

**AKTOR CONSTRUCTIONS
INTERNATIONAL LIMITED**

REPORT AND FINANCIAL STATEMENTS
31 December 2016

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2016

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AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Andreas Mavromatis
Georgios Koutsopodiotis
Dimitrios Koutras
Georgios Sossidis

Company Secretary:

Brena Services Limited
Zinonos Kitieos, 8 Kato Lakatamia
2322 Nicosia
Cyprus

Independent Auditors:

Horwath DSP Limited
Certified Public Accountants and Registered Auditors
Photiades Business Centre
1st floor, 8 Stassinos Avenue
P.O. Box 22545
1522 Nicosia

Registered office:

Vas. Friderikis 33, Palais D' Ivoire,
4th floor, office/flat 402-403
Nicosia
1066
Cyprus

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2016.

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 investment and the provision of finance to related companies.

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 note 4 of the financial statements.

Share capital

There were no changes in the share capital of the Company during the year under review

Board of Directors

The members of the Company's Board of Directors as at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2016.

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 18 to the financial statements.

Independent Auditors

The Independent Auditors, Horwath DSP 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, 3 July 2017

Independent Auditor's Report

To the Members of Aktor Constructions International Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Aktor Constructions International Limited (the "Company"), which are presented in pages 6 to 20 and comprise the statement of financial position as at 31 December 2016, 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 the Company as at 31 December 2016, 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 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.

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.

Independent Auditor's Report (continued)

To the Members of Aktor Constructions International Limited

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 skepticism 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.

Report on Other Legal Requirements

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

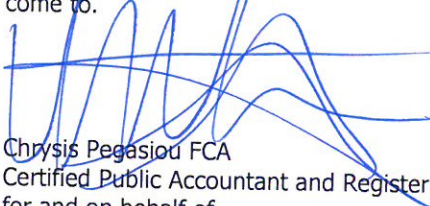
- In our opinion, the management report, has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, and in the light of the knowledge and understanding of the Company and its environment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

Independent Auditor's Report (continued)

To the Members of Aktor Constructions International Limited

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 Pegasidou FCA
Certified Public Accountant and Registered Auditor
for and on behalf of

Horwath DSP Limited
Certified Public Accountants and Registered Auditors

Nicosia, 3 July 2017

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2016

	Note	2016 €	2015 €
Dividend income		-	110.174
Administration expenses		(25.258)	(33.558)
Other expenses	5	(112.945)	(68.588)
Operating (loss)/profit		(138.203)	8.028
Net finance income/(cost)	7	2.657	(4.410)
(Loss)/profit before tax		(135.546)	3.618
Tax	8	(1)	(16.526)
Net loss for the year		(135.547)	(12.908)
Other comprehensive income			
Available-for-sale investments - Fair value gains/(losses)		2.648.894	(18.501.551)
Other comprehensive income for the year		2.648.894	(18.501.551)
Total comprehensive income for the year		2.513.347	(18.514.459)

The notes on pages 10 to 20 form an integral part of these financial statements.


AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2016

	Note	2016 €	2015 €
ASSETS			
Non-current assets			
Available-for-sale investments	11	<u>24.259.260</u>	21.610.366
		<u>24.259.260</u>	21.610.366
Current assets			
Receivables	12	529.842	633.339
Cash at bank and in hand	13	<u>92.613</u>	115.724
		<u>622.455</u>	749.063
Total assets		<u>24.881.715</u>	<u>22.359.429</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	14	32.490	32.490
Share premium		55.673.030	55.673.030
Other reserves		(15.852.344)	(18.501.238)
Accumulated losses		<u>(14.983.971)</u>	<u>(14.848.424)</u>
Total equity		<u>24.869.205</u>	<u>22.355.858</u>
Current liabilities			
Trade and other payables	16	12.454	3.571
Borrowings	15	<u>56</u>	-
		<u>12.510</u>	3.571
Total equity and liabilities		<u>24.881.715</u>	<u>22.359.429</u>

On 3 July 2017 the Board of Directors of Aktor Constructions International Limited authorised these financial statements for issue.



 Andreas Mavromatis
 Director



 Georgios Koutsopodiotis
 Director

The notes on pages 10 to 20 form an integral part of these financial statements.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2016

	Share capital €	Share premium €	Fair value reserve - available-for- sale investments €	Translation reserve €	Accumulated (losses)/ Retained earnings €	Total €
Balance at 1 January 2015	32.490	55.673.030	-	313	(14.835.516)	40.870.317
Total comprehensive expense for the year	-	-	-	-	(12.908)	(12.908)
Fair value adjustment	-	-	(18.501.551)	-	-	(18.501.551)
Balance at 31 December 2015/ 1 January 2016	32.490	55.673.030	(18.501.551)	313	(14.848.424)	22.355.858
Total comprehensive expense for the year	-	-	-	-	(135.547)	(135.547)
Fair value adjustment	-	-	2.648.894	-	-	2.648.894
Balance at 31 December 2016	32.490	55.673.030	(15.852.657)	313	(14.983.971)	24.869.205

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.

The notes on pages 10 to 20 form an integral part of these financial statements.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2016

	Note	2016 €	2015 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(135.546)	3.618
Adjustments for:			
Dividend income		-	(110.174)
Interest income	7	(2)	-
		(135.548)	(106.556)
Changes in working capital:			
Decrease/(increase) in receivables		103.497	(102.108)
Increase/(Decrease) in trade and other payables		8.883	(799)
Cash used in operations		(23.168)	(209.463)
Dividends received		-	110.174
Tax paid		(1)	(16.526)
Net cash used in operating activities		(23.169)	(115.815)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest received		2	-
Net cash generated from investing activities		2	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Net decrease in cash and cash equivalents		(23.167)	(115.815)
Cash and cash equivalents at beginning of the year		115.724	231.539
Cash and cash equivalents at end of the year	13	92.557	115.724

The notes on pages 10 to 20 form an integral part of these financial statements.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

1. Incorporation and principal activities

Country of incorporation

The Company Aktor Constructions International Limited (the "Company") was incorporated in Cyprus on 25 September 2003 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Vas. Friderikis 33, Palais D' Ivoire, 4th floor, office/flat 402-403, Nicosia, 1066, Cyprus.

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 investment and the provision of finance to related companies.

2. Significant accounting policies

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

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 available-for-sale financial assets.

Adoption of new and revised IFRSs

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 2016. This adoption did not have a material effect on the accounting policies of the Company.

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.

Revenue recognition

Revenues earned by the Company are recognised on the following bases:

- **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 2016 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 available-for-sale financial assets are recognised in equity. When 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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2. Significant accounting policies (continued)

Revenue recognition (continued)

- **Dividend income**

Dividend income is recognised when the right to receive payment is established.

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. Translation differences on available-for-sale financial assets are recognised in other comprehensive income and then included in the fair value reserve in equity. Translation differences on available-for-sale debt securities 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.

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.

Investments

(1) Classification

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

- Available-for-sale investments

Available-for-sale investments 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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2. Significant accounting policies (continued)

Financial instruments (continued)

Investments (continued)

(2) Recognition and measurement

Regular way purchases and sales of investments 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 investments not carried at fair value through profit or loss. Investments carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in profit or loss. Investments are derecognised when the rights to receive cash flows from the investments have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Available-for-sale investments and investments 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 "investments at fair value through profit or loss" category are presented in profit or loss in the period in which they arise. Dividend income from investments 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.

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of investments 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 investments 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 investments 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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

2. Significant accounting policies (continued)

Financial instruments (continued)

Investments (continued)

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.

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise deposits held at call with banks and bank overdrafts. In the statement of financial position, bank overdrafts are included in borrowings in current liabilities.

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.

3. 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:

3.1 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 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.

3.2 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.

3.3 Credit risk

Credit risk arises when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables.

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the reporting date was:

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

3. Financial risk management (continued)

3.3 Credit risk (continued)

	2016	2015
	€	€
Receivables	173	19.535
Cash at bank	92.613	115.724
Receivables from related companies	280.416	394.551
Receivables from shareholder	249.253	219.253
	<u>622.455</u>	<u>749.063</u>

3.4 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 2016

	Less than 1 year	Between 2-5 years
	€	€
Bank overdrafts	56	-
Trade and other payables	12.454	-
	<u>12.510</u>	<u>-</u>

31 December 2015

	Less than 1 year	Between 2-5 years
	€	€
Trade and other payables	3.570	-
	<u>3.570</u>	<u>-</u>

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

3.6 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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

4. Critical accounting estimates and judgements

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 judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

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 available-for-sale investments**

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.

5. Other expenses

	2016	2015
	€	€
Impairment of receivables	<u>112.945</u>	<u>68.588</u>
	<u>112.945</u>	<u>68.588</u>

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

6. Expenses by nature

	2016	2015
	€	€
Auditors' remuneration - current year	2.380	2.380
Auditors' remuneration - prior years	-	380
Other professional fees	260	2.370
Accounting fees	2.678	4.760
Accounting fees - prior years	(298)	590
Administration expenses	1.428	1.428
Annual levy	350	350
Custody fees	18.460	21.300
Total expenses	25.258	33.558

7. Finance income/cost

	2016	2015
	€	€
Interest income	2	-
Exchange profit	3.108	2.556
Finance income	3.110	2.556
Net foreign exchange losses	-	(6.628)
Sundry finance expenses	(453)	(338)
Finance costs	(453)	(6.966)
Net finance income/(cost)	2.657	(4.410)

8. Tax

	2016	2015
	€	€
Overseas tax	-	16.526
Defence contribution - current year	1	-
Charge for the year	1	16.526

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

	2016	2015
	€	€
(Loss)/profit before tax	(135.546)	3.618
Tax calculated at the applicable tax rates	(16.943)	452
Tax effect of expenses not deductible for tax purposes	18.847	15.141
Tax effect of allowances and income not subject to tax	(389)	(14.091)
Tax effect of tax losses brought forward	(1.515)	(1.502)
Defence contribution current year	1	-
Overseas tax in excess of credit claim used during the year	-	16.526
Tax charge	1	16.526

The corporation tax rate is 12,5%.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

8. Tax (continued)

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%.

9. Financial instruments by category

The accounting policies for financial instruments have been applied to the line items below:

31 December 2016	Available-for-sale financial assets €	Loans and receivables €	Total €
Assets as per statement of financial position:			
Receivables	-	529.670	529.670
Investments	24.259.260	-	24.259.260
Cash and cash equivalents	-	92.613	92.613
Total	24.259.260	622.283	24.881.543
		Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:			
Borrowings		56	56
Other payables		12.454	12.454
Total		12.510	12.510
		Borrowings and other financial liabilities €	Total €
31 December 2015			
	Available-for-sale financial assets €	Loans and receivables €	Total €
Assets as per statement of financial position:			
Receivables	-	633.339	633.339
Investments	21.610.366	-	21.610.366
Cash and cash equivalents	-	115.724	115.724
Total	21.610.366	749.063	22.359.429
		Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:			
Other payables		3.571	3.571
Total		3.571	3.571

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NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

10. Credit quality of financial assets

The credit quality of financial assets that are neither past due nor impaired can be assessed by reference to external credit ratings (if applicable) or to historical information about counterparty default rates:

	2016	2015
	€	€
Cash at bank and short term bank deposits		
A1	11.168	3.096
Aa2	129	129
Caa2	11.032	25.423
Caa3	13.280	-
Financial institution with no rating	57.004	87.076
	92.613	115.724

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

11. Available-for-sale investments

	2016	2015
	€	€
Balance at 1 January	21.610.366	40.111.917
Revaluation difference transferred to equity	2.648.894	(18.501.551)
Balance at 31 December	24.259.260	21.610.366
	Fair values	Fair values
	2016	2015
	€	€
Toronto Stock Exchange (TSX)	24.259.260	21.610.366
	24.259.260	21.610.366

Available-for-sale investments, 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.

12. Receivables

	2016	2015
	€	€
Receivables from related companies (Note 17.1)	280.416	394.551
Shareholders' current accounts - debit balances (Note 17.2)	249.253	219.253
Other receivables	173	19.535
	529.842	633.339

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

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

13. Cash at bank and in hand

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

	2016	2015
	€	€
Cash at bank and in hand	92.613	115.724
Bank overdrafts (Note 15)	(56)	-
	<u>92.557</u>	<u>115.724</u>

14. Share capital

	2016	2016	2015	2015
	Number of	€	Number of	€
	shares		shares	
Authorised				
Ordinary shares of €1,71 each	<u>19.000</u>	<u>32.490</u>	19.000	32.490
Issued and fully paid				
Balance at 1 January	<u>19.000</u>	<u>32.490</u>	19.000	32.490
Balance at 31 December	<u>19.000</u>	<u>32.490</u>	19.000	32.490

15. Borrowings

	2016	2015
	€	€
Current borrowings		
Bank overdrafts (Note 13)	<u>56</u>	-

16. Trade and other payables

	2016	2015
	€	€
Accruals	8.194	3.571
Other creditors	4.260	-
	<u>12.454</u>	<u>3.571</u>

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

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2016

17. Related party transactions

The following transactions were carried out with related parties:

17.1 Receivables from related parties (Note 12)

<u>Name</u>	<u>Nature of transactions</u>	2016 €	2015 €
Aktor Africa Limited	Finance	-	112.945
AECO (Holdings) Limited	Finance	50.305	50.305
Aktor Asphaltic Limited	Finance	6.227	6.227
Aktor SA	Finance	8.670	8.670
Aktor Contractors Limited	Finance	186.974	186.974
Biosar Holdings Limited	Finance	28.240	29.430
		<u>280.416</u>	<u>394.551</u>

During 2015 a provision for impairment of receivable from JV Aktor SA & Makis Savvides has been recognised amounted to Euro 50.318.

During 2016 a provision for impairment of receivable from Aktor Africa Limited has been recognised amounted to Euro 112.945.

17.2 Shareholders' current accounts - debit balances (Note 12)

	2016 €	2015 €
As at 31 December	<u>249.253</u>	<u>219.253</u>
	<u>249.253</u>	<u>219.253</u>

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

18. 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 and 5