxes	**2.011**	3.464
Shareholders' current accounts - credit balances (Note 23.5)	**162**	775.162
Accruals	**76.552**	40.993
Other creditors	**14.070**	32.873
Payables to related companies (Note 23.4)	**1.584.544**	1.957.395
	1.677.339	2.809.887

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

22. Current tax liabilities

	2018	2017
	€	€
Special contribution for defence	**84**	84
Overseas tax	**25.659**	6.098
	25.743	6.182

23. Related party transactions

The following transactions were carried out with related parties:

23.1 Revenue

	Nature of transactions	2018 €	2017 €
Aktor S.A	Operating lease income	**381.150**	395.588
Aktor S.A	Rendering of services	**180.000**	120.000
		561.150	515.588

23.2 Expenses

	Nature of transactions	2018 €	2017 €
Aktor S.A	Right of use of property space	**5.575**	4.682
		5.575	4.682

23.3 Receivable from related company (Note 18)

Name	Nature of transactions	2018 €	2017 €
Biosar Holdings Limited	Finance	**-**	2.571

During 2017 provision for impairment of receivable from Aktor Asphaltic Limited has been recognised amounted to Euro 14.518.

23.4 Payables to related companies (Note 21)

Name	Nature of transactions	2018 €	2017 €
Aktor S.A	Trade	**1.167.308**	1.490.664
Aktor S.A	Finance	**390.428**	466.731
Biosar Holdings Limited	Finance	**26.808**	-
		1.584.544	1.957.395

23.5 Shareholders' current accounts - credit balances (Note 21)

	2018 €	2017 €
As at 31 December	**162**	775.162

The shareholders' current accounts are interest free, and have no specified repayment date.

24. 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.

Independent auditor's report on pages 3 to 5