

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

3 Theokritou, Flat 1, Agios Antonios
1060 Nicosia
Cyprus

HE 141480

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
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AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2018

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 2018

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AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Andreas Mavromatis
Marilena Michael
Alexandros Exarchou
Georgios Sossidis
Georgia Georgiou

Company Secretary:

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

Independent Auditors:

Crowe Cyprus Limited
Certified Public Accountants and Registered Auditors
Photiades Business Centre
1st floor, 8 Stassinou Avenue
P.O. Box 22545
1522 Nicosia

Registered office:

3 Theokritou, Flat 1, Agios Antonios
1060 Nicosia
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 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 investment and the provision of finance to related companies.

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

The Company has incurred losses during the year. However, the board of directors expects that the appreciation of the value of the investment in the subsidiary companies in the forthcoming years will outweigh these 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

Issued capital

On 31 December 2018, the Company issued 1,000 shares of nominal value €1 each at the price of €20,000 per share representing €19,998,29 share premium per share.

Board of Directors

The members of the Company's Board of Directors as at the date of this report are presented on page 1.

Mr. Dimitrios Koutras who was appointed director on 19 October 2012 resigned on 16 January 2018 and on the same date Mr. Andreas Constantinides and Mrs. Georgia Georgiou were appointed in his place.

Mr. Andreas Constantinides resigned on 21 June 2018 and on the same date Mrs. Marilena Michael was appointed in his place.

Mr. Georgios Koutsopodiotis resigned on 10 September 2018 and Mr. Alexandros Exarchou was 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 25 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

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 parent company Aktor Constructions International Limited (the "Company"), which are presented in pages 6 to 29 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 parent company Aktor Constructions International 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 Constructions International 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 Constructions International 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 CONSTRUCTIONS INTERNATIONAL LIMITED

STATEMENT OF COMPREHENSIVE INCOME

Year ended 31 December 2018

	Note	2018 €	2017 €
Dividend income		<u>-</u>	<u>8.272.872</u>
Loan interest income		<u>-</u>	<u>20.798</u>
Administration expenses		(54.801)	(61.380)
Net impairment loss on financial and contract assets		(971.559)	(3.621.328)
Operating (loss)/profit		(1.026.360)	4.610.962
Net finance costs	10	<u>(121.713)</u>	<u>(244.353)</u>
(Loss)/profit before tax		(1.148.073)	4.366.609
Tax	11	<u>175.722</u>	<u>(31.182)</u>
Net (loss)/profit for the year		<u>(972.351)</u>	<u>4.335.427</u>
Other comprehensive income			
Financial assets at fair value through other comprehensive income - Fair value Loss		<u>(14.506.887)</u>	<u>(24.623.635)</u>
Other comprehensive income for the year		<u>(14.506.887)</u>	<u>(24.623.635)</u>
Total comprehensive expense for the year		<u>(15.479.238)</u>	<u>(20.288.208)</u>

The notes on pages 10 to 29 form an integral part of these financial statements.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2018

	Note	2018 €	2017 €
ASSETS			
Non-current assets			
Investments in subsidiaries	14	11.292.333	10.851.310
Investment in associate	15	250	250
Financial assets at fair value through other comprehensive income	16	4.086.125	18.593.012
		15.378.708	29.444.572
Current assets			
Trade and other receivables	17	133.363	7.788.455
Cash at bank	18	327.157	86.186
		460.520	7.874.641
Total assets		15.839.228	37.319.213
EQUITY AND LIABILITIES			
Equity			
Share capital	19	34.200	32.490
Share premium		73.748.290	53.750.000
Other reserves		(107.926.181)	(93.419.295)
Accumulated losses		(11.620.895)	(10.648.544)
Total equity		(45.764.586)	(50.285.349)
Non-current liabilities			
Borrowings	20	2.352.269	2.272.507
		2.352.269	2.272.507
Current liabilities			
Trade and other payables	21	59.244.688	85.173.512
Current tax liabilities	22	6.857	158.543
		59.251.545	85.332.055
Total liabilities		61.603.814	87.604.562
Total equity and liabilities		15.839.228	37.319.213

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



Andreas Mavromatis
Director



Marilena Michael
Director

The notes on pages 10 to 29 form an integral part of these financial statements.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

STATEMENT OF CHANGES IN EQUITY

Year ended 31 December 2018

Note	Share capital €	Share premium €	Fair value reserve - Financial assets at fair value through other comprehensive income €	Other reserve €	Merger reserve €	Translation reserve €	Accumulated losses €	Total €
Balance at 1 January 2017	32.490	53.750.000	(15.852.657)	1.923.030	-	313	(14.983.971)	24.869.205
Net profit for the year	-	-	-	-	-	-	4.335.427	4.335.427
Fair value reserve - Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Fair value adjustment From merger	-	-	(24.623.635)	-	(54.866.345)	-	-	(24.623.635) (54.866.345)
Balance at 31 December 2017/ 1 January 2018	32.490	53.750.000	(40.476.292)	1.923.030	(54.866.345)	313	(10.648.544)	(50.285.349)
Net loss for the year	-	-	-	-	-	-	(972.351)	(972.351)
Fair value reserve - Financial assets at fair value through other comprehensive income	-	-	-	-	-	-	-	-
Fair value adjustment Issue of share capital	1.710	19.998.290	(14.506.887)	-	-	-	-	(14.506.887) 20.000.000
Balance at 31 December 2018	34.200	73.748.290	(54.983.179)	1.923.030	(54.866.345)	313	(11.620.895)	(45.764.586)

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 29 form an integral part of these financial statements.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

CASH FLOW STATEMENT

Year ended 31 December 2018

	Note	2018 €	2017 €
CASH FLOWS FROM OPERATING ACTIVITIES			
(Loss)/profit before tax		(1.148.073)	4.366.609
Adjustments for:			
Impairment charge - investments in subsidiaries	14	963.977	3.400.000
Impairment charge - loans to related parties	23	7.582	221.328
Dividend income		-	(8.272.872)
Interest income	10	(36)	(20.799)
Interest expense	10	29.879	11.502
		(146.671)	(294.232)
Changes in working capital:			
Decrease/(increase) in trade and other receivables		6.250.092	(7.258.613)
(Decrease)/increase in trade and other payables		(539.433)	18.896.267
Cash generated from operations		5.563.988	11.343.422
Interest received		-	20.798
Dividends received		-	8.272.872
Tax refunded		24.036	27.902
Net cash generated from operating activities		5.588.024	19.664.994
CASH FLOWS FROM INVESTING ACTIVITIES			
Payment for purchase of available-for-sale investments		-	(1.750.000)
Loans repayments received		-	2.187.766
Interest received		36	<u>1</u>
Net cash generated from investing activities		36	<u>437.767</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		(15.188)	(147.688)
Dividends paid		(5.331.901)	(19.961.444)
Net cash used in financing activities		(5.347.089)	(20.109.132)
Net increase/(decrease) in cash and cash equivalents		240.971	(6.371)
Cash and cash equivalents at beginning of the year		86.186	92.557
Cash and cash equivalents at end of the year	18	327.157	<u>86.186</u>

The notes on pages 10 to 29 form an integral part of these financial statements.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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

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. 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. The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in note 24.

Subsidiary companies

Subsidiaries are entities controlled by the Company. Control exists where the Company is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiary companies are stated at cost less provision for impairment in value, which is recognised as an expense in the period in which the impairment is identified.

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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. Significant accounting policies (continued)

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.

Identification of performance obligations

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

- **Income from investments in securities**

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

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

The difference between the fair value of investments at fair value through profit or loss as at 31 December 2018 and the mid cost price represents unrealised gains and losses and is included in profit or loss in the period in which it arises. Unrealised gains and losses arising from changes in the fair value of financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) are recognised in equity. When financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) are sold or impaired, the accumulated fair value adjustments are included in profit or loss as fair value gains or losses on investments, taking into account any amounts charged or credited to profit or loss in previous periods.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. Significant accounting policies (continued)

Revenue recognition (continued)

- **Interest income**

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

- **Dividend income**

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

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.

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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. Significant accounting policies (continued)

Financial assets - Classification (continued)

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

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

All other financial assets are classified as measured at FVTPL.

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

Financial assets - Recognition and derecognition

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

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

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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. Significant accounting policies (continued)

Financial assets - Measurement (continued)

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.

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".

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. Significant accounting policies (continued)

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

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.

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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

4. Significant accounting policies (continued)

Financial assets - modification (continued)

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

Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank. Cash and cash equivalents are carried at AC because: (i) they are held for collection of contractual cash flows and those cash flows represent SPPI, and (ii) they are not designated at FVTPL.

Borrowings

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

Trade payables

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

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

6.1 Market price risk

Market price risk is the risk that the value of financial instruments will fluctuate as a result of changes in market prices. The Company's financial assets at fair value through other comprehensive income (2017: available-for-sale financial assets) and financial assets at fair value through profit or loss are susceptible to market price risk arising from uncertainties about future prices of the investments. The Company's market price risk is managed through diversification of the investment portfolio.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

6. Financial risk management (continued)

6.2 Interest rate risk

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

6.3 Credit risk

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

(i) Risk management

Credit risk is managed on a group basis.

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

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

(ii) Impairment of financial assets

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

- financial assets at amortised cost
- financial assets carried at FVOCI
- cash and cash equivalents

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

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

Impairment losses	2018	2017
	€	€
Impairment charge - investments in subsidiaries	(963.977)	(3.400.000)
Impairment charge - loans receivable	(7.582)	(221.328)
Net impairment (loss) on financial and contract assets	<u>(971.559)</u>	<u>(3.621.328)</u>

6.4 Liquidity risk

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

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

6. Financial risk management (continued)

6.4 Liquidity risk (continued)

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

31 December 2018	Less than 1 year €	Between 2-5 years €
Trade and other payables	20.936	-
Payables to related companies	59.186.231	-
Loans from related companies	1.366.584	985.685
	<u>60.573.751</u>	<u>985.685</u>
31 December 2017	Less than 1 year €	Between 2-5 years €
Trade and other payables	9.249	-
Payables to related companies	85.147.897	-
Loans from related companies	-	2.272.507
	<u>85.157.146</u>	<u>2.272.507</u>

6.5 Currency risk

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

6.6 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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

7. Critical accounting estimates and judgments (continued)

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 subsidiaries/associates**

The Company periodically evaluates the recoverability of investments in subsidiaries/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 subsidiaries/associates may be impaired, the estimated future discounted cash flows associated with these subsidiaries/associates would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

- **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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

8. Expenses by nature

	2018	2017
	€	€
Staff costs (Note 9)	17.261	-
Auditors' remuneration - current year	10.000	7.140
Auditors' remuneration - prior years	-	2.190
Other professional fees	7.702	25.572
Accounting fees	7.998	12.758
Administration expenses	1.452	2.190
Annual levy	490	350
Custody fees	3.130	6.315
Overseas travelling	4.613	1.830
Revenue stamps	-	35
Consultancy fees	-	3.000
Rent	1.000	-
Sundry expenses	1.155	-
Total expenses	<u>54.801</u>	<u>61.380</u>

9. Staff costs

	2018	2017
	€	€
Salaries	15.000	-
Social security costs	1.951	-
Social cohesion fund	310	-
	<u>17.261</u>	<u>-</u>

10. Finance income/(costs)

	2018	2017
	€	€
Interest income	36	1
Exchange profit	49.535	90.599
Finance income	<u>49.571</u>	<u>90.600</u>
Net foreign exchange losses	(140.292)	(321.765)
Interest expense	(29.879)	(11.502)
Sundry finance expenses	(1.113)	(1.686)
Finance costs	<u>(171.284)</u>	<u>(334.953)</u>
Net finance costs	<u>(121.713)</u>	<u>(244.353)</u>

11. Tax

	2018	2017
	€	€
Corporation tax	-	3.280
Overseas tax	-	27.902
Over provision of overseas taxes in previous years	(175.722)	-
(Credit)/charge for the year	<u>(175.722)</u>	<u>31.182</u>

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

11. 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)/profit before tax	<u>(1.148.073)</u>	<u>4.366.609</u>
Tax calculated at the applicable tax rates	(143.509)	545.826
Tax effect of expenses not deductible for tax purposes	147.251	505.801
Tax effect of allowances and income not subject to tax	(6.192)	(1.045.434)
Tax effect of tax losses brought forward	-	(3.211)
Tax effect of tax loss for the year	2.450	-
10% additional charge	-	298
Over provision of overseas taxes in previous years	(175.722)	-
Overseas tax in excess of credit claim used during the year	-	<u>27.902</u>
Tax charge	<u>(175.722)</u>	<u>31.182</u>

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.

Due to tax losses sustained in the year, no tax liability arises on the Company. Under current legislation, tax losses may be carried forward and be set off against taxable income of the five succeeding years.

12. Financial instruments by category

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

31 December 2018	Financial assets at fair value through other comprehensive income	Financial assets at amortised cost	Total
	€	€	€
Assets as per statement of financial position:			
Trade and other receivables	-	118.671	118.671
Investments	4.086.525	-	4.086.525
Cash and cash equivalents	-	<u>327.157</u>	<u>327.157</u>
Total	<u>4.086.525</u>	<u>445.828</u>	<u>4.532.353</u>
		Borrowings and other financial liabilities	Total
		€	€
Liabilities as per statement of financial position:			
Borrowings		2.352.269	2.352.269
Trade and other payables		<u>59.207.167</u>	<u>59.207.167</u>
Total		<u>61.559.436</u>	<u>61.559.436</u>

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

12. Financial instruments by category as at 31 December 2017: (continued)

31 December 2017	Financial assets at fair value through other comprehensive income €	Financial assets at amortised cost €	Total €
Assets as per statement of financial position:			
Trade and other receivables	-	7.541.753	7.541.753
Investments	18.593.012	-	18.593.012
Cash and cash equivalents	-	86.186	86.186
Total	18.593.012	7.627.939	26.220.951
		Borrowings and other financial liabilities €	Total €
Liabilities as per statement of financial position:			
Borrowings		2.272.507	2.272.507
Trade and other payables		85.157.146	85.157.146
Total		87.429.653	87.429.653

13. Credit quality of financial assets

The credit quality of financials 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:

	2018 €	2017 €
Cash at bank and short term bank deposits		
A1	-	2.063
Aa3	-	1.086
B2	46.393	29.103
B3	280.764	53.934
	327.157	86.186

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

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

14. Investments in subsidiaries

	2018 €	2017 €
Balance at 1 January	10.851.310	-
Additions	1.405.000	14.251.310
Impairment charge	(963.977)	(3.400.000)
Balance at 31 December	<u>11.292.333</u>	<u>10.851.310</u>

The details of the subsidiaries are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2018 Holding %	2017 Holding %
General Gulf S.P.C.	Bahrein	Construction project management and consultancy services	100	100
Millennium Construction Equipment and Trading LLC	United Arab Emirates	Construction	49	49
SC Inscut Bucuresti SRL	Romania	Leasing of real estate	99,98	99,98
Burg Machinery Eood	Bulgaria	Renting of assets	100	100
Biosar Holdings Limited	Cyprus	Holding of investments and provision of finance	100	100
Aktor Contractors Limited	Cyprus	Holding of investments and provision of finance, contractor of road constructions and building projects	100	100
Aktor & Al Abjar Contracts Trading and Contracting WLL	Qatar	Design, general contracting for civil works and constructions	49	49

During the year the subsidiary company Aktor Contractors Limited increased its share capital by issuing 1.000 shares of nominal value €1 each at the price of €775 per share representing €774 share premium per share. The Company has fully contributed to the increase.

During the year the subsidiary company Biosar Holdings Limited increased its share capital by issuing 1.000 shares of nominal value €1 each at the price of €630 per share representing €629 share premium per share. The Company has fully contributed to the increase.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

15. Investment in associate

	2018	2017
	€	€
Balance at 1 January	250	-
Additions	-	250
Balance at 31 December	250	250

The details of the investment are as follows:

<u>Name</u>	<u>Country of incorporation</u>	<u>Principal activities</u>	2018 Holding %	2017 Holding %
Ellaktor Ventures Limited	Cyprus	Holding of investments and provision of finance	25	25

16. Financial assets at fair value through other comprehensive income

	2018	2017
	€	€
Balance at 1 January	18.593.012	24.259.260
Additions	-	18.957.387
Revaluation difference transferred to equity	<u>(14.506.887)</u>	<u>(24.623.635)</u>
	4.086.125	18.593.012

	2018	2017
	€	€
Securities listed on a Stock Exchange	4.084.525	9.642.051
Non-listed securities	<u>1.600</u>	<u>8.950.961</u>
	4.086.125	18.593.012

(i) Disposal of equity investments

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

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

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

(ii) Disposal of debt investments

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

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

17. Trade and other receivables

	2018	2017
	€	€
Receivables from subsidiaries (Note 23.4)	162	7.420.940
Receivables from related companies (Note 23.4)	116.574	118.878
Deposits and prepayments	3.696	235.706
Other receivables	1.935	1.935
Refundable VAT	10.996	10.996
	<u>133.363</u>	<u>7.788.455</u>

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

18. Cash at bank

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

	2018	2017
	€	€
Cash at bank	<u>327.157</u>	86.186
	<u>327.157</u>	<u>86.186</u>

19. Share capital

	2018	2018	2017	2017
	Number of shares	€	Number of shares	€
Authorised				
Ordinary shares of €1,71 each	<u>500.000</u>	<u>855.000</u>	500.000	855.000
		€		€
Issued and fully paid				
Balance at 1 January	19.000	32.490	19.000	32.490
Issue of shares	<u>1.000</u>	<u>1.710</u>	-	-
Balance at 31 December	<u>20.000</u>	<u>34.200</u>	19.000	32.490

Issued capital

On 31 December 2018, the Company issued 1.000 shares of nominal value €1 each at the price of €20.000 per share representing €19.998,29 share premium per share.

20. Borrowings

	2018	2017
	€	€
Non-current borrowings		
Loans from related companies (Note 23.7)	<u>2.352.269</u>	2.272.507
Total	<u>2.352.269</u>	<u>2.272.507</u>

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

21. Trade and other payables

	2018	2017
	€	€
Social insurance and other taxes	579	-
Shareholders' current accounts - credit balances (Note 23.8)	58.919.758	84.251.659
Accruals	36.942	16.366
Other creditors	20.936	9.249
Payables to subsidiaries (Note 23.6)	262.074	241.839
Payables to related companies (Note 23.6)	4.399	654.399
	<u>59.244.688</u>	<u>85.173.512</u>

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
	€	€
Corporation tax	6.833	3.280
Special contribution for defence	24	2
Overseas tax	-	155.261
	<u>6.857</u>	<u>158.543</u>

23. Related party transactions

The following transactions were carried out with related parties:

23.1 Interest income

	2018	2017
	€	€
General Gulf Company S.P.C.	-	20.798

23.2 Interest expense

	2018	2017
	€	€
AECO (Holdings) Limited	29.879	11.502

23.3 Receivables from subsidiaries (Note 16)

	2018	2017
	€	€
Biosar Holdings Limited	-	6.645.778
Aktor Contractors Limited	162	775.162
	<u>162</u>	<u>7.420.940</u>

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

23. Related party transactions (continued)

23.4 Receivables from related companies (Note 17)

<u>Name</u>	<u>Nature of transactions</u>	2018 €	2017 €
Aktor Asphaltic Limited	Finance	-	7.582
Aktor Technical Construction LLC	Finance	116.574	111.296
		116.574	118.878

During 2017 a provision for impairment of receivable from Al Ahamdijah Aktor LLC has been recognised amounted to Euro 248.736.

During 2018 a provision for impairment of receivable from Aktor Asphaltic Limited has been recognised amounted to Euro 7.582.

23.5 Payables to subsidiaries

	<u>Nature of transactions</u>	2018 €	2017 €
Aktor & Al Abjar Contracts Trading & Contracting WLL	Finance	239.930	229.070
Biosar Holdings Limited	Finance	9.375	-
SC Inscut Bucuresti SRL	Finance	12.769	12.769
		262.074	241.839

23.6 Payables to related companies (Note 21)

<u>Name</u>	<u>Nature of transactions</u>	2018 €	2017 €
Helector Cyprus Limited	Finance	2.065	2.065
Aktor Concessions(Cyprus) Limited	Finance	250	250
Aktor SA (Cyprus branch)	Finance	2.084	2.084
		4.399	4.399

23.7 Loans from related companies (Note 20)

	2018 €	2017 €
AECO (Holdings) Limited	1.366.584	1.286.822
Aktor Concessions SA	985.685	985.685
	2.352.269	2.272.507

The loan from related company amounting to €1.366.584 (2017: €1.286.822) bears interest at the rate of 3 months Libor plus 1% and it is not repayable within the next twelve months.

The loan from related company amounting to €985.685 (2017: €985.685) represents accrued interest of debenture which bore interest at the rate of 4,68% per annum and it is not repayable within the next twelve months.

23.8 Payable to parent company (Note 21)

	2018 €	2017 €
As at 31 December	58.919.756	84.251.659

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

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

24. Accounting policies up to 31 December 2017

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

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.

Loans granted

Loans originated by the Company by providing money directly to the borrower are categorised as loans and are carried at amortised cost. The amortised cost is the amount at which the loan granted is measured at initial recognition minus principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount, and minus any reduction for impairment or uncollectibility. All loans are recognised when cash is advanced to the borrower.

The effective interest method is a method of calculating the amortised cost of a financial asset or a financial liability (or group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument or, when appropriate, a shorter period to the net carrying amount of the financial asset or financial liability.

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.

(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. 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.

AKTOR CONSTRUCTIONS INTERNATIONAL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 2018

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

Financial instruments (continued)

Investments (continued)

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 securities the cumulative loss which is measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, is removed from equity and recognised in profit or loss.

For 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.

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.

25. 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