Amathus Public Limited

Report and consolidated financial statements
31 December 2018

Contents

Amathus Public Limited

Board of Directors and other officers

Board of Directors

Platon E. Lanitis	- Chairman
Costas E. Lanitis	- Vice Chairman
Costas Charitou	
Constantinos Mitsides	
Marios E. Lanitis	
Markos Christodoulou	
Michalakis Hatzikyriakos	
Savvas Orfanides	

Company Secretary

P&D Secretarial Services Limited
Agathangelos Court
10 Georgiou Gennadiou Street
3rd Floor, Office 303
3600 Limassol
Cyprus

Registered office

Akinita Amathus
Syntagmatos Street
3036 Limassol
Cyprus

Amathus Public Limited

Declaration of the members of the Board of Directors and the Company's financial controller for the preparation of the consolidated financial statements of the Company

In accordance with Article 9, sections (3) (c) and (7) of the Provisions of the Transparency (Securities for Trading on Regulated Markets) Laws of 2007 up to 2017 ("Law"), we, the members of the Board of Directors and the financial controller of Amathus Public Limited, responsible for the consolidated financial statements of Amathus Public Limited for the year ended 31 December 2018, confirm that, based on our knowledge:

(a) the annual consolidated financial statements which are presented on pages 18 to 103 (excluding pages 12 to 17):

(i) have been prepared in accordance with the International Financial Reporting Standards as adopted by the European Union and in accordance with the provisions of Article 9, section (4) of the Law, and

(ii) give a true and fair view of the assets and liabilities, the financial position and the profit or loss of the Group and the Company and the businesses that are included in the consolidated financial statements as a total and

(b) the Management Report provides a fair review of the developments and the performance of the business as well as the financial position of the Group, together with a description of the main risks and uncertainties that they face.

Members of the Board of Directors

Name	Signature
Platon E. Lanitis, Chairman	
Costas E. Lanitis, Vice Chairman	
Costas Charitou, Director	
Constantinos Mitsides, Director	
Marios E. Lanitis, Director	
Markos Christodoulou, Director	
Michalakis Hatzikyriakos, Director	
Savvas Orfanides, Director	

Financial Controller

Name	Position	Signature
Panicos Sylikiotis	Financial Controller	

Limassol
24 April 2019

Consolidated Management Report

The Board of Directors presents its report together with the audited consolidated financial statements of the Group for the year ended 31 December 2018.

Principal activities and nature of operations of the Group

The principal activities of the Group, which are unchanged from last year, are concentrated mainly in the tourist sector as well as the holding of investments.

Specifically, the principal activities of the Group are the following:

(i) Tourist and other activities

Representation and handling of airline companies in Cyprus and sale of airline tickets and other travel agent services both in Cyprus and Greece through the associate company Amathus Hellas Touristiki A.E., and in Malta through the associate company APG Malta Limited.

Tourist activities which include handling of incoming tourism including tourist groups and group conferences, through the subsidiary company Amathus Corporation Limited.

Sale of holiday packages from Greece through the subsidiary company ANC Worldchoice Holidays T.E. MEPE.

Sale of cruise packages and organised excursions abroad through the associate company Orange Travel (Cyprus) Limited.

Representation and handling of shipping lines, clearing and forwarding services through the associate company Amathus Aegeas Limited.

Airport and air cargo handling services through the associate company Two Serve (Airport Services).

(ii) Holding of investments

Participation in the associate company Claridge Public Limited with a shareholding of 40.53% (2017: 40.53%), which has as an activity the holding of investments and the sale of privately owned housing units.

Participation in the associate company Leisure Holding S.A. with a shareholding of 31,22% (2017: 31,22%), which owned 100% of Landa AXTE, which was the owner of Amathus Beach Hotel Rhodes until 30 June 2017. On 30 June 2017 the sale of the total shares of Landa AXTE held by Leisure Holding SA was completed. As of 1 July 2017, Leisure Holding S.A. does not have any activities.

Principal activities (continued)

(iii) Holding of investments (continued)

Participation in the joint venture Amathina Holdings Limited with a shareholding of 25% (2017: 25%), which owns 100% of Amathina Luxury Hotels Limited, which is the owner of Amathus Beach Hotel Limassol, a seaside luxury hotel of 239 rooms at Limassol Beach.

Participation in K.A. Olympic Lagoon Resort Limited with a shareholding of 48% (2017: 48%) which owns and operates the Olympic Lagoon Resort Paphos, a seaside luxury hotel of 276 rooms at the Kato Paphos Beach.

Participation in the associate company Olympic Lagoon Hotels Limited with a shareholding of 21,60% since 4 July 2017 which deals with the management of the Olympic Lagoon hotels, which are the Olympic Lagoon Resort Paphos and the Olympic Lagoon Resort Agia Napa. As of 3 July 2017, the Company indirectly participated in Olympic Lagoon Hotels Limited through its participation in K.A. Olympic Lagoon Resort Limited.

Participation in Hortitsa Trading Limited with a shareholding of 30% (2017: 30%) which owns 100% of Somerstown Trading Limited, which is the owner of Amavi Hotel, a seaside luxury hotel of 155 rooms at the Kato Paphos Beach. Amavi Hotel started its operations on 24 March 2019.

Review of developments, position and performance of the Group's business

The Group's profit before tax from continuing operations for the year 2018 was €1.788.977 compared to profit before tax from continuing operations of €1.892.491 in prior year.

Despite the improvement of the operating results by €245.146 in comparison to the prior year, the Group's results from continuing operations for the year 2018 decreased by €103.514 compared to the prior year. The decrease in the results is mainly due to:

(i) Decrease in results from affiliates of €201.164 due to recognition of losses by the affiliate Hortitsa Trading Limited, which owns Somerstown Trading Limited, which owns the new Amavi Hotel in Paphos, which started its operations on 24 March 2019.

(ii) Reduction of the results of the joint venture of € 115.207.

Review of developments, position and performance of the Group’s business (continued)

During the year ended 31 December 2018, the Group invested €206.992 in new building improvements, facilities and equipment. As of 31 December 2018, the Group's total assets were € 50.448.139 (2017: €47.750.076) and its equity was €40.188.183 (2017: €38.290.155). The financial position, development and performance of the Group as presented in the consolidated financial statements is considered satisfactory.

After the tax charge amounting to €8.999 (2017: €396), the profit after tax from continuing operations was €1.779.978 compared to a profit after tax from continuing operations of €1.892.095 in 2017.

The results for the year from discontinued operations was a profit of €171 (2017: zero).

The profit for the year amounted to €1.780.149 after the results from continued and discontinued operations compared to a profit of €1.892.095 in 2017.

Principal risks and uncertainties

The activities of the Group are influenced by various risks and uncertainties that mainly relate to the tourist industry.

Such risks and uncertainties are:

- The seasonality of the activities;
- The volatility or deterioration of the wider economic environment in the countries of origin of the tourists;
- The quality and quantity of tourism from and to Cyprus;
- The size and quality of tourist flow from and to Cyprus;
- The growth of tourists units within Cyprus, and
- The opening up of the competitive tourism markets in the neighbouring countries.

The principal financial risks and uncertainties faced by the Group are disclosed in Note 6 of the consolidated financial statements.

Additionally, the Group faces the risks and uncertainties disclosed in Notes 7 and 32.

Consolidated Management Report (continued)

Use of financial instruments by the Group

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group's operating units.

Price risk

Price risk is the risk that the value of the financial assets that are measured at fair value through other comprehensive income will fluctuate as a result of changes in market prices. The Group is not exposed to significant price risk since it does not have significant financial assets that are measured at fair value through other comprehensive income. The equity investments that are publicly traded in the Cyprus Stock Exchange at 31 December 2018 and 2017 are not significant.

Cash flow interest rate risk

The Group's interest rate risk arises from interest bearing assets and from long-term borrowings. Interest bearing assets and borrowing at floating rates expose the Group to cash flow interest rate risk. Interest bearing assets and borrowings issued at fixed rates expose the Group to fair value interest rate risk. The effect of the interest rates arising from the assets was not significant.

At 31 December 2018, if interest rates on Euro-denominated bank deposits had been 1% (2017: 1%) higher/lower with all other variables held constant, the impact on the Group's results for the year after tax would not be significant.

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

Credit risk

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers and related parties, including outstanding receivables and committed transactions. 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. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards. See Note 6 for further disclosure on credit risk.

Amathus Public Limited

Consolidated Management Report (continued)

Liquidity risk

Management monitors the current liquidity position based on expected cash flows and expected revenue receipts. On a long-term basis, liquidity risk is defined based on the expected future cash flows at the time of entering into new credit facilities or leases and based on budgeted forecasts. Management believes that it is successful in managing the Group's liquidity risk.

Future developments of the Group

The Board of Directors of the Group does not expect any significant changes or developments in the operations, financial position and performance of the Company in the foreseeable future.

Results

The Group's results for the year are set out on pages 19 to 21. The profit for the year is transferred to reserves.

Share capital

During the year there were changes in the Company's share capital. Detailed information on the Company's share capital is presented in Note 25 of the consolidated financial statements.

There are no restrictions related to the transfer of the titles of the Company or the holding of any titles from anyone except for the obligation that is imposed to the members of the Board of Directors to obtain approval from a special committee that is set up before the purchase or sale of the shares of the Company.

There is no share option scheme for the participation of Company's employees in the share capital of the Company.

Board of Directors

The members of the Board of Directors at 31 December 2018 and at the date of this report are shown on page 1. All of them were members of the Board throughout the year 2018.

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

Amathus Public Limited

Consolidated Management Report (continued)

Corporate Governance Code

The Board of Directors of the Group has adopted the provisions of the Corporate Governance Code B3.1 which must be applied by all listed companies. Information regarding the remuneration of the members of the Board of Directors is presented in Note 31 (d) of the consolidated financial statements. The Group is not obliged to adopt the provisions of the Code as its titles are being traded on the Alternative Market of the Cyprus Stock Exchange. The main reason for not adopting the provisions of the Corporate Governance Code is that the cost of implementing the provisions would be incurred would be disproportionally higher than any anticipated benefits from its adoption. The full document of Corporate Governance code can be found on the website of the Cyprus Stock Exchange (www.cse.com.cy).

The Board of Directors ensures the establishment of sufficient internal control procedures and risk control mechanisms, for the drafting, preparation, content and publication of all periodical information that is required for listed companies. The person responsible for the preparation of consolidated financial statements is the financial controller.

Shareholders holding more than 5% of the Company's share capital

On 19 April 2019, the following shareholders held over 5% of the issued share capital of the Company:

	Percentage holding %
Lanitis E.C. Holdings Limited (1)	51,84
Platon E Lanitis (2)	10,16
Costas E. Lanitis (2)	7,74
Marios E. Lanitis (2)	6,22
Unity Managers (Cyprus) Limited	5,07

(1) The percentages of the shares owned by Lanitis E.C. Holdings Limited includes the indirect participation that arises through the shares owned by the company N.P. Lanitis Investments Limited (0,72%).

(2) The total number of shares are presented, either directly or indirectly.

Corporate Governance Code (continued)

Directors' interests in the Company's share capital

During the period from the end of the financial year and five days before the date of approval of the financial statements of the Company, there was no movement in the percentage of shares that each member of the Board of Directors holds directly and indirectly.

The percentage of the total shares of the Company, Directors, their spouses, their children and companies in which the Directors hold directly or indirectly at least 20% of the shares with voting rights, on 31 December 2018 and on 19 April 2019, were as follows:

	Percentage holding	
	31 December 2018 %	19 April 2019 %
Platon E. Lanitis (1)	63,67	62,00
Costas E. Lanitis	5,73	7,74
Marios E. Lanitis	4,21	6,22
Savvas Orfanides (2)	5,07	5,07
Markos Christodoulou	0,47	0,42
Michalakis Hatzikyriakos	-	-
Costas Charitou	-	-
Constantinos Mitsides	-	-

(1) The percentage holding of Mr Platon E. Lanitis includes the percentage of Lanitis E.C. Holdings Limited (19/4/2019: 51,12% / 31/12/2018: 54,81%) and N.P. Lanitis Investments Limited (0,72%) as stated above.

(2) The percentage holding of Mr Savvas Orfanides includes the percentage of Unity Managers (Cyprus) Limited, as stated above.

Contracts with Directors and connected persons

Contractual agreements on an arm's length basis exist between the Group and other related entities as stated in Note 31 to the consolidated financial statements.

Other than what is stated in Note 31, at 31 December 2018 there was no other significant contractual agreement with the Group, in which a Director or connected persons had a material interest. Connected persons include the spouse, minor children and companies in which a Director holds, directly or indirectly, at least 20% of the voting shares.

Corporate Governance Code (continued)

Titles with special control rights

The Company has not issued titles with special control rights.

Rules for appointment of members of the Board of Directors

The appointment and replacement of members of the Board of Directors is done or is approved at the annual general meeting of the Company in accordance with the provisions of its Articles of Association. The Board of Directors has the power to appoint whenever it decides, any person as member of the Board of Directors until the next annual general meeting.

The re-election of the Directors is determined by Article 82 of the Company's Articles of Association. At the Annual General Meeting, all Directors retire and, being eligible, offer themselves for re-election.

The Company's Articles of Association can be modified by the passing of a Special Resolution at an Extraordinary General Meeting of the shareholders.

The Board of Directors consists of 8 members and meetings are convened at regular intervals. The Board of Directors approves the Group's strategy and supervises the adoption and realisation of the Group's strategic development.

New issue of shares

The Board of Directors of the Company may issue or repurchase shares of the Company after an approval from the shareholders of the Company. The issue of any new shares are further subject to the provisions of the Articles of Association, the current legislation and the principle of the equal treatment of the existing shares.

The issue of new shares to the shareholders depends on the discrete power of the members of the Board of Directors, while to any third party a decision is required at the general meeting. Any issue of shares is carried out in the context of the Company's Articles of Association and the relevant legislation.

Audit Committee

The Audit Committee consists of:

- Savvas Orfanides, Chairman, Non-executive – non-independent Advisor
- Michalakis Hatzikyriakos, Member, Non-executive – independent Advisor

Mr Konstantinos Mylonas is present at the Audit Committee with an advisory role.

The main tasks of the Audit Committee include, but are not limited to the following:

- Study and approval of the semi-annual and annual financial results and their presentation to the Board of Directors for final approval.

Audit Committee (continued)

- Recommendation to the Board regarding appointment, remuneration and the termination of the services of the Group's independent auditors', the continuous inspection of the extent and effectiveness of their audit, as well as their independence and objectivity. Where the independent auditors provide to the Group significant non-audit services, the Commission monitors the nature and extent of such services aiming to strike a balance between maintaining the objectivity of their audit and the added value in providing non-audit services.

- Inspection of internal financial systems, such as internal control systems and risk management systems.

The Audit Committee shall meet whenever necessary. The Chairman of the Audit Committee shall ensure the convergence of the meetings.

Risk Management Committee

A Risk Management Committee has not been formed by the Board. As mentioned above, the risk management is assigned to the Audit Committee.

Events after the balance sheet date

The material post balance sheet events, which have a bearing on the understanding of the consolidated financial statements are disclosed in Note 33.

Branches

The Group did not operate through any branches during the year.

Independent auditors

The Independent Auditors, PricewaterhouseCoopers Limited, have expressed their willingness to continue in office. 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

P&D Secretarial Services Limited
Secretary

Limassol
24 April 2019

Independent auditor's report

To the Members of Amathus Public Limited

Report on the audit of the consolidated financial statements

Our opinion

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

What we have audited

We have audited the consolidated financial statements which are presented in pages 18 to 27 and comprise of:

- the consolidated balance sheet as at 31 December 2018;
- the consolidated income statement for the year then ended;
- the consolidated statement of comprehensive income for the year then ended;
- the consolidated statement of profit and loss and other comprehensive income for the year then ended;
- the consolidated statement of changes in equity for the year then ended;
- the consolidated statement of cash flows for the year then ended; and
- the notes to the consolidated financial statements, which include a summary of significant accounting policies.

The financial reporting framework that has been applied in the preparation of the consolidated financial statements is International Financial Reporting Standards as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We remained independent of the Group throughout the period of our appointment 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 consolidated financial statements in Cyprus and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters incorporating the most significant risks of material misstatements, including assessed risk of material misstatements due to fraud

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

Key Audit Matter	How our audit addressed the Key Audit Matter
Investment in an associate company which is audited by auditors outside our network. Refer to Note 20 '' Investment in associates" and Note 4 ''Significant accounting policies". We have focused our attention on the accounting treatment of Group's Management in relation to the investment in associate company of the Group, K.A Olympic Lagoon Resort Limited and Hortitsa Trading Limited, for which the audit is conducted by auditor outside the PwC Network. The book value of the specific investment amounts to €16.839.125 as at the balance sheet and represents 33% of the Group Total Assets of the Group's consolidated Balance Sheet. Group's Management relies on the financial information provided by the associate's management and its control systems and also to the final audited financial statements, so that it will correctly determine and portray the Group's share of profit.	For the purposes of our audit: (i) We have discussed with Management the assessment performed in relation to the accuracy and completeness of the share of profit from these investments. (ii) We have assessed specific information provided by the component auditors which are outside PwC Network, who conducted their audit procedures based on the Group audit instruction sent by PwC (iii) We have reviewed on a sample basis the audit procedures performed from the component auditors in relation to the audit of these investments with emphasis given to the significant risks communicated to component auditors through Group audit instructions. (iv) We have assessed the adequacy of disclosures of the Group in relation to the investment in the associate companies. Finally, the results of the above procedures were considered satisfactory for our audit purposes.

Reporting on other information

The Board of Directors is responsible for the other information. The other information is comprised of the information included in the Consolidated Management Report and the statement of the members of the Board of Directors and the Chief Financial Officer of the Company for the preparation of the consolidated and separate financial statements of the Company but does not include the consolidated financial statements and our auditor's report thereon.

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

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

Responsibilities of the Board of Directors and those charged with governance for the Consolidated Financial Statements

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

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters.

Report on Other Legal and Regulatory Requirements

Pursuant to the requirements of Article 10(2) of the EU Regulation 537/2014 we provide the following information in our Independent Auditor's Report, which is required in addition to the requirements of International Standards on Auditing.

Appointment of the Auditor and Period of Engagement

We were first appointed as auditors of the Company in 1998 by the Company's Board of Directors for the audit of the financial statements for the year ended 31 December 1998. Our appointment was renewed annually, since then, by shareholders' resolution. On 12 May 2005, the Cyprus Stock Exchange was first included in the list of regulated markets prepared by the European Commission and published in the Official Journal of the European Union and as a result, the first financial year in which the Company was designated as a Public Interest Entity (PIE) in the European Union was the year ended 31 December 2006. Since then, the total period of uninterrupted appointment has been 13 years.

Consistency of the Additional Report to the Audit Committee

We confirm that our audit opinion on the consolidated financial statements expressed in this report is consistent with the additional report to the Audit Committee of the Company, which we issued on 24 April 2019 in accordance with Article 11 of the EU Regulation 537/2014.

Provision of Non-audit Services

We declare that no prohibited non-audit services referred to in Article 5 of the EU Regulation 537/2014 and Section 72 of the Auditors Law of 2017 were provided. In addition, there are no non-audit services which were provided by us to the Group and which have not been disclosed in the consolidated financial statements or the consolidated management report.

Other Legal Requirements

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

- In our opinion, based on the work undertaken in the course of our audit, the consolidated management report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap. 113, and the information given is consistent with the consolidated financial statements.

- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the consolidated management report. We have nothing to report in this respect.

- In our opinion, based on the work undertaken in the course of our audit, the information included in the corporate governance statement in accordance with the requirements of subparagraphs (iv) and (v) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113, and which is included as a specific section of the consolidated management report, have been prepared in accordance with the requirements of the Cyprus Companies Law, Cap, 113, and is consistent with the consolidated financial statements.

- In our opinion, based on the work undertaken in the course of our audit, the corporate governance statement includes all information referred to in subparagraphs (i), (ii), (iii), (vi) and (vii) of paragraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113.

- In light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the corporate governance statement in relation to the information disclosed for items (iv) and (v) of subparagraph 2(a) of Article 151 of the Cyprus Companies Law, Cap. 113. We have nothing to report in this respect.

Other Matter

This report, including the opinion, has been prepared for and only for the Company's members as a body in accordance with Article 10(1) of the EU Regulation 537/2014 and 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.

The engagement partner on the audit resulting in this independent auditor's report is Mr Nikos A. Theodoulou.

Nikos A. Theodoulou
Certified Public Accountant and Registered Auditor
for and on behalf of

PricewaterhouseCoopers Limited
Certified Public Accountants and Registered Auditors

City House, 6 Karaiskakis Street,
CY-3032 Limassol, Cyprus

24 April 2019

Consolidated income statement
for the year ended 31 December 2018

	Note	2018 €	2017 €
Continuing operations			
Revenue	6	**4.143.084**	4.549.531
Cost of sales		**(2.886.622)**	(3.209.307)
Gross profit		**1.256.462**	1.340.224
Selling and marketing costs		**(64.726)**	(57.350)
Administrative expenses		**(1.773.378)**	(1.938.535)
Other income	7	**320.366**	213.175
Other losses – net	8	**11.379**	-
Operating (loss)		**(249.897)**	(495.043)
Share of profit of associates	17	**1.495.359**	1.696.523
Share of profit of joint venture	18	**877.783**	992.990
Profit before finance costs		**2.123.245**	2.194.470
Finance costs	11	**(334.268)**	(301.979)
Profit before income tax		**1.788.977**	1.892.491
Income tax charge/(credit)	12	**(8.999)**	(396)
Profit for the year from continuing operations		**1.779.978**	1.892.095
Discontinued operations			
Profit for the year from discontinued operations	24	**171**	-
Profit for the year		**1.780.149**	1.892.095
Attributable to:			
Owners of the Company		**1.771.414**	1.892.375
Non-controlling interest	27	**8.735**	(280)
		1.780.149	1.892.095
Profit per share attributable to the owners of the Company (cent per share):			
- Basic	13	**1,60**	1,71
Profit per share from continuing operations attributable to the owners of the Company (cent per share):			
- Basic	13	**1,60**	1,71

The notes on pages 28 to 103 are an integral part of these consolidated financial statements.

Amathus Public Limited

Consolidated statement of comprehensive income for the year ended 31 December 2018

	Note	2018 €	2017 €
Profit for the year		**1.780.149**	1.892.095
Other comprehensive income:			
Items that will not be reclassified to profit or loss			
Changes in the fair value of equity investments designated at fair value through other comprehensive income	22	**119.583**	-
Share of reserves of equity investments designated at fair value through other comprehensive income of associated companies	26	**36.395**	-
		155.978	-
Items that maybe subsequently reclassified to profit or loss			
Deferred tax adjustment on revaluation	26	**-**	(16.491)
Change in fair value of available-for-sale financial assets	22	**-**	188.628
Currency translation differences	26	**(2.006)**	(7.849)
Share of fair value reserve in associates	26	**-**	(13.532)
Other comprehensive income for the year, after tax		**(2.006)**	150.756
Total comprehensive income for the year		**153.972**	150.756
		1.934.121	2.042.851
Attributable to:			
Owners of the Company	27	**1.913.421**	2.024.278
Non-controlling interest		**20.700**	18.573
		1.934.121	2.042.851
Total comprehensive income attributable to owners of the Company arises from:			
Continuing operations		**1.913.250**	2.024.278
Discontinued operations		**171**	-
		1.913.421	2.024.278
Total comprehensive (loss)/profit per share attributable to owners of the Company (cent per share)			
- Basic	16	**1,73**	1,83
Total comprehensive (loss)/profit per share from continuing operations attributable to owners of Company (cent per share)			
- Basic	16	**1,73**	1,83

Items in the statement above are disclosed net of tax. The income tax relating to each component of other comprehensive income is disclosed in Note 15.

The notes on pages 28 to 103 are an integral part of these consolidated financial statements.

Amathus Public Limited

Consolidated balance sheet
at 31 December 2018

	Note	2018 €	2017 €
Assets			
Non-current assets			
Property, plant and equipment	17	**4.632.624**	4.540.778
Investment property	18	**230.000**	220.000
Investments in associates	20	**21.387.776**	17.964.925
Investments in joint venture	21	**19.218.469**	18.340.686
Available-for-sale financial assets	22	**-**	612.339
Financial assets at fair value through other comprehensive income	22	**734.619**	-
		46.203.488	41.678.728
Current assets			
Trade receivables	22	**2.003.029**	2.176.276
Other receivables	22	**-**	739.958
Financial assets at amortised costs	22	**780.961**	-
Cash and bank balances	23	**1.405.123**	3.155.114
		4.189.113	6.071.348
Assets held for sale	24	**55.538**	-
Total assets		**50.448.139**	47.750.076
Equity and liabilities			
Capital and reserves			
Share capital	25	**11.084.453**	37.687.140
Capital reduction reserve	25	**19.944.866**	-
Other reserves	26	**1.400.440**	1.281.562
Retained earnings/(accumulated losses)		**7.668.935**	(754.936)
		40.098.694	38.213.766
Non-controlling interest	27	**89.489**	76.389
Total equity		**40.188.183**	38.290.155
Non-current liabilities			
Borrowings	28	**4.050.385**	3.835.409
Deferred tax liabilities	29	**662.050**	662.050
		4.712.435	4.497.459

Amathus Public Limited

Consolidated balance sheet
at 31 December 2018 (continued)

	Note	**2018** €	2017 €
Current liabilities			
Trade and other payables	30	**1.373.422**	1.646.427
Current tax liabilities		**29.619**	24.549
Borrowings	28	**4.089.113**	3.291.486
		5.492.154	4.962.462
Liabilities related to assets held for sale	24	**55.367**	-
Total liabilities		**10.259.956**	9.459.921
Total equity and liabilities		**50.448.139**	47.750.076

On 24 April 2019 the Board of Directors of Amathus Public Limited authorised these consolidated financial statements for issue.

Platon E. Lanitis, Chairman

Costas E. Lanitis, Vice Chairman

The notes on pages 28 to 103 are an integral part of these consolidated financial statements.

Amathus Public Limited

Consolidated statement of changes in equity
for the year ended 31 December 2018

		Attributable to the owners of the Company						
	Note	Share capital – fully paid shares €	Capital – reduction reserve €	Other reserves (2) €	Retained earnings/ (accumulated losses) (1) €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2017		37.687.140	-	1.226.718	(2.253.224)	36.660.634	57.816	36.718.450
Comprehensive profit								
Profit for the year		-	-	-	1.892.375	1.892.375	(280)	1.892.095
Other comprehensive income								
Land and buildings:								
Revaluation gain/(loss) on land and buildings	26	-	-	(16.491)	-	(16.491)	-	(16.491)
Deferred tax on revaluation of land and buildings	26	-	-	-	-	-	-	-
Transfer of excess depreciation, net of tax	26	-	-	(26.433)	26.433	-	-	-
Deferred tax adjustments on revaluation of land and buildings		-	-	3.304	(3.304)	-	-	-
Currency translation differences	26	-	-	(7.849)	-	(7.849)	-	(7.849)
Available-for-sale financial assets:								
Fair value profit	26,27	-	-	169.775	-	169.775	18.853	188.628
Transfer between reserves		-	-	(53.930)	53.930	-	-	-
Share of fair value reserve in associates	26	-	-	(13.532)	-	(13.532)	-	(13.532)
Total other comprehensive income		-	-	54.844	77.059	131.903	18.853	150.756

Amathus Public Limited

Consolidated statement of changes in equity for the year ended 31 December 2018 (continued)

		Attributable to the owners of the Company						
	Note	Share capital – fully paid shares €	Capital reduction reserve €	Other reserves [(2)] €	Retained earnings/ (Accumulated losses) [(1)] €	Total €	Non-controlling interest €	Total €
Transactions with owners:								
Defence tax for deemed dividend distribution		-	-	-	(471.146)	(471.146)	-	(471.146)
Total transaction with owners		-	-	-	(471.146)	(471.146)	-	(471.146)
Total comprehensive income for 2017		-	-	54.844	1.498.288	1.553.132	18.573	1.571.705
Balance at 31 December 2017		37.687.140	-	1.281.562	(754.936)	38.213.766	76.389	38.290.155

Amathus Public Limited

Consolidated statement of changes in equity
for the year ended 31 December 2018 (continued)

		Attributable to the owners of the Company						
	Note	Share capital – fully paid shares €	Capital reduction reserve €	Other reserves [2] €	Retained earnings/ (Accumulated losses) [1] €	Total €	Non-controlling interest €	Total €
Balance at 1 January 2018		37.687.140	-	1.281.562	(754.936)	38.213.766	76.389	38.290.155
Comprehensive profit								
Profit for the year		-	-	-	1.771.414	1.771.414	8.735	1.780.149
Other comprehensive income								
Land and buildings:								
Deferred tax on revaluation of land and buildings	26	-	-	-	-	-	-	-
Transfer of excess depreciation, net of tax	26	-	-	(26.433)	26.433	-	-	-
Deferred tax adjustments on revaluation of land and buildings		-	-	3.304	(3.304)	-	-	-
Currency translation differences	26	-	-	(2.006)	-	(2.006)	-	(2.006)
Financial assets at fair value through other comprehensive income:								
Fair value profit	26,27	-	-	107.618	-	107.618	11.965	119.583
Share of fair value reserve in associates	26	-	-	36.395	-	36.395	-	36.395
Total other comprehensive income		-	-	118.878	23.129	142.007	11.965	153.972

Amathus Public Limited

Consolidated statement of changes in equity for the year ended 31 December 2018 (continued)

		Attributable to the owners of the Company						
	Note	Share capital – fully paid shares €	Capital reduction reserve €	Other reserves (2) €	Retained earnings/ (Accumulated losses) (1) €	Total €	Non-controlling interest €	Total €
Transactions with owners:								
Decrease in nominal value		(26.602.687)	19.944.866	-	6.657.821	-	-	-
Defence tax for deemed dividend distribution		-	-	-	(28.493)	(28.493)	-	(28.493)
Dividend paid		-	-	-	-	-	(7.600)	(7.600)
Total transaction with owners		(26.602.687)	19.944.866	-	6.629.328	(28.493)	-	(36.093)
Total comprehensive income for 2017		(26.602.687)	19.944.866	118.878	8.423.871	1.820.348	13.100	1.898.028
Balance at 31 December 2017		11.084.453	19.944.866	1.400.440	7.668.935	40.098.694	89.489	40.188.183

(1) Companies which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, by the end of the two years after the end of the year of assessment to which the profits refer, will be deemed to have distributed this amount as dividend. Special contribution for defence at 15% will be payable on such deemed dividend to the extent that the shareholders, for deemed dividend distribution purposes at the end of the period of two years from the end of the year of assessment to which the profits refer, are Cyprus tax residents. The amount of this deemed dividend distribution is reduced by any actual dividend paid out of the profits of the relevant year by the end of the period of two years from the end of the year of assessment to which the profits refer. This special contribution for defence is paid by the Company for the account of the shareholders.

The notes on pages 28 to 103 are an integral part of these consolidated financial statements.

Amathus Public Limited

Consolidated statement of cash flows for the year ended 31 December 2018

	Note	2018 €	2017 €
Cash flow from operations			
Profit before tax from continuing and discontinued operations		**1.789.148**	1.892.491
Adjustments for:			
Depreciation of property, plant and equipment	17	**114.025**	114.062
Profit from the sale of property, plant and equipment	11	**(1.379)**	-
Fair value gain on investment property	11	**(10.000)**	
Interest income	10	**(22.481)**	(44.300)
Interest expense	14	**334.268**	301.979
Share of profit of associates and joint ventures	20, 21	**(2.373.142)**	(2.689.513)
Impairment charge of financial assets available-for-sale		**-**	1.892
Dividend income	10	**(122.524)**	(7.535)
Currency translation differences		**(2.006)**	(7.830)
		(294.091)	(438.754)
Changes in working capital:			
Other receivables		**739.958**	1.065.498
Trade receivables		**155.893**	(330.199)
Financial assets at amortised costs		**(809.220)**	-
Trade and other payables		**(217.638)**	(1.525.654)
Cash generated from operations		**(425.098)**	(1.229.109)
Income tax paid		**(32.422)**	(465.453)
Net cash (used in)/generated from operating activities		**(457.520)**	(1.694.562)
Cash flow from investing activities			
Purchase of property, plant and equipment	17	**(206.992)**	(21.617)
Acquisition of investment in associates	20	**(3.300.000)**	(22.753)
Acquisition of investment in joint ventures	21	**-**	(1.900.000)
Release of bank deposits with original maturity over three months		**-**	677.630
Proceeds from sale of property, plant and equipment	17	**2.500**	-
Purchase of financial assets at fair value through other comprehensive income	22	**(2.697)**	-
Dividends received	10, 20, 21	**1.531.427**	2.217.525
Interest received		**22.481**	44.300
Net cash generated from/(used in) investing activities		**(1.953.281)**	995.085

Consolidated statement of cash flows for the year ended 31 December 2018 (continued)

	Note	2018 €	2017 €
Cash flows from financing activities			
Receipts from bank borrowing		**1.865.520**	2.610.431
Receipts from members of Board of Directors	31 (e)	**-**	990.000
Repayments of borrowings		**(608.534)**	(381.114)
Repayment of borrowings from related parties	31 (f)	**(119.336)**	(124.052)
Finance lease receipts		**35.059**	-
Finance lease principal repayment		**(2.940)**	-
Interest paid		**(322.545)**	(295.030)
Dividends paid to non-controlling interest	27	**(7.600)**	-
Net cash used in/for financing activities		**839.624**	2.800.235
Net (decrease)/increase in cash and bank overdrafts		**(1.571.177)**	2.100.758
Cash and bank overdrafts at beginning of year		**615.896**	(1.484.862)
Cash and bank overdrafts at end of year		**(955.281)**	615.896
Cash and cash overdrafts at the end of the year include the following:			
Cash and bank overdrafts on the balance sheet	23	**(965.206)**	615.896
Cash flows related to assets held for sale	24	**9.925**	-
		(955.281)	615.896

The notes on pages 28 to 103 are an integral part of these consolidated financial statements.

Notes to the consolidated financial statements

1 General information

The Company was incorporated and domiciled in Cyprus in 1943 and was transformed into a public company in February 1974 in accordance with the provisions of the Cyprus Companies Law, Cap. 113. On 29 March 1996 the shares of the Company were listed in the Cyprus Stock Exchange. The Company is a 51,12% subsidiary of Lanitis E.C. Holdings Limited, also incorporated in Cyprus. Its registered office is at Akinita Amathus, Syntagmatos Street, 3036 Limassol, Cyprus.

Principal activities

The principal activities of the Group, which are unchanged from last year are concentrated mainly in the tourist sector.

Specifically, the principal activities of the Group are the following:

(i) Tourist and other activities

Representation and handling of airline companies in Cyprus and sale of airline tickets and other travel agent services both in Cyprus and Greece through the associate company Amathus Hellas Touristiki A.E., and in Malta through the associate company APG Malta Limited.

Tourist activities which include handling of incoming tourism including tourist groups and group conferences, through the subsidiary company Amathus Corporation Limited.

Sale of holiday packages from Greece through the subsidiary company ANC Worldchoice Holidays T.E. MEPE.

Sale of cruise packages and organised excursions abroad through the associate company Orange Travel (Cyprus) Limited.

Representation and handling of shipping lines, clearing and forwarding services through the associate company Amathus Aegeas Limited.

Airport and air cargo handling services through the associate company Two Serve (Airport Services).

1 General information (continued)

(ii) Holding of investments

Participation in the associate company Claridge Public Limited with a shareholding of 40.53% (2017: 40.53%), which has as an activity the holding of investments and the sale of privately owned housing units.

Participation in the associate company Leisure Holding S.A. with a shareholding of 31,22% (2017: 31,22%), which owned 100% of Landa AXTE, which was the owner of Amathus Beach Hotel Rhodes until 30 June 2017. On 30 June 2017 the sale of the total shares of Landa AXTE held by Leisure Holding SA was completed. As of 1 July 2017, Leisure Holding S.A. does not have any activities.

Participation in the joint venture Amathina Holdings Limited with a shareholding of 25% (2017: 25%), which owns 100% of Amathina Luxury Hotels Limited, which is the owner of Amathus Beach Hotel Limassol, a seaside luxury hotel of 239 rooms at Limassol Beach.

Participation in K.A. Olympic Lagoon Resort Limited with a shareholding of 48% (2017: 48%) which owns and operates the Olympic Lagoon Resort Paphos, a seaside luxury hotel of 276 rooms at the Kato Paphos Beach.

Participation in the associate company Olympic Lagoon Hotels Limited with a shareholding of 21,60% since 4 July 2017 which deals with the management of the Olympic Lagoon hotels, which are the Olympic Lagoon Resort Paphos and the Olympic Lagoon Resort Agia Napa. As of 3 July 2017, the Company indirectly participated in Olympic Lagoon Hotels Limited through its participation in K.A. Olympic Lagoon Resort Limited.

Participation in Hortitsa Trading Limited with a shareholding of 30% (2017: 30%) which owns 100% of Somerstown Trading Limited, which is the owner of Amavi Hotel, a seaside luxury hotel of 155 rooms at the Kato Paphos Beach. Amavi Hotel started its operations on 24 March 2019.

2 Basis of preparation

The consolidated financial statements of the Group 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.

As of the date of the authorisation of the consolidated financial statements, all International Financial Reporting Standards issued by the International Accounting Standards Board (IASB) that are effective as of 1 January 2018 have been adopted by the EU through the endorsement procedure established by the European Commission.

2 Basis of preparation (continued)

The principal accounting policies applied in the preparation of these financial statements are set out below in Note 4. Apart from the accounting policy changes resulting from the adoption of IFRS 9 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated (refer to Notes 3, 4 and 33). The principal accounting policies in respect of financial instruments and revenue recognition applied till 31 December 2017 are presented in Note 34.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the initial recognition of financial instruments based on fair value, and by the revaluation of land and buildings, investment property, 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.

The preparation of consolidated financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 7.

Basis of consolidation

The consolidated financial statements include the financial statements of Amathus Public Limited (the "Company") and its subsidiaries which are collectively referred to as the "Group".

(a) Subsidiaries

Subsidiaries are all entities (including structured entities) over which the Group has control. The Group controls an entity when the Group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Group and they are deconsolidated from the date that control ceases.

The Group applies the acquisition method to account for business combinations. The consideration transferred for the acquisition of a subsidiary is the fair value of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognises any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognised amounts of acquiree's identifiable net assets.

Acquisition-related costs are expensed as incurred.

2 Basis of preparation (continued)

Basis of consolidation (continued)

(a) Subsidiaries (continued)

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognised in profit or loss.

Any contingent consideration to be transferred by the Group is recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognised in accordance with IFRS 9 either in profit or loss or as a change to other comprehensive income. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the acquisition-date fair value of any previous equity interest in the acquiree over the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If this is less than the fair value of the net assets of the subsidiary acquired in the case of a bargain purchase, the difference is recognised directly in profit or loss.

Inter-company transactions, balances and unrealised gains on transactions between group companies are eliminated. Unrealised losses are also eliminated. When necessary, amounts reported by subsidiaries have been adjusted to conform with the Group's accounting policies.

When the Group ceases to have control any retained interest in the entity is re-measured to its fair value at the date when control is lost, with the change in carrying amount recognised in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognised in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognised in other comprehensive income are reclassified to profit or loss.

(b) Associates

Associates are all entities over which the Group has significant influence but not control, generally accompanying a shareholding of between 20% and 50% of the voting rights. Investments in associates are accounted for using the equity method of accounting and are initially recognised at cost. The Group's investment in associates includes goodwill (net of any accumulated impairment loss) identified on acquisition.

Dividends received or are receivable from associates are recognised as a reduction in the carrying amount of the investment.

If the ownership interest in an associate is reduced but significant influence is retained, only a proportionate share of the amounts previously recognized in other comprehensive income is reclassified to profit or loss where appropriate.

2 Basis of preparation (continued)

Basis of consolidation (continued)

(b) Associates (continued)

The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary, to ensure consistency with the accounting policies adopted by the Group. Dilution gains and losses arising in investments in associates are recognised in profit or loss.

After application of the equity method, including recognising the associates' losses, the carrying amount of the investment in associate which includes the goodwill arising on acquisition is tested for impairment at each balance sheet date, by comparing its recoverable amount with its carrying amount whenever there is an indication of impairment and is recognized in share of profit/(loss) of associates in profit or loss.

(c) Joint arrangements

The Group applies IFRS 11 to all joint arrangements. Under IFRS 11 investments in joint arrangements are classified as either joint operations or joint ventures depending on the contractual rights and obligations of each investor. Joint operators have rights to assets and obligations for liabilities, so joint operations are accounted for by recognising the operator's relevant share of assets, liabilities, revenues and expenses. Where the investor has rights to net assets, the arrangement is a joint venture and is accounted for using equity accounting. Proportionate consolidation for joint ventures is no longer allowed.

The Group has assessed the nature of its joint arrangements and determined them to be joint ventures.

Under the equity method of accounting, interests in joint ventures are initially recognised at cost and adjusted thereafter to recognise the Group's share of the post-acquisition profits or losses and movements in other comprehensive income. When the Group's share of losses in a joint venture equals or exceeds its interests in the joint ventures (which includes any long-term interests that, in substance, form part of the Group's net investment in the joint ventures), the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the joint venture.

2 Basis of preparation (continued)

Basis of consolidation (continued)

(c) Joint arrangements (continued)

Unrealised gains on transactions between the Group and its joint ventures are eliminated to the extent of the Group's interest in the joint ventures. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of the joint ventures have been changed where necessary to ensure consistency with the policies adopted by the Group. Dilution gains and losses arising in investments in joint ventures are recognised in profit or loss.

(d) Transactions with minority shareholders (non-controlling interest)

The Group treats transactions with non-controlling interests as transactions with equity owners of the Group. For purchases from non-controlling interests, the difference between any consideration paid and the relevant share acquired of the carrying value of net assets of the subsidiary is recorded in equity. Group's gains or losses on disposals to non-controlling interests are also recorded in equity.

When the Group ceases to have control or significant influence, any retained interest in the entity is remeasured to its fair value at the date when control is lost, with the change in carrying amount recognized in profit or loss. The fair value is the initial carrying amount for the purposes of subsequently accounting for the retained interest as an associate, joint venture or financial asset. In addition, any amounts previously recognized in other comprehensive income in respect of that entity are accounted for as if the Group had directly disposed of the related assets or liabilities. This may mean that amounts previously recognized in other comprehensive income are reclassified to profit or loss.

3 Adoption of new or revised standards and interpretations

During the current year the Group adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2018. This adoption did not have a material effect on the accounting policies of the Group, with the exception of IFRS 9 "Financial Instruments".

As explained below, in accordance with the transition provisions of IFRS 9, the Group has elected the simplified approach for adoption of the standards. Accordingly, IFRS 9 was adopted without restating the comparative information. The comparative information is prepared in accordance with IAS 39. The impact of adoption should had been recognised in the opening accumulated losses (and other components of equity, as appropriate), however, it was considered immaterial for recognition.

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

- **IFRS 9 "Financial instruments"**

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

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

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

For investments in equity instruments that are not held for trading, the classification depends on whether the entity has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income. If no such election has been made or the investments in equity instruments are held for trading they are required to be classified at fair value through profit or loss.
IFRS 9 also introduces a single impairment model applicable for debt instruments at amortised cost and fair value through other comprehensive income and removes the need for a triggering event to be necessary for recognition of impairment losses. The new impairment model under IFRS 9 requires the recognition of allowances for doubtful debts based on expected credit losses (ECL), rather than incurred credit losses as under IAS 39. The standard further introduces a simplified approach for calculating impairment on trade receivables as well as for calculating impairment on contract assets and lease receivables; which also fall within the scope of the impairment requirements of IFRS 9.

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

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

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

- **IFRS 9 "Financial instruments" (continued)**

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

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

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

Impact of adoption

In accordance with the transition provisions in IFRS 9, the Group has elected the simplified transition method for adopting the new standard. Accordingly, the effect of transition to IFRS 9 should have been recognised as at 1 January 2018 as an adjustment to the opening accumulated losses (or other components of equity, as appropriate), however, it was considered immaterial for recognition.

In accordance with the transition method elected by the Group for implementation of IFRS 9 the comparatives have not been restated but are stated based on the previous policies which comply with IAS 39. Consequently, the revised requirements of IFRS 7 "Financial Instruments: Disclosures" have only been applied to the current period. The comparative period disclosures repeat those disclosures made in the prior year.

Separate assessment for equity instruments held by the Group was performed, in respect of whether they are held for trading or not. As a result, management has classified its debt and equity instruments into the appropriate IFRS 9 categories.

The Group has the following types of assets that are subject to IFRS 9's new expected credit loss model: trade receivables, financial assets at amortised cost and cash and cash equivalents.

The Group has adopted the simplified expected credit loss model for its trade receivables as required by IFRS 9, paragraph 5.5.15, and the general expected credit loss model for financial assets at amortised cost and cash and cash equivalents.

Based on the assessment performed by management, the incremental impairment loss as of 1 January 2018 was immaterial for recognition. Accordingly, the impact of adoption of IFRS 9 on the Group's accumulated losses as of 1 January 2018 had no effect.

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

Impact of adoption (continued)

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

	Measurement category		Carrying value per IAS 39 (closing balance at 31 December 2017)	Carrying value per IFRS 9 (opening balance at 1 January 2018)
	IAS 39	IFRS 9	€	€
Investments in equity securities				
Listed equity securities	AFS (available for sale)	FVOCI (designated)	699	699
Unlisted equity securities	AFS (available for sale)	FVOCI (designated)	611.640	611.640
Total investments in equity securities			**612.339**	**612.339**
Other financial assets				
Trade receivables	L&R (loans and receivables)	AC (amortised cost)	2.176.276	2.176.276
Other receivables	L&R	AC	739.958	739.958
Cash and cash equivalents	L&R	AC	3.155.114	3.155.114
Total other financial assets			**6.071.348**	**6.071.348**
Financial liabilities				
Borrowings	AC	AC	7.126.895	7.126.895
Trade and other payables	AC	AC	1.646.427	1.646.427
Total financial liabilities			**8.771.322**	**8.771.322**

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

The Group elected to present in OCI changes in the fair value of all its equity investments previously classified as available-for-sale, because these investments are held as long-term strategic investments that are not expected to be sold in the short to medium term. As a result, assets with a fair value of €612.339 were reclassified from available-for-sale financial assets to financial assets at FVOCI and fair value gains of €128.510 were reclassified from the available-for-sale financial assets reserve to the financial assets at FVOCI reserve on 1 January 2018.

- *Other financial instruments:*

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

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

Impact of adoption (continued)

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

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

Impact of IFRS 15 "Revenue from Contracts with Customers"

Based on managements assessment, the Group had no impact from IFRS 15 "Revenue from Contracts with Customers".

4 Summary of significant accounting policies

The principal accounting policies applied in the preparation of these financial statements are set out below. Apart from the accounting policy changes resulting from the adoption of IFRS 9 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 34.

Revenue

The Group recognises revenue when the amount of revenue can be reliably measured, when it is probable that future economic benefits will flow to the entity and when specific criteria have been met for each of the Group's activities as described below. The Group bases its estimate of return on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

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

(a) Sales of goods

Sales of goods are recognised when significant risks and rewards of ownership of the goods have been transferred to the customer, which is usually when the Group has sold or delivered goods to the customer, the customer has accepted the goods and collectibility of the related receivable is reasonably assured.

(b) Sales of services

Sales of services are recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction assessed on the basis of the actual service provided as a proportion of the total services to be provided.

4 Summary of significant accounting policies (continued)

Revenue (continued)

(c) Interest income

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

(d) Rental income

Rental income arising on operating leases is recognised on a straight-line basis over the lease term.

(e) Dividend income

Dividends are recognised when the Company's right to receive is proved. However, as a consequence, the investment may need to be checked for possible impairment.

Employee benefits

The Group and the employees contribute to the Government Social Insurance Fund based on employees' salaries. In addition, the Group operates two defined contribution schemes, the assets of which are held in separate trustee-administered funds. The schemes are funded by payments from employees and by the Group. The Group's contributions are expensed as incurred and are included in staff costs. The Group has no further payment obligations once the contributions have been paid. Prepaid contributions are recognised as an asset to the extent that a cash refund or a reduction in the future payments is available.

Termination benefits

Termination benefits are payable when employment is terminated by the Group before the normal retirement date, or whenever an employee accepts voluntary redundancy in exchange for these benefits. The Group recognises these benefits in the income statement in the year they incurred and are included in the personnel costs.

Foreign currency translation

(a) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Euro (€), which is the Group's functional and presentation currency.

4 Summary of significant accounting policies (continued)

(b) Group companies

The results and financial position of the Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses are translated at the rate on the dates of the transactions); and

(iii) all resulting exchange differences are recognised as a separate component in equity.

On consolidation, exchange differences arising from the translation of the net investment in foreign operations, and of borrowings that represent such investments, are recognised in other comprehensive income and are presented in other reserves in equity.

Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax is calculated in the basis of the tax laws enacted or substantively enacted at the balance sheet date in the country in which the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. If applicable tax regulation is subject to interpretation, it establishes provision where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is recognised using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates and laws that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

4 Summary of significant accounting policies (continued)

Current and deferred income tax (continued)

Deferred income tax assets are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be utilised.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to income taxes levied by the same taxation authority on the Group where there is an intention to settle the balances on a net basis.

Dividend distribution

Dividend distribution to the Group's shareholders is recognised as a liability in the Group's financial statements in the year in which the dividends are appropriately authorized and are no longer at the discretion of the Group. More specifically, interim dividends are recognised as a liability in the period which these are authorised by the Board of Directors of the Group and in the case of final dividends, these are recognised in the period which these are approved by the Group's shareholders.

Property, plant and equipment

Land and buildings comprising mainly of office buildings are shown at fair value, based on periodic valuations by external independent valuers, less subsequent depreciation for buildings. Valuations are performed with sufficient regularity to ensure that the fair value of a revaluated asset does not differ materially from its carrying amount. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment are stated at historical cost less depreciation. Historical costs includes expenditure that is directly attributable to the acquisition of property, plant and equipment.

Increases in the carrying amount arising on revaluation of land & buildings are credited in other comprehensive income and show as other reserves in shareholders' equity. Decreases that offset previous increases of the same asset are charged in other comprehensive income and debited against other reserves directly in equity, all other decreases are charged to profit or loss. Each year the difference between depreciation based on the revalued carrying amount of the asset charged to profit or loss and depreciation based on the asset's original cost is transferred from “other reserves” to “retained earnings”.

Land is not depreciated. Depreciation on other property, plant and equipment is calculated using the straight-line method to allocate their cost or revalued amounts to their residual values, over their estimated useful lives.

4 Summary of significant accounting policies (continued)

Property, plant and equipment (continued)

The annual depreciation rates are as follows:

	%
Buildings	3 - 10
Plant, equipment, fixtures and fittings	10 – 33,33
Motor vehicles	20

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

An asset’s carrying amount is written down immediately to its recoverable amount if the asset’s carrying amount is greater than its estimated recoverable amount.

Expenditure for repairs and maintenance of property, plant and equipment is charged to the profit or loss of the year in which they were incurred. The cost of major renovations and other subsequent expenditure are included in the carrying amount of the asset or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Gains and losses on disposal of property, plant and equipment are determined by comparing proceeds with carrying amount and are recognised in “other gains/(losses)” in the profit or loss.

When revalued assets are sold, the amounts included in the fair value reserves are transferred to accumulated losses.

Leases

Leases of property, plant and equipment where the Group, as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in borrowings. The interest element of the finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The property, plant and equipment acquired under finance leases are depreciated on a straight-line basis over the shorter of the lease term and their useful economic life, unless there is reasonable certainty that the Group will obtain ownership by the end of the lease term, in which case the assets are depreciated over their estimated useful lives.

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease.

4 Summary of significant accounting policies (continued)

Rental income

Rental income arising on operating leases is recognised on a straight line basis over the lease term.

Investment property

Investment property, principally comprising Cyprus residential properties, is held for long-term yields and is not occupied by the Group. Investment property is carried at fair value, representing open market value determined annually by external valuers.

Impairment of non-financial assets

Assets that have an indefinite useful life, including goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units). Non-financial assets, other than goodwill, that have suffered impairment are not reviewed for possible reversal of the impairment at each reporting date.

Financial assets – Classification

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

- those to be measured subsequently at fair value through OCI, and
- those to be measured at amortised cost.

The classification and subsequent measurement of debt financial assets depends on: (i) the Group's business model for managing the related assets portfolio and (ii) the cash flow characteristics of the asset. On initial recognition, the Group may irrevocably designate a debt financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI 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 Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI). This election is made on an investment-by-investment basis.

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

4 Summary of significant accounting policies (continued)

Financial assets - Recognition and derecognition

All purchases and sales of financial assets that require delivery within the time frame established by regulation or market convention ("regular way" purchases and sales) are recorded at trade date, which is the date when the Group commits to deliver a financial instrument. All 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 Group has transferred substantially all the risks and rewards of ownership.

Financial assets – Measurement

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

Debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the cash flow characteristics of the asset. The Group classifies debt instruments as follows:

- 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 income statement. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, trade receivables and financial assets at amortised cost.

Equity instruments

The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment, any related balance within the FVOCI reserve is reclassified to retained earnings. The Group's policy is to designate equity investments as FVOCI when those investments are held for strategic purposes other than solely to generate investment returns. Dividends from such investments continue to be recognised in profit or loss as other income when the Group's right to receive payments is established.

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

4 Summary of significant accounting policies (continued)

Financial assets – impairment – credit loss allowance for ECL

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the income statement within “net impairment losses on financial assets”.

Debt instruments measured at AC are presented in the balance sheet net of the allowance for ECL. For financial guarantee contracts, a separate provision for ECL is recognised as a liability in the balance sheet.

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

For trade receivables, the Group 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 Group applies general approach – three stage model for impairment. The Group applies a three stage model for impairment, based on changes in credit quality since initial recognition. A financial instrument that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter (“12 Months ECL”). If the Group identifies a significant increase in credit risk (“SICR”) since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any (“Lifetime ECL”). Refer to Note 6, Credit risk section for a description of how the Group determines when a SICR has occurred. If the Group determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL. The Group’s definition of credit impaired assets and definition of default is explained in Note 6, Credit risk section.

Financial assets – Reclassification

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

4 Summary of significant accounting policies (continued)

Financial assets – write-off

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

Financial assets – modification

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

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

Financial guarantee contracts

Financial guarantee contracts are contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of debt instrument. Such financial guarantees are given to banks, financial institutions and others on behalf of customers to secure loans, overdrafts and other banking facilities.

Financial guarantees are recognised as a financial liability at the time the guarantee is issued. Financial guarantees are initially recognised at their fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight line basis over the life of the guarantee in other income in profit or loss.

4 Summary of significant accounting policies (continued)

Financial guarantee contracts (continued)

At the end of each reporting period, the guarantee is subsequently at the higher of:

- the amount of the loss allowance determined in accordance with the expected credit loss model under IFRS 9 Financial Instruments and
- the amount initially recognised less, where appropriate, the cumulative amount of income recognised in accordance with the principles of IFRS 15 Revenue from Contracts with Customers.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations. Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation, the fair values are accounted for as contributions and recognised as part of the cost of the investment.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents includes cash in hand, deposits held at call with banks with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. In the balance sheet bank overdrafts are shown within borrowings in current liabilities. 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.

Financial assets at amortised cost

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

Interest income

Interest income from financial assets at FVTPL is included in the other gains/(losses) - net on these assets. Interest income on financial assets at amortised cost calculated using the effective interest method is recognised in the income statement as “Other income”. Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for financial assets that subsequently become credit impaired. For credit - impaired financial assets – Stage 3 the effective interest rate is applied to the net carrying amount of the financial asset (after deduction of the loss allowance), for Stage 1 and Stage 2 – gross amount of financial assets.

4 Summary of significant accounting policies (continued)

Dividend income

Dividends are received from financial assets measured at fair value through other comprehensive income (FVOCI). Dividends are recognised as other income in profit or loss when the Group's 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.

Borrowings

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently carried 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset. Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the balance sheet date.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw down occurs. To the extent where there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is extinguished, cancelled or expires. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

An exchange between the Group and its original lenders of debt instruments with substantially different terms, as well as substantial modifications of the terms and conditions of existing financial liabilities, are accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. In addition, other qualitative factors, such as the currency that the instrument is denominated in, changes in the type of interest rate, new conversion features attached to the instrument and change in loan covenants are also considered.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

4 Summary of significant accounting policies (continued)

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Group or the counterparty.

Trade receivables

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

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

Trade receivables are also subject to the impairment requirements of IFRS 9. The Group applies the IFRS 9 simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. See Note 6 Credit risk section.

Share capital and share premium

Ordinary shares are classified as equity.

Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds.

The reserve from capital decrease is a separate reserve resulting from the decrease in the nominal value of the Company's shares.

Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense.

4 Summary of significant accounting policies (continued)

Financial liabilities – measurement categories

Financial liabilities are initially recognised at fair value and classified as subsequently measured at amortised cost, except for (i) financial liabilities at FVTPL: this classification is applied to derivatives, financial liabilities held for trading (e.g. short positions in securities), contingent consideration recognised by an acquirer in a business combination and other financial liabilities designated as such at initial recognition and (ii) financial guarantee contracts and loan commitments.

Discontinued operations

The discontinued operation is a component of the Group that either has been disposed of, or is classified as held for sale and: (a) represents a separate significant part of business operations or a geographical area operations; (b) forms part of a single, coordinated plan to dispose of a significant portion of business operations or a geographical area of operations or (c) is a subsidiary acquired exclusively with a view to resale. Earnings and cash flows from discontinued operations, if any, are disclosed separately from continuing operations with comparatives being represented.

5 New accounting pronouncements

At the date of approval of these consolidated financial statements a number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2018 and have not been applied in preparing these consolidated financial statements. None of these is expected to have a significant effect on the consolidated financial statements of the Group, except the following set out below:

- IFRS 16 "Leases" (issued on 13 January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases. All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently. The Group has assessed in the current stage the impact of the new standard on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the adoption of this standard is not material.

5 New accounting pronouncements (continued)

- Amendments to IAS 1 and IAS 8: Definition of materiality (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020). The amendments clarify the definition of material and how it should be applied by including in the definition guidance that until now has featured elsewhere in IFRS. In addition, the explanations accompanying the definition have been improved. Finally, the amendments ensure that the definition of material is consistent across all IFRS Standards. Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the decisions that the primary users of general purpose financial statements make on the basis of those financial statements, which provide financial information about a specific reporting entity. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not known or reasonable estimable.

- Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017 and effective for annual periods beginning on or after 1 January 2019). The Amendments clarify that an entity applies IFRS 9 Financial Instruments to long-term interests in an associate or joint venture that, in substance, form part of the net investment in the associate or joint venture but to which the equity method is not applied. An entity applies IFRS 9 to such long-term interests before it applies IAS 28. In applying IFRS 9, the entity does not take account of any adjustments to the carrying amount of long-term interests that arise from applying IAS 28. An entity applies the Amendments retrospectively for annual reporting periods beginning on or after 1 January 2019. Earlier application is permitted. The Group is currently assessing the impact of the amendments on its consolidated financial statements and as of the date of issue of these consolidated financial statements the impact of the amendments is not known or reasonable estimable.

6 Financial risk management

(i) Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk (including cash flow interest rate risk and price risk), credit risk and liquidity risk.

The Group's risk management programme focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance. Risk management is carried out by a central treasury department under policies approved by the Board of Directors. The treasury department identifies, evaluates and hedges financial risks in close co-operation with the Group operating units.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Market risk**

Price risk

Price risk is the risk that the value of financial assets measured at fair value through other comprehensive income will fluctuate as a result of changes in market prices. The Group is not exposed to significant price risk since it does not have significant financial assets measured at fair value through other comprehensive income traded in the stock market. These assets consist mainly of shares in private companies and are recognized at value on the basis of their net financial position.

Cash flow interest rate risk

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

At 31 December 2018, if interest rates on Euro - denominated borrowings had been 1% (2017: 1%) higher/lower with all other variables held constant, impact on post-tax profit for the year would be €68.522 (2017: €50.198) higher/lower due to change in interest rates.

At 31 December 2018, the effect of borrowing on fixed interest rates was not significant.

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

- **Credit risk**

Credit risk arises from cash and cash equivalents, deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables and committed transactions.

(i) Risk management

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

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

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

(ii) Impairment of financial assets

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

- trade receivables
- financial assets at amortised cost and
- cash and cash equivalents.

While the above are also subject to the impairment requirements of IFRS 9, the identified impairment loss was immaterial.

Trade receivables

The Group applies the IFRS 9 simplified approach to measuring expected credit losses for all trade receivables.

Impairment losses on trade receivables are presented as net impairment losses within operating profit. Subsequent recoveries of amounts previously written off are credited against the same line item. The expected credit losses calculated by the management of the Group were not significant. The calculation was made by grouping the trade receivables based on the common credit risk characteristics and the days of arrears.

Previous accounting policy for impairment of trade receivables

A provision for impairment of trade receivables was established when there was objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or delinquency in payments (more than 120 days delay) were considered indicators that the trade receivable is impaired. The amount of the provision was the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

The carrying amount of the asset was reduced through the use of an allowance account, and the amount of the loss was recognised in profit or loss in "net impairment losses on financial and contractual assets" (2017: recognised in "selling and marketing costs"). When a trade receivable was uncollectible, it was written off against the allowance account for trade receivables. Subsequently recoveries of amounts previously written off were credited against selling and marketing costs in profit or loss.

Other financial assets at amortised cost including cash and cash equivalent

Other financial assets at amortised cost include receivables from related parties, other receivables and cash and cash equivalent.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

(ii) Impairment of financial assets (continued)

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

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

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

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

Financial assets are written off when there is no reasonable expectation of recovery, such as a debtor failing to engage in a repayment plan with the Group.

The Group uses the following categories for other receivables, receivables from related parties and cash and cash equivalent which reflect their credit risk and how the loss provision is determined for each of those categories. For the cash and cash equivalent, the internal credit risk ratings are aligned to external credit rating companies, such as Moody's.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

(ii) Impairment of financial assets (continued)

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

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

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

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

The Group provides for credit losses against receivables from related parties, other receivables and cash and cash equivalents. There were no changes in the credit loss between the beginning and the end of the reporting period.

The receivables from related parties were not significant as of 31 December 2018, and therefore an expected credit loss would not be significant for the consolidated financial statements.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

(ii) Impairment of financial assets (continued)

The following tables contains an analysis of the credit risk exposure of each class of financial instruments for which an ECL allowance is recognised. The gross carrying amounts below also represents the Group's maximum exposure to credit risk on these assets as at 31 December 2018.

Other receivables

Internal credit rating	Gross carrying amount €	Carrying amount (net of impairment provision) €
Performing – Stage 1	589.841	589.841
Total other receivables	**589.841**	**589.841**

The Group has assessed the exposure to credit risk for the above balances and considers that the expected credit loss is not material.

Cash and cash equivalents

The Group has assessed the exposure to credit risk for balances of cash and cash equivalents and considers that the expected credit loss is not material.

	Credit rating	Gross carrying amount €	Carrying amount (net of impairment provision) €
Moody's			
Performing	CCC - C	1.405.123	1.405.123

There were no significant changes in the valuation techniques or assumptions during the reporting period.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

- **Credit risk (continued)**

Credit quality of financial assets at 31 December 2017

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:

	2017 €
Trade receivables	
Counterparties with external credit rating	
Group 1	906.632
	906.632
Fully performing other receivables	
Group 2	177.389
Group 3	545.516
	722.905
Cash and bank balances (Moody's)[(1)]	
Caa1	1.409.489
Caa2	1.610.593
Caa3	97.656
	3.117.738

(1) The rest of the balance sheet item 'cash and cash equivalents' is cash in hand.

Group 1 – existing customers (less than 2 months) with no past default.

Group 2 – subsidiaries and affiliated companies without past default.

Group 3 – existing other receivables (more than 6 months)

- **Liquidity risk**

  The table below analyses the Group's financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months (with the exception of borrowings) equal their carrying balances as the impact of discounting is not significant.

6 Financial risk management (continued)

(i) Financial risk factors (continued)

Cash flow interest rate risk (continued)

- **Liquidity risk (continued)**

	Less than 1 year €	1 to 2 years €	2 to 5 years €	Over 5 years €
At 31 December 2017				
Borrowings	3.593.038	883.716	2.193.655	1.293.058
Trade and other payables	1.646.427	-	-	-
Corporate guarantees	-	437.014	-	18.609.804
	5.239.465	1.320.730	2.193.655	19.902.862
At 31 December 2018				
Borrowings (excluding finance lease liabilities)	4.379.608	879.019	2.634.442	1.026.785
Finance lease liabilities	6.732	7.001	18.386	-
Trade and other payables	1.373.422	-	-	-
Corporate guarantees	-	437.014	5.349.804	15.810.000
	5.759.762	1.323.034	8.002.632	16.836.785

Financial instruments by category for the previous year

	Loans and receivables €	Available-for-sale €	**Total €**
31 December 2017			
Assets as per consolidated balance sheet			
Available-for-sale financial assets	-	612.339	**612.339**
Trade and other receivables (excluding prepayments)	2.899.181	-	**2.899.181**
Cash and bank balances	3.155.114	-	**3.155.114**
Total	6.054.295	612.339	**6.666.634**

	Other financial liabilities €	**Total €**
Liabilities as per balance sheet		
Borrowings	7.126.895	**4.151.482**
Trade and other payables (excluding statutory liabilities)	1.528.451	**3.126.511**
Total	8.655.346	**7.277.993**

6 Financial risk management (continued)

(ii) Capital risk management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

The Group monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the balance sheet) less cash and cash equivalents. Total capital is calculated as 'equity' as shown in the balance sheet plus net debt.

Gearing ratio for the year ended 31 December 2018 and 2017 was as follows:

	2018	2017
	€	€
Total borrowings (Note 28)	**8.139.498**	7.126.895
Less: Cash and bank balances (Note 23)	**(1.405.123)**	(3.155.114)
Net debt	**6.734.375**	3.971.781
Total equity	**40.188.183**	38.290.155
Total capital as defined by management	**46.922.558**	42.261.936
Gearing ratio	**14,47%**	9,4%

The increase in the gearing ratio during 2018 was mainly due to borrowing received during the year for the partial financing of the group's investment and the decrease in the cash and cash equivalents.

(iii) Fair value estimation

The table below analyses financial instruments carried at fair value by valuation method. The different levels have been identified as follows:

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

6 Financial risk management (continued)

(iii) Fair value estimation (continued)

The following table presents the Group's financial assets that are measured at fair value at 31 December 2018:

	Level 1 €	Level 2 €	Level 3 €	Total balance €
31 December 2018				
Assets				
Financial assets measured at fair value through other comprehensive income				
- Equity securities	633	702.363	31.623	734.619
Total financial assets measured at fair value	633	702.363	31.623	734.619

The following table presents the Group's financial assets that are measured at fair value at 31 December 2017:

	Level 1 €	Level 2 €	Level 3 €	Total balance €
31 December 2017				
Assets				
Available-for-sale financial assets:				
- Equity securities	699	582.714	28.926	612.339
Total financial assets measured at fair value	699	582.714	28.926	612.339

There were no transfers between Levels 1 and 2 during the year.

(a) Financial instruments in level 1

The fair value of financial instruments traded in active markets is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. The quoted market price used for financial assets held by the Group is the current bid price. These instruments are included in Level 1. Instruments included in Level 1 comprise primarily Cyprus Stock Exchange equity investments, classified as trading securities or available for sale.

6 Financial risk management (continued)

(iii) Fair value estimation (continued)

(b) Financial instruments in level 2

The fair value of financial instruments that are not traded in an active market (for example, unlisted equity securities) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices or dealer quotes for similar instruments.
- Other techniques, such as discounted cash flow analysis, are used for fair value measurement of the remaining financial instruments.

(iii) Offsetting financial assets and liabilities

The Group does not have any financial assets or financial liabilities that are subject to offsetting, enforceable master netting arrangements or any similar agreements.

7 Critical accounting estimates and judgements

The preparation of financial statements requires the use of accounting estimates which, by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying the Group's accounting policies. 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.

Critical accounting estimates and assumptions

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

- **Impairment of financial assets**

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

7 Critical accounting estimates and judgements (continued)

- **Fair value of contingent liabilities**

  The Group's Management assessed at the date of the consolidated balance sheet under IFRS 9 “Financial Instruments” whether expected credit losses arise from the guarantees presented in Note 32. Based on the stage of completion of the arrangements at the date of consolidation, credit losses were not significant.

- **Property, plant and equipment**

  Part of the Group's property, plant and equipment was used during the year for lease under operating leases. Based on the Management's assessment, since the Group is not practically able to sell or rent under the finance lease scheme separately this particular part of the property, plant and equipment has not been transferred under the category of investment property, in accordance with IAS 40.

8 Segmental analysis

The Board of Directors monitors internal reports to assess the Group’s performance and allocate its resources. The Board of Directors relies on these internal reports to determine the reporting segments. The primary areas of activity of the Group which are analysed by sector are the following:

- Tourist and other activities
- Investments

The Board of Directors evaluates the performance of operating segments based on profit / (loss) before interest, taxes, depreciation, amortization (EBITDA), impairment and the results of various investments of the Group. Interest income and expense are not included in the results of operating segments. The other information provided, except as noted below, are accounted according to the consolidated financial statements.

8 Segmental analysis (continued)

Segmental analysis

	Tourist and other activities €	Total before results from associates and joint venture €	Results of associates €	Results of joint venture €	Total €
Year ended 31 December 2017					
Revenue	4.549.531	4.549.531	-	-	4.549.531
Profit before interest, tax, depreciation and impairment charge	(374.109)	(374.109)	1.691.523	992.990	2.310.404
Depreciation	114.042	114.042	-	-	114.042
Impairment charge	-	(1.892)	-	-	(1.892)
Year ended 31 December 2018					
Revenue	4.143.084	4.143.084	-	-	4.143.084
(Loss)/profit before interest, tax, depreciation and impairment charge	(135.872)	(135.872)	1.495.359	877.783	2.237.270
Depreciation	114.025	114.025	-	-	114.025

8 Segmental analysis (continued)

The reconciliation between profit before interest, taxation, depreciation, amortisation, impairment charge and the results of associates and joint venture and the total loss before taxation is as follows:

	2018	2017
	€	€
Profit before interest, taxation, depreciation, amortisation	**2.237.270**	2.310.404
Depreciation	**(114.025)**	(114.042)
Impairment charge	**-**	(1.892)
Operating profit	**2.123.245**	2.194.470
Finance costs	**(334.268)**	(301.979)
Profit before taxation	**1.788.977**	1.892.491
Taxation	**(8.999)**	(396)
Profit after taxation from continuing operations	**1.779.978**	1.892.095

Assets per segment

	Ownership of investment	**Tourist and other activities**	**Total**
	€	€	**€**
31 December 2018	**40.606.245**	**9.841.894**	**50.448.139**
31 December 2017	36.305.611	11.444.465	47.750.076

Liabilities per segment

	Ownership of investment	**Tourist and other activities**	**Total**
	€	€	**€**
31 December 2018	**5.737.050**	**3.831.237**	**9.568.287**
31 December 2017	4.587.977	4.185.345	8.773.322

The liabilities per segment vary from the total liabilities per the consolidated balance sheet as follows:

	2018	2017
	€	€
Total liabilities from operating reporting segments	**9.568.287**	8.773.322
Deferred tax liabilities	**662.050**	662.050
Current tax liabilities	**29.619**	24.549
Total liabilities per the consolidated balance sheet	**10.259.956**	9.459.921

9 Revenue

	2018 €	2017 €
Commissions from sales of air tickets	**1.308.787**	1.304.971
Sales of travel packages	**2.012.633**	2.513.559
Income from incoming tourism	**398.643**	301.543
Income from international cargo	**261.711**	265.497
Other income	**161.310**	163.961
	4.143.084	4.549.531

10 Other income

	2018 €	2017 €
Interest income on bank balances	**22.481**	44.300
Rental income	**94.200**	19.200
Other income	**81.161**	142.140
Credit dividends	**122.524**	7.535
	320.366	213.175

11 Other losses - net

	2017 €	2016 €
Profit on sale of property, plant and equipment (Note 17)	**1.379**	-
Investment property:		
Fair value gain (Note 18)	**10.000**	-
	11.379	-

12 Expenses by nature

	2018 €	2017 €
Depreciation of property, plant and equipment (Note 17)	**114.025**	114.062
Operating lease rentals and storage costs	**74.175**	85.439
Repairs and maintenance	**23.947**	14.991
Advertising and promotion	**64.726**	68.618
Management fees	**156.000**	176.000
Auditors' remuneration –assurance services charged by the Company's statutory audit firm	**56.650**	62.700
Other auditors – assurance services		3.815
Trade receivables – impairment charge (Note 22)	**40.366**	41.289
Staff costs (Note 13)	**1.362.812**	1.358.563
Electricity and water	**31.155**	31.155
Expenses relating to incoming tourism	**295.155**	295.155
Direct expenses relating to hotel accommodation, travel packages and outgoing tourism	**1.948.761**	2.410.601
Other expenses	**553.138**	678.673
Total cost of goods and services sold, selling and marketing costs and administrative expenses	**4.724.725**	5.257.749

12 Expenses by nature (continued)

The total fees charged by the Company's statutory auditor for the year ended 31 December 2017 for tax advisory services amounted to €1.950 (2017: €1.800) and for remaining non-audit services amounted to €8.200 (2017: €1.400).

13 Staff costs

	2018	2017
	€	€
Salaries	**1.190.890**	1.194.860
Social insurance costs	**99.188**	90.078
Provident Fund contributions	**38.769**	30.493
Other funds contributions	**20.459**	28.690
Other staff costs	**13.506**	14.442
	1.362.812	1.358.563
Average number of staff employed during the year	**53**	55

The Group has one defined contribution scheme, the Amathus Public Limited Employees' Provident Fund, which is funded separately and prepares its own financial statements whereby employees are entitled to payment of certain benefits upon retirement or prior termination of services.

14 Finance costs

	2018	2017
	€	€
Interest expense:		
Bank borrowings	**245.502**	186.560
Borrowings from Board of Directors' members (Note 31 (e))	**29.700**	6.949
Borrowings from related parties (Note 31 (f))	**57.664**	67.048
Other interest	**1.402**	41.422
Total interest expense	**334.268**	301.979

15 Tax

	2018	2017
	€	€
Current tax:		
Corporation tax – prior years	**-**	3.334
Defence contribution	**8.999**	14.110
Total current tax	**8.999**	17.444
Deferred taxation (Note 29):		
Origination and reversal of temporary differences	**-**	(17.048)
Total deferred tax	**-**	(17.048)
Tax charge	**8.999**	396

15 Tax (continued)

The tax on the Group's profit/(loss) before tax from continuing operations differs from the theoretical amount that would arise using the applicable tax rates as follows:

	2018	2017
	€	€
Profit before tax	**1.788.977**	1.892.491
Tax calculated at the applicable corporation tax rate	**223.622**	238.182
Tax effect of expenses not deductible for tax purposes	**115.850**	163.411
Tax effect of allowances and income not subject to tax	**(339.472)**	(418.641)
Special contribution for defence	**8.999**	14.110
Tax charge	**8.999**	396

The Company, its subsidiaries and associates are subject to corporation tax at the domestic tax rates applicable on taxable profits in the respective countries at the rates of 12,5% - 29% (2017: 12,5% - 29%). For companies registered in Cyprus, as from tax year 2012, brought forward losses of only five years may be utilised against taxable profits of the same company. At 31 December 2018, the Group had a tax loss of €2.686.204 (2017: €2.643.462). No deferred tax was recognised since no additional future tax profits are expected against which tax losses can be deducted. In addition, current year taxable losses incurred by companies of the Group incorporated in Cyprus, can be utilised by any company within the Group, incorporated in Cyprus, in the same year, provided there is at least 75% ownership.

Since 1 January 2009, under certain conditions, interest may be exempt from income tax and be subject only to special contribution for defence at the rate of 10%; increased to 15% as from 31 August 2011; and to 30% as from 29 April 2013.

In certain cases dividends received from abroad may be subject to special contribution for defence at the rate of 15%; increased to 17% as from 31 August 2011; increased to 20% as from 1 January 2012; reduced to 17% as from 1 January 2014. In certain cases dividends received from 1 January 2012 onwards from other Cyprus tax resident companies may also be subject to special contribution for defence.

Gains on disposal of securities falling within the definition of bonds for tax purposes (including shares, securities, etc) are excluded from the Cyprus Corporate tax.

15 Tax (continued)

The tax (charge)/credit relating to components of other comprehensive income is as follows:

Tax effects of components of other comprehensive income

	Year ended 31 December					
	2018			2017		
	Before tax	**Tax (charge)/ credit**	After tax	Before tax	Tax (charge)/ credit	After tax
	€	€	**€**	€	€	€
Land and buildings:						
Deferred tax adjustment on revaluation	**-**	**-**		-	(16.491)	(16.491)
Financial assets measured at fair value, through other comprehensive income (2017: financial assets available for sale):						
Fair value gain						
Share of fair value reserve in associates	**119.583**	**-**	**119.583**	188.628	-	188.628
Currency translation differences	**36.395**	**-**	**36.395**	(13.532)	-	(13.532)
	(2.006)	**-**	**(2.006)**	(7.849)	-	(7.849)
Other comprehensive income	**153.973**	**-**	**153.973**	167.247	(16.491)	150.756

16 Earnings/(loss) per share

	2018	2017
Net profit attributable to the owners of the Company (€)	**1.771.414**	1.892.375
Net profit from continuing operations attributable to the owners of the Company (€)	**1.771.243**	1.892.375
Comprehensive income attributable to the owners of the Company (€)	**1.913.421**	2.024.278
Total income from continuing operations attributable to the owners of the Company (€)	**1.913.250**	2.024.278
Weighted average number of ordinary shares in issue during the year	**110.844.530**	110.844.530
Basic earnings per share (cent per share)	**1,60**	1,71
Basic earnings from continuing operations per share (cent per share)	**1,60**	1,71
Basic comprehensive earnings per share (cent per share)	**1,73**	1,83
Basic comprehensive earnings from continuing operations per share (cent per share)	**1,73**	1,83

17 Property, plant and equipment

	Land and Buildings [1]	Furniture, fixtures, machinery and office equipment	Motor Vehicles	Total
	€	€	€	€
At 1 January 2017				
Cost or valuation	4.912.737	2.081.870	220.564	7.215.171
Accumulated depreciation	(339.937)	(2.059.793)	(182.198)	(2.581.928)
Net book amount	4.572.800	22.077	38.366	4.633.243
Year ended 31 December 2017				
Opening net book amount	4.572.800	22.077	38.366	4.633.243
Additions	3.500	18.117	-	21.617
Deprecation charge (Note 12)	(80.944)	(4.118)	(29.000)	(114.062)
Exchange differences		(20)		(20)
Closing net book amount	4.495.356	36.056	9.366	4.540.778
At 31 December 2017				
Cost or valuation	4.916.237	2.100.770	220.564	7.237.571
Accumulated depreciation	(420.881)	(2.064.714)	(211.198)	(2.696.793)
Net book amount	4.495.356	36.056	9.366	4.540.778
Year ended 31 December 2018				
Opening net book amount	4.495.356	36.056	9.366	4.540.778
Additions	159.899	12.034	35.059	206.992
Disposal	-	(1.121)	-	(1.121)
Depreciation charge (Note 12)	(77.888)	(22.973)	(13.164)	(114.025)
Closing net book amount	4.577.367	23.996	31.261	4.632.624
At 31 December 2018				
Cost or valuation	5.076.136	1.876.320	175.373	7.127.829
Accumulated depreciation	(498.769)	(1.852.324)	(144.112)	(2.495.205)
Net book amount	4.577.367	23.996	31.261	4.632.624

[1] The Group does not have free access to land which is recorded at a cost of €186.890 (2016: €186.890) because the land is situated near the area which is occupied by the Turkish invasion forces. The extent to which the value of this land will be affected, will depend on the political developments and solution of the Cyprus problem.

17 Property, plant and equipment (continued)

Depreciation expense from continuing operations of €114.025 (2017: €114.062) has been charged in “administrative expenses”.

In the consolidated cash flow statement, proceeds from sale of property, plant and equipment comprise:

	2018	2017
	€	€
Net book amount	**1.121**	-
Profit on sale of property, plant and equipment (Notes 11)	**1.379**	-
Proceeds from sale of property, plant and equipment	**2.500**	-

If land and buildings were stated on the historical cost basis, the amounts would be as follows:

	2018	2017
	€	€
Cost	**1.854.967**	1.695.068
Accumulated depreciation	**(1.086.024)**	(1.034.569)
Net book amount	**768.943**	660.499

Bank borrowings and overdrafts are secured on the Group’s land and buildings as disclosed in Note 28.

Operating leases amounting to €74.175 (2017: €73.007) relating to the lease of property are included in the profit or loss (Note 12).

Fair value of land and buildings

Group’s land and buildings relate to: (i) Group’s offices and (ii) land situated near to areas occupied by Turkish military forces as referred above.

The following table analyses the property, plant and equipment carried at fair value, by valuation method. The different levels have been defined as follows:

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

17 Property, plant and equipment (continued)

Fair value of land and buildings (continued)

	Fair value measurements at 31 December 2018 using		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	€	**€**	**€**
Recurring fair value measurements			
Land and buildings – Cyprus	-	-	4.577.367
	-	-	4.577.367

	Fair value measurements at 31 December 2017 using		
	Quoted prices in active markets for identical assets (Level 1)	**Significant other observable inputs (Level 2)**	**Significant unobservable inputs (Level 3)**
	€	**€**	**€**
Recurring fair value measurements			
Land and buildings – Cyprus	-	-	**4.495.356**
	-	-	4.495.356

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation processes

The Group's finance department includes a team that reviews the valuations performed by the independent valuers as well as study the real estate market for the purposes of financial reporting and determining the fair value of its land and buildings.

Discussions of valuation processes and results are held between the management of the Group and the Audit Committee at least once every year. At each financial year end the finance department of the Group:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- assesses fluctuations in real estate prices within the region where its assets are located and any need for revaluation.

17 Property, plant and equipment (continued)

Valuation processes (continued)

Changes in Level 3 fair values are analysed at each reporting date during the valuation discussions between the management of the Group and the Audit Committee. As part of this discussion, the team presents a report that explains the reasons for the fair value movements. At 31 December 2018, the Group's Management assessed based on real estate prices within the region where its assets are located, that any change in the fair value of land and buildings was not material for the financial statements.

Information about fair value measurements for land and buildings using significant unobservable inputs (Level 3) – 31 December 2018

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Land and office buildings - Cyprus	Comparative method	Price per square metre	€2.178/sq.m	The higher the price per square metre, the higher the fair value

Sensitivity of management's estimates Percentage change	-5%	0%	+5%
Value variation	€4.179.694	€4.389.842	€4.599.990

Information about fair value measurements for land and buildings using significant unobservable inputs (Level 3) – 31 December 2017

Description	Valuation technique(s)	Unobservable inputs	Range of unobservable inputs (probability – weighted average)	Relationship of unobservable inputs to fair value
Land and office buildings - Cyprus	Comparative method	Price per square metre	€2.135/sq.m	The higher the price per square metre, the higher the fair value

Sensitivity of management's estimates Percentage change	-5%	0%	+5%
Value variation	€4.101.784	€4.307.831	€4.513.878

There are no inter-relationships between unobservable inputs.

There were no changes in the valuation techniques during the year.

18 Investment property

Country	**2018 Total Cyprus**	2017 Total Cyprus
Fair value hierarchy	3	3
	€	€
At beginning of the year	**220.000**	220.000
Fair value gain (Note 11)	**10.000**	-
At the end of the year	**230.000**	220.000

The Group's investment property is measured at fair value. Changes in fair value are recognized in "other gains/(losses)". Investment property consists of residential property in Cyprus. Investment properties are revalued every year at 31 December at fair value, which is the value of the free market based on estimates by an independent professional appraiser.

The Group's policy is to recognize transfers into and out of fair value hierarchy levels as of the date of the event or change in circumstances that caused the transfer.

Valuation processes

The Group's investment properties were valued at 31 December 2018 by independent professionally qualified valuers who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The Group's finance department includes a team that reviews the valuations performed by the independent valuers for financial reporting purposes.

Discussions of valuation processes and results are held between the management of the Group, the Audit Committee and the independent valuers at least once every year. At each financial year end the finance department:

- verifies all major inputs to the independent valuation report
- assesses property valuation movements when compared to the prior year valuation report; and
- holds discussions with the independent valuer.

Changes in Level 3 fair values are analysed at each reporting date during the valuation discussions between the Chief Financial Officer, the Audit Committe and the valuation team. As part of this discussion, the team presents a report that explains the reasons for the fair value movements.

18 Investment property (continued)

Information about fair value measurement using significant unobservable inputs (Level 3) – 31 December 2018

Property	Valuation	Valuation technique	Construction cost	Cost of land
	€		€	€
Residential building in Cyprus	230.000	Comparative method and cost method	90.000 – 100.000	650/sq.m.
Sensitivity of management's estimates:				
Percentage change:		-5%	0%	5%
Value variation		€218.500	€230.000	€241.500

In the event of a change in the fair value by +/- 5%, the difference +€11.500/-€11.500 is recognised in after gains/losses.

Information about fair value measurement using significant unobservable inputs (Level 3) – 31 December 2017

Property	Valuation	Valuation technique	Construction cost	Cost of land
	€		€	€
Residential building in Cyprus	220.000	Comparative method and cost method	90.000 – 100.000	650/sq.m.
Sensitivity of management's estimates:				
Percentage change:		-5%	0%	5%
Value variation		€209.500	€220.000	€231.000

In the event of a change in the fair value by +/- 5%, the difference +€11.000/-€11.000 is recognised in after gains/losses.

There are no inter - relationships between unobservable inputs.

Valuation techniques underlying management's estimation of fair value

For residential properties in Cyprus with a total carrying amount of €230.000 (2017: €220.000), the valuation was determined using the comparative method and cost method taking into account the following estimates (in addition to the inputs referred to above):

Cost of property	Based on the actual location, type and quality of the properties and supported by recent sale prices.
Cost of construction	Based on the cost of construction and construction materials.

There were no changes to the valuation techniques during the year.

19 Investments in subsidiaries

At 31 December 2018, the Group had the following subsidiaries, all of which are unlisted:

Name	Principal activities	Country of incorporation	% interest held 2018	2017
Direct participation				
Amathus Hotels Limited	Inactive	Cyprus	**100**	100
ANC Worldchoice Holidays T.E. MEPE	Sale of travel packages	Greece	**100**	100
Amathus Corporation Limited	Investment holding and tourist activities	Cyprus	**100**	100
Indirect participation				
Amathus (UK) Limited	Collection of trademark rights and provision of services	United Kingdom	**100**	100
Amathus Travel Limited	Travel agents	Cyprus	**100**	100
Amathus Maritime Limited	Investment holding	Cyprus	**90***	90*
ANC Cargo Limited (ex Let's Go Tours Limited)	Air cargo sale since November 2018	Cyprus	**100**	100
Pelagos Travel and Tours Limited	Inactive	Cyprus	**100**	100
Air Promotion Group Cyprus Limited	Airlines Representation as of 1 January 2018	Cyprus	**100**	100
AMPM Travel Limited	Representation of airlines, sale of air tickets as of 1 January 2018	Cyprus	**100**	100

* The Group directly owns 80% of the share capital of Amathus Maritime Limited through Amathus Corporation Limited and 10% indirectly through its associate company Amathus Aegeas Limited.

20 Investments in associates

	2018 €	2017 €
At beginning of year	**17.964.925**	17.310.171
Additions (1), (2) (3) (4)	**3.300.000**	22.753
Share of profit/(loss) after tax	**1.495.359**	1.696.523
Dividends received	**(1.408.903)**	(1.050.990)
Share of fair value reserve (Note 26)	**36.395**	(13.532)
At end of year	**21.387.776**	17.964.925

(1) At 23 April 2018, the Company purchased an additional 3.300 shares of Hortitsa Trading Limited, with a par value of € 1 and share premium of € 999 per share. There was no change in the Company's shareholding in the associate's equity.

(2) At 4 July 2017, the Company purchased 216 shares of Olympic Lagoon Hotels Limited for € 1 each for the total amount of € 216.

(3) At 25 October 2017, the Company purchased 300 shares of Hortitsa Trading Limited for €1 each, for the total amount of €300.

(4) During the year ended 31 December 2017, the Company purchased 22 230 shares of Orange Travel (Cyprus) Limited for €1 each, for the total amount of €22.230. There was no change in the Company's percentage of ownership in the share capital of the associate company.

Set out below are the associates of the Group as at 31 December 2018, which, in the opinion of the Board of Directors, are material to the Group. The associates listed below have share capital consisting solely of ordinary shares, which are held directly by the Group; the country of incorporation or registration is also their principal place of business.

20 Investments in associates (continued)

Nature of investments in associates in 2018 and 2017:

Name of entity	Place of business/country of incorporation	Nature of the relationship	% of ownership interest	
			2018	2017
Claridge Public Limited	Cyprus	Note 1	**40,53**	40,53
Leisure Holdings S.A.	Luxembourg	Note 2	**31,22**	31,22
Amathus Hellas Touristiki A.E.	Greece	Note 3	**50,00**	50,00
APG Malta Limited	Malta	Note 3	**33,33**	33,33
Amathus Aegeas Limited	Cyprus	Note 4	**50,00**	50,00
Two Serve (Airport Services) (1)	Cyprus	Note 5	**19,95**	19,95
Two Serve Management Limited	Cyprus	Note 6	**50,00**	50,00
Orange Travel (Cyprus) Limited	Cyprus	Note 7	**50,00**	50,00
K.A. Olympic Lagoon Resort Limited	Cyprus	Note 8	**48,00**	48,00
Olympic Lagoon Hotel Limited	Cyprus	Note 9	**21,60**	21,60
Hortitsa Trading Limited	Cyprus	Note 10	**30,00**	30,00

Note 1: The associate company Claridge Public Limited has as an activity the holding of investments. The company owns 100% of the share capital of Amathus Vacation Ownership Limited, which deals with the sale of privately owned residential units and with the 30.87% of the share capital of the associated Leisure Holding S.A.

Note 2: The associate company Leisure Holding S.A. was the only shareholder in Landa AXTE, owner of "Amathus Beach Hotel Rhodes", until 30 June 2017. The sale of Landa AXTE was completed on 30 June 2017. Since 1 July 2017, Leisure Holding S.A. does not have any activities.

Note 3: The associate companies Amathus Hellas Touristiki A.E and APG Malta Limited provide services such as representation and handling of airline companies, sale of airline tickets and other travel agent services in Greece and Malta respectively.

Note 4: The associate company Amathus Aegeas Limited provides services such as representation and handling of shipping lines, clearing and forwarding services.

Note 5: The associate company Two Serve (Airport Services) has as principal activity the provision of airport and air cargo handling services in the Larnaca International Airport.

Note 6: The associate Company Two Serve Management Limited remained inactive during the year 2018 and 2017.

Note 7: The associate company Oragne Travel (Cyprus) Limited has as principal activity the sale of cruise packages and excursions.

Note 8: The associate company K.A. Olympic Lagoon Resort Limited, is the owner of Olympic Lagoon Resort Paphos, a seaside luxurious hotel of 276 rooms on the coast of Kato Paphos.

20 Investments in associates (continued)

Note 9: The associate company Olympian Lagoon Hotels Limited deals with the management of the Olympic Lagoon hotels, which are the Olympic Lagoon Resort Paphos and the Olympic Lagoon Resort Ayia Napa. Until July 3, 2017, the Company participated indirectly in Olympic Lagoon Hotels Limited through its participation in the KA. Olympic Lagoon Resort Limited.

Note 10: The associate company Hortitsa Trading Limited owns 100% of the share capital of Somerstown Trading Limited, which is the owner of the new Amavi Hotel, a seaside luxurious hotel of 155 rooms on the coast of Kato Paphos. The hotel started its operations on 24 March 2019.

Claridge Public Limited is the only associate company of the Group which is listed in the Cyprus Stock Exchange. The market value of this investment at 31 December 2018 amounted to €832.930 (2017: €1.315.153). The market value of the investment does not represent its fair value because there is no active market for the specific shares in the stock exchange due to the small volume of transactions.

Significant restrictions

There are no significant restrictions resulting from borrowing arrangements, regulatory requirements or contractual arrangements between investors with significant influence over the Company's associates, on the ability of associates to transfer funds to the Company in the form of cash dividends, or to repay loans or advances made by the Group.

Summarised financial information for associates

Set out below are the summarised financial information for the material associates which are accounted for using the equity method.

20 Investments in associates (continued)

Summarised balance sheet

	Claridge Public Ltd 31 December		Leisure Holding S.A. 31 December		K.A. Olympic Lagoon Resort Limited 31 December		Hortitsa Trading Limited 31 December		Total 31 December	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	€	€	**€**	€	**€**	€	**€**	€	**€**	€
Current										
Cash and cash equivalents	**230.088**	77.611	**4.258.140**	4.144.259	**3.023.971**	2.579.282	**1.924.276**	-	**9.436.475**	6.801.152
Other current assets	**6.322.726**	6.742.018	**4.815**	411.297	**2.430.289**	1.162.933	**1.579.543**	-	**10.337.373**	8.316.248
Discontinued operations	**317.499**	291.556	-	-	**-**	-	**-**	-	**317.499**	291.556
Total current assets	**6.870.313**	7.111.185	**4.262.955**	4.555.556	**5.454.260**	3.742.215	**3.503.819**	-	**20.091.347**	15.408.956
Financial liabilities (excluding trade payables)	**-**	-	-	-	**(2.144.623)**	(1.508.593)	**(1.032.013)**	-	**(3.176.636)**	(1.508.593)
Other current liabilities (including trade payables)	**(251.387)**	(200.428)	**(30.170)**	(246.010)	**(5.132.515)**	(5.500.094)	**(7.167.278)**	-	**(12.581.350)**	(5.946.532)
Liabilities associated with discontinued operations	**(2.705.128)**	(2.647.939)	-	-	**-**	-	**-**	-	**(2.705.128)**	(2.647.939)
Total current liabilities	**(2.956.515)**	(2.848.367)	**(30.170)**	(246.010)	**(7.277.138)**	(7.008.687)	**(8.199.291)**	-	**(18.463.114)**	(10.103.064)
Non- current										
Assets	**1.320.141**	1.336.835	**-**	-	**50.981.587**	52.400.621	**20.009.856**	-	**72.311.584**	53.737.456
Financial liabilities	**-**	-	**-**	-	**(18.118.411)**	(20.263.034)	**(7.371.530)**	-	**(25.489.941)**	(20.263.034)
Other liabilities	**-**	-	**-**	-	**(923.070)**	(753.533)	**-**	-	**(923.070)**	(753.533)
Total non- current liabilities	**-**	-	**-**	-	**(19.041.481)**	(21.016.567)	**(7.371.530)**	-	**(26.413.011)**	(21.016.567)
Net assets	**5.233.939**	5.599.653	**4.232.785**	4.309.546	**30.117.228**	28.117.582	**7.942.854**	-	**47.526.806**	38.026.781

20 Investments in associates (continued)

Summarised statement of comprehensive income

	Claridge Public Ltd		Leisure Holding S.A.		K.A. Olympic Lagoon Resort Limited		Hortitsa Trading Limited		Total	
	31 December		31 December		31 December		31 December		31 December	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	**2017**	**2018**	2017
	€	€	**€**	€	**€**	€	**€**	€	**€**	€
Revenue	**375.000**	-	**-**	-	**15.203.014**	13.649.114	**-**	-	**15.578.014**	13.649.114
Depreciation	**-**	-	**-**	-	**(1.013.482)**	(1.001.423)	**(18.214)**	-	**(1.031.696)**	(1.001.423)
Interest income	**25.943**	3	**-**	-	**68.302**	72.363	**-**	-	**94.245**	73.684
Interest expense	**(39.440)**	(150.844)	**-**	-	**(679.348)**	(790.053)	**(10.269)**		**(729.057)**	(940.897)
Profit/(loss) before tax	**(326.507)**	(560.709)	**(6.663)**	(542.658)	**4.925.316**	4.433.925	**(3.058.146)** (4)	-	**1.534.000**	3.330.558
Tax (charge)/credit	**-**	(13)	**-**	(4.815)	**(508.024)**	(419.064)	**-**	-	**(508.024)**	(423.892)
Profit/(loss) after tax from continuing operations	**(326.507)**	(560.722)	**(6.663)**	(547.473) (2)	**4.417.292** (3)	4.014.861 (3)	**(3.058.146)** (4)	-	**1.025.976**	2.906.666
Profit/(loss) after tax from discontinued operations	**(39.440)**	(150.844)	**-**	-	**-**	-	**-**	-	**(39.440)**	(150.844)
Other comprehensive income	**233**	(21.582)	**(70.098)**	-	**-**	-	**-**	-	**(69.865)**	(21.582)
Total comprehensive income	**(365.714)** (1)	(733.148) (1)	**(76.761)** (2)	(547.473)	**4.417.292**	4.014.861	**(3.058.146)** (4)	-	**916.671**	2.734.240

(1) The share (40,53%) of loss allocated to the Group: €148.224 (2017: 40,53%, (€297.145).

(2) The share (31,22%) of loss allocated to the Group: €23.969 (2017: 31,22%, €170.948).

(3) The share (48%) of profit allocated to the Group: €2.120.300 (2017: €1.927.133).

(4) The share (30%) of loss allocated to the Group: €917.444 (2017: €30%, €Zero). The Group, due to its additional investment in 2018 in the associate Hortitsa Trading Limited regarding the construction of Amari Hotel, recognized in 2018 a share of loss €196.478 for the current year as well as a share of loss of €720.966 related to the previous years, in relation to the erected hotel.

20 Investments in associates (continued)

Reconciliation of summarised financial information

Summarised financial information	Claridge Public Ltd		Leisure Holding S.A.		K.A. Olympic Lagoon Resort Limited		Hortitsa Trading Limited		Total	
	31 December		31 December		31 December		31 December		31 December	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	€	€	**€**	€	**€**	€	**€**	€	**€**	€
Opening net assets 1 January	**5.599.653**	6.414.047	**4.309.546**	4.857.783	**28.117.582**	25.952.721	**1.000**	-	**38.027.781**	37.224.551
Profit/(loss) for the period	**(365.947)**	(792.812)	**(6.663)**	(548.237)	**4.417.292**	4.014.861	**(3.058.146)**	-	**986.536**	2.673.812
Dividend paid	**-**	-	**-**	-	**(2.417.646)**	(1.850.000)	**-**	-	**(2.417.646)**	(1.850.000)
Other comprehensive income	**-**	-	**-**	-	**-**	-	**11.000.000**	1.000	**11.000.000**	1.000
	233	(21.582)	**(70.098)**	-	**-**	-	**-**	-	**(69.865)**	(21.582)
Closing net assets	**5.233.939**	5.599.653	**4.232.785**	4.309.546	**30.117.228**	28.117.582	**7.942.854**	1.000	**47.526.806**	38.027.781
Shareholding in associates (40,53% (2017: 40,53%), 31,22% (2017: 31,22%), 48% (2017: 48%), 30% (2017: 30%)	**2.121.315**	2.269.539	**1.321.683**	1.345.652	**14.456.269**	13.496.439	**2.382.856**	300	20.282.123	17.111.930

20 Investments in associates (continued)

Set out below are the summarised financial information for the immaterial associates which are accounted for using the equity method.

	2018 €	2017 €
Profit for the year	**442.903**	228.736
Other comprehensive income/(losses)	**58.188**	(4.785)
Total profit for the year	**501.091**	223.951
Total net assets	**1.105.653**	852.995

The information above reflects the amounts presented in the financial statements of the associates (and not the Company's share of those amounts, except for the net assets, which are based on the Group's share of the related companies) adjusted for differences in accounting policies between the Company and the associates.

21 Investments in joint venture

The movement in the Group's investment in joint venture during the year was as follows:

	2018 €	2017 €
At beginning of year	**18.340.686**	16.606.696
Additions (1)	**-**	1.900.000
Share of profit after tax in joint venture	**877.783**	992.990
Dividends received	**-**	(1.159.000)
At end of year	**19.218.469**	18.340.686

(1) During the year ended 31 December 2017, the Company purchased 1 900 additional shares in the jointly controlled company Amathina Holdings Limited, with a par value of €1 which were issued at a premium of €999 per share, due to an increase in its share capital. There was no change in the percentage of ownership in the share capital of the jointly controlled entity.

As at 31 December 2018 and 31 December 2017, the Group had the below investment in joint venture which is not listed in the Cyprus Stock Exchange:

Name	**Principal Activities**	**% of ownership interest 2018**	**2017**
Amathina Holdings Limited	Note 1	**25%**	25%

Note 1: The joint venture company Amathina Holdings Limited is the owner of Amathus Beach Hotel Limassol, a luxurious seaside hotel of 239 rooms in Limassol.

Summarised financial information

Set out below are the summarised financial information for the joint venture which is accounted for using the equity method.

21 Investments in joint venture (continued)

Summarised balance sheet

	Amathina Holdings Limited 31 December 2018 €	2017 €
Current		
Cash and cash equivalents	**2.585.464**	1.783.989
Other current assets	**2.384.638**	2.681.807
Total current assets	**4.970.102**	4.465.796
Financial liabilities (excluding trade payables)	**(925.918)**	(905.827)
Other current liabilities (including trade payables)	**(3.287.561)**	(3.610.989)
Total current liabilities	**(4.213.479)**	(4.516.816)
Non-current		
Assets	**93.532.165**	94.702.910
Financial liabilities	**(10.526.419)**	(14.504.076)
Other liabilities	**(6.888.490)**	(6.785.068)
Total non-current liabilities	**(17.414.909)**	(21.289.144)
Net assets	**76.873.879**	73.362.746

Summarised statement of comprehensive income

	Amathina Holdings Limited 31 December 2018 €	2017 €
Revenue	**23.538.376**	21.961.035
Depreciation and amortisation	**(2.272.423)**	(2.172.556)
Interest income	**7**	18.125
Interest expense	**(419.672)**	(351.955)
Profit before tax from continuing operations	**3.999.999**	4.542.759
Tax charge	**(488.866)**	(570.796)
Profit from continuing operations after tax	**3.511.133**	3.971.963
Total comprehensive income for the year	**3.511.133**	3.971.963
Dividends received from joint venture	**-**	1.159.000

The information above reflects the amounts presented in the financial statements of the joint venture (and not the Company's share of those amounts) adjusted for differences in accounting policies between the Group and the joint venture.

21 Investments in joint venture (continued)

Reconciliation of summarised financial information

	Amathina Holdings Limited 31 December	
	2018	2017
Summarised financial information	**€**	€
Opening net assets		
1 January	**73.362.746**	66.426.783
Issue of share capital	**-**	7.600.000
Profit for the period	**3.511.133**	3.971.963
Dividend paid	**-**	(4.636.000)
Closing net assets	**76.873.879**	73.362.746
Share in investment in joint venture (25% respectively)	**19.218.469**	18.340.686

22 Financial assets

(a) Trade receivables

	2018	2017
	€	€
Current assets		
Trade receivables	**2.003.029**	2.182.596
Less: loss allowance of trade receivables	**-**	(6.320)
Trade receivables – net	**2.003.029**	2.176.276

(i) Fair value of trade receivables

Due to the short-term nature of the current receivables, their carrying amount is considered to be the same as their fair value.

(ii) Impairment and risk exposure

Information about the current year impairment of trade receivables and the Group’s exposure to credit risk can be found in Note 6.

As of 31 December 2018, trade receivables of €40.366 were impaired and provided for (Note 12).

Prior year impairment of trade receivables

As of 31 December 2017, trade receivables of €909.632 were fully performing.

22 Financial assets (continued)

(a) Trade receivables (continued)

Trade receivables that are less than two months past due are not considered impaired. As of 31 December 2017, trade receivables of €1.266.644 were past due but not impaired. These relate to a number of independent customers for whom there is no recent history of default. The ageing analysis of these trade receivables is as follows:

	2017 €
2 to 4 months	165.162
Over 4 months	1.101.482
	1.266.644

As of 31 December 2017, trade receivables of €41.289 were impaired and provided for. The individually impaired receivables mainly relate to wholesalers, which are in an unexpectedly difficult economic situation. The ageing of these receivables is as follows:

	2017 €
Over 6 months	41.289
	41.289

The creation and release of provision for impaired receivables have been previously included in 'Administrative expenses' in profit or loss. Amounts charged to the allowance account are generally written off, when there is no expectation of recovering additional cash. For movement on the Group's provision for impairment of trade receivables refer to Note 6, credit risk.

The maximum exposure to credit risk at the balance sheet date is the carrying value of trade receivables. The Group does not hold any collateral as security.

The carrying amounts of the Group's trade receivables are denominated in the following currencies:

	2018 **€**	2017 €
Euro - functional and presentation currency	**1.975.060**	2.140.121
Pound sterling	**27.969**	36.155
	2.003.029	2.176.276

22 Financial assets (continued)

(b) Financial assets at amortised cost

	2018 €	2017 €
Current		
Receivable from related parties (Note 31 (g))	**191.120**	177.389
Other receivables	**589.841**	562.569
	780.961	739.958

The carrying amounts of the Group's financial assets (2017: includes other receivables) are denominated in the following currencies:

	2018 €	2017 €
Euro - functional and presentation currency	**779.573**	738.558
Pound sterling	**1.388**	1.400
	780.961	739.958

The maximum exposure to credit risk at the balance sheet date is the carrying value of each class of financial asset at amortised cost mentioned above. The Group does not hold any collateral as security, excluding an amount of €245.440 which is included in other receivables, for which the Group has secured equivalent value real estate.

Note 6 sets out information about the impairment of financial assets and the Group's exposure to credit risk.

(c) Financial assets at fair value through other comprehensive income

Investments at FVOCI comprise the following individual investments:

	2018 €	2017 €
Equity investments designated at FVOCI		
Listed equity securities:		
Cyprus Stock Exchange:		
Louis Plc	**63**	-
Top Kinisis Travel Public Ltd	**570**	-
Unlisted equity securities		
USC United Stevedoring Co Ltd	**13.647**	-
Lemissoler Shipping Co Ltd	**5.176**	-
Frontmarine Co Ltd	**702.363**	-
APG Inc.	**12.800**	-
	734.619	-

22 Financial assets (continued)

Equity investments were classified as available-for-sale in 2017, see (i) below. All of these investments were also held in the previous periods.

During the current year, the Group acquired equity instruments measured at fair value through other comprehensive income amounting to €2.697.

Amounts recognised in profit or loss and other comprehensive income

During the current and previous year, the following gains were recognised in profit or loss and other comprehensive income.

	2018	2017
	€	€
Gains recognised in other comprehensive income	**119.583**	188.628
Dividends from equity investments (Note 10)	**122.524**	7.535

Information about the methods and assumptions used in determining fair value are provided in Note 6.

Financial assets at FVOCI are denominated in following currencies:

	2018	2017
	€	€
Euro - functional and presentation currency	**32.256**	-
US Dollar	**702.363**	-
	734.619	-

(i) *Financial assets previously classified as available-for-sale financial assets (2017)*

Available-for-sale financial assets included the following classes of financial assets:

	2017
	€
Listed equity securities:	
Cyprus Stock Exchange	699
Unlisted equity securities	611.640
	612.339

22 Financial assets (continued)

Available-for-sale financial assets are denominated in the following currencies:

	2017
	€
Euro - functional and presentation currency	29.626
US Dollar	582.713
	612.339

The maximum exposure to credit risk at the balance sheet date is the carrying value of the debt securities classified as available-for-sale. None of the debt securities held in the available-for-sale financial assets category is either past due or impaired.

23 Cash and bank balances

	2018	2017
	€	€
Cash at bank and in hand	**1.405.123**	3.155.114
	1.405.123	3.155.114

Cash and bank balances and bank overdrafts include the following for the purposes of the cash flow statement:

	2018	2017
	€	€
Cash and bank balances	**1.405.123**	3.155.114
Less:		
Bank overdrafts (Note 28)	**(2.370.329)**	(2.539.218)
	(965.206)	615.896

Cash and bank balances are denominated in the following currencies:

	2018	2017
	€	€
Euro	**1.244.632**	2.982.655
Pound sterling	**160.491**	172.459
	1.405.123	3.155.114

23 Cash and bank balances (continued)

Reconciliation of obligations arising from financing activities

	Bank loan €	Loan from associate company €	Loans from Members of Board of Directors €	Finance lease liability €	Total lending arising from financing activities €
Balance at 1 January 2018	2.291.540	1.299.188	996.949	-	4.587.677
Cash transactions:					
Receipts from borrowing	1.865.520	-	-	-	1.865.520
Capital repayments	(608.534)	(119.336)	-	(2.940)	(730.810)
Interest paid	(135.466)	(57.664)	(21.677)	(1.402)	(216.209)
Interest expense	139.166	57.664	29.700	1.402	227.932
Non-cash transactions:					
Additions	-	-	-	35.059	35.059
At 31 December 2018	3.552.226	1.179.852	1.004.972	32.119	5.769.169
Balance at 1 January 2017	62.223	1.423.240	-	-	1.485.463
Cash transactions:					
Receipts from borrowing	2.610.431	-	990.000	-	3.600.431
Capital repayments	(381.114)	(124.052)	-	-	(505.166)
Interest paid	(58.314)	(67.048)	-	-	(125.362)
Interest expense	58.314	67.048	6.949	-	132.311
At 31 December 2017	2.291.540	1.299.188	996.949	-	4.587.677

24 Non-current assets held for sale and discounted operations

The assets and liabilities associated with the wholly owned subsidiary of ANC Cargo Limited (formerly Let's Go Tours Ltd) have been presented as assets and liabilities held for sale following the signing of a shareholder agreement between the subsidiary Amathus Corporation Limited and Global GSA Eurasia Limited, for the participation of Global GSA Eurasia Limited in the share capital of ANC Cargo Limited (formerly Let's Go Tours Limited) with 51%. The participation of Global GSA Eurasia Limited will be achieved through the increase of the share capital of ANC Cargo Limited (formerly Let's Go Tours Limited).

The comparative results of 2017 relate to the sale agreement of the Let's Go Tours department, of the wholly owned subsidiary of Amathus Corporation Limited, as an operating entity, to the affiliated company Orange Travel (Cyprus) Limited. The Let's Go department sale agreement was signed on 31 December 2016.

The date of transfer of the assets and liabilities associated with ANC Cargo Limited, as discontinued operations was 31 December 2018, which is the date on which the provisions of IFRS 5 “Non-current Assets Held to sale and discontinued operations” were fulfilled. There are no assets held for sale related to the sale of the Let's Go department.

As a result, the assets and liabilities associated with ANC Cargo Limited (formerly Let's Go Tours Limited), have been recognised as held-for-sale assets and liabilities and have been recognised at the lower of book value or fair value less costs to sell.

24 Non-current assets held for sale and discounted operations (continued)

The main categories of assets and liabilities held for sale as of 31 December 2018 are:

	2018 €	2017 €
Assets		
Trade receivables	**17.354**	-
Financial assets at amortised cost	**28.259**	-
Cash and cash equivalents	**9.925**	-
Financial assets held for sale	**55.538**	-
Liabilities		
Trade and other payables	**55.367**	-

The analysis of the result of discontinued operations is presented as follows:

	2018 €	2017 €
Income	**4.065**	899.305
Cost of Sales	**-**	(863.473)
Gross profit	**4.065**	35.832
Selling and marketing costs	**(295)**	(869)
Administrative expenses	**(3.599)**	(34.963)
Operating profit before tax	**171**	-
Tax charge	**-**	-
Profit for the year from discontinued operations	**171**	-

The analysis of cash flows from discontinued operations are as follows:

	2018 €	2017 €
Cash flows from operations	**9.925**	**-**
Total cash flows	**9.925**	**-**

25 Share capital and share premium

	Number of shares - fully paid ordinary shares	Share capital - fully paid shares €	Capital reduction reserve €	Total €
At 1 January 2017/31 December 2017/1 January 2018	110 844 530	37.687.140	-	37.687.140
Reduction of par value of a share:				
- transfer to reserve from capital reduction	-	(19.944.866)	19.944.866	-
- transfer to retained earnings	-	(6.657.821)	-	(6.657.821)
At 31 December 2018	**110 844 530**	**11.084.453**	**19.944.866**	**31.029.319**

The total authorised number of ordinary shares is 629 792 832 shares (2017: 185 218 480 shares) with a par value of €0,10 per share (2017: €0,34 per share). At 31 December 2018, the total number of ordinary shares that were issued and fully paid was 110 844 530 (2017: 110 844 530).

At the Extraordinary General meeting on 10 January 2018, the shareholders approved the following:

(1) Reduction of the Company's share capital amounting to €62.974.283 divided into 185.218.480 shares of nominal value €0,34 each, out of which 110.844.530 shares have been issued and are fully paid up and the remaining 74.373.950 shares have not been issued yet, be reduced to €18.521.848 with the reduction of the nominal value of each of the issued and unissued shares in the share capital of the Company from €0,34to €0,10 each, and that the amount resulting from the reduction of the nominal value of the 110.844.530 issued shares of the Company from €0,34 to €0,10 each, that is the amount of €26.602.687, out of which the amount of €6.657.821 will be used for the write off of the Company's equivalent accumulated losses in accordance with the provisions of Article 64(1)(b) of the Companies Law and that the remaining amount of €19.944.866 be reduced and transferred to a special reserve account, which will be referred to as "capital reduction reserve" in accordance with the provisions of Article 64(1)(e) of the Law and shall be treated in the same manner as the share premium account, as defined in Article 55 of the Law.

(2) Increase the Company’s share capital from €18.521.848 divided into 185.218.480 shares of nominal value €0,10 each into €62.974.283 divided into 629.742.832 shares of nominal value €0,10 each, out of which 110.844.530 shares of nominal value €0,10 each have been issued.

The reduction in the nominal value of the shares has been upheld by a court order on 30 April 2018 and entered into force on the Cyprus Stock Exchange on 25 June 2018.

26 Other reserves

	Revaluation of land and buildings €	Currency translation differences €	Available-for- sale financial assets €	Financial assets measured at fair value through other comprehensive income €	Currency translation difference reserve from the conversion of share capital in Euro €	Total €
At 1 January 2017	1.778.891	(353.776)	(284.753)	- -	86.356	1.226.718
Land and buildings:						
Transfer of excess depreciation	(26.433)	-	-	-	-	(26.433)
Deferred tax on excess depreciation	3.304	-	-	-	-	3.304
Deferred tax adjustment on revaluation (Note 29)	(16.491)	-	-	-	-	(16.491)
Foreign exchange differences:						
Group	-	(7.849)	-	-	-	(7.849)
Available-for-sale financial assets:						
Fair value gain	-	-	169.775	-	-	169.775
Transfer between reserves	-	(53.930)	-	-	-	(53.930)
Share of fair value reserve in associates (Note 17)	-	-	(13.532)	-	-	(13.532)
At 31 December 2017	1.739.271	(415.555)	(128.510)	-	86.356	1.281.562
Reclassification at the adoption of IFRS 9 on 1 January 2018	-	-	128.510	(128.510)	-	-
Land and buildings:						
Transfer of excess depreciation	(26.433)	-	-	-	-	(26.433)
Deferred tax on excess depreciation	3.304	-	-	-	-	3.304
Deferred tax adjustment on revaluation (Note 29)	-	-	-	-	-	-
Foreign exchange differences:						
Group	-	(2.006)	-		-	(2.006)
Available-for-sale financial assets:						
Fair value gain	-	-	-	107.618	-	107.618
Transfer between reserves	-	-	-	36.395	-	36.395
Share of fair value reserve in associates (Note 20)						
At 31 December 2018	1.716.142	(417.561)	-	15.503	86.356	1.400.440

27 Non-controlling interest

	2018 €	2017 €
At beginning of year	**76.389**	57.816
Share of profit/(loss)	**8.735**	(280)
Share of fair value gain/(loss) of available for sale financial assets	**-**	18.853
Share of gain from financial assets measured at fair value through other comprehensive income	**11.965**	-
Dividends received	**(7.600)**	-
At end of year	**89.489**	76.389

The non-controlling interest was created during the year 2011 from the disposal of the subsidiary Amathus Maritime Services Limited to the related companies Amathus Corporation Limited and Amathus Aegeas Limited. 80% of the share capital of Amathus Maritime Services Limited is held by the wholly owned subsidiary Amathus Corporation Limited and the remaining 20% is held by the 50% associated company Amathus Aegeas Limited. The amount of €20.700 included in the consolidated statement of comprehensive income is comprised of a share profit amounting to €8.735 and share of profit from financial assets at fair value through other comprehensive income amounting to €11.965.

28 Borrowings

	2018 €	2017 €
Current		
Bank overdrafts (Note 23)	**2.370.329**	2.539.218
Bank borrowings	**601.548**	652.884
Borrowings from related parties (Note 31 (f))	**105.532**	92.435
Borrowing from members of Board of Directors (Note 31 (e))	**1.004.972**	6.949
Finance lease liabilities	**6.732**	-
	4.089.113	3.291.486
Non-current		
Bank borrowings	**2.950.678**	1.638.656
Borrowings from related parties (Note 31 (f))	**1.074.320**	1.206.753
Borrowing from members of Board of Directors (Note 31 (e))	**-**	990.000
Finance lease liabilities	**25.387**	-
	4.050.385	3.835.409
Total borrowings	**8.139.498**	7.126.895
Maturity of non-current borrowings (excluding finance lease liabilities):		
Between 1 and 2 years	**722.471**	738.754
Between 2 and 5 years	**2.350.687**	1.944.299
Over 5 years	**951.840**	1.152.356
	4.024.998	3.835.409

28 Borrowings (continued)

	2018	2017
	€	€
Finance lease liabilities - minimum lease payments		
Not later than 1 year	**8.017**	-
Later than 1 year and not later than 5 years	**19.706**	-
Future finance charges on finance lease liabilities	**27.723**	
Present value of finance lease liabilities	**(2.336)**	-
	25.387	-
The present value of finance lease liabilities is as follows:		
No later than 1 year	**7.001**	-
Later than 1 year and no later than 5 years	**18.386**	-
	25.387	

The bank loans are repayable by semi-annual instalments until June 2024.

The bank loans and overdrafts are secured as follows:

(a) By mortgage on the land and buildings of the Group amounting to €4.150.000 (2017: €4.150.000) (Note 17).
(b) By floating charges on the Group's assets amounting to €10.337.202 (2017: €10.337.202).
(c) By pledge of 43 838 885 (2017: 43 838 885) ordinary shares of Claridge Public Limited and 1 445 shares (2017: 1 445) of K.A. Olympic Lagoon Resort Limited and 3 600 shares of Hortitsa Trading Limited (Note 20).
(d) By assignment of fire insurance policies of all buildings of the Group.

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

	2018	2017
	%	%
Bank borrowings	**4,00**	4,00
Bank overdrafts	**4,47**	4,84
Borrowings from related parties	**4,46**	4,95
Borrowings from members of the Board of Directors	**3,00**	3,00
Financial lease liabilities	**4,00**	-

The Group's bank borrowings and bank overdrafts are arranged at floating rates. For borrowings at floating rates the interest rate reprises on a regular basis exposing the Group to cash flow interest rate risk. For borrowings at fixed interest rates, the Group is exposed at fair value interest rate risk.

28 Borrowings (continued)

The exposure of the Group's borrowings to interest rate changes and the contractual repricing dates at the balance sheet dates are as follows:

	2018	2017
	€	€
6 months or less	**7.134.526**	6.129.946

The carrying amounts of current and non-current borrowings approximate their fair value. Fair values are based on discounted cash flows in which the discounted interest rate is based on the borrowing interest rates as presented above.

The carrying amount of the Group's borrowings is denominated in the following currency:

	2018	2017
	€	€
Euro – functional and presentation currency	**8.139.498**	7.126.895

29 Deferred tax liabilities

The analysis of deferred income tax assets and deferred income tax liabilities are as follows:

	2018	2017
	€	€
Deferred income tax assets:		
- Deferred tax assets to be recovered after more than 12 months	**(96.169)**	(96.169)
Deferred income tax liabilities:		
- Deferred tax liabilities to be settled after more than 12 months	**758.219**	758.219
Deferred tax liabilities - net	**662.050**	662.050

The movement in deferred income tax assets and liabilities during the year, without taking into consideration the offsetting of balances within the same tax jurisdiction is as follows:

	Deferred tax liabilities			**Deferred tax asset**	
	Difference between depreciation and wear and tear allowances	Revaluation of land and buildings	Other temporary differences	Taxable losses	Total
	€	€	€	€	€
At 1 January 2017	157.004	588.315	13.457	(96.169)	662.607
Charged/(credited) to:					
Profit or loss (Note 15)	(17.048)	-	-	-	(17.048)
Revaluation reserve of land and buildings (Note 26)	-	16.491	-	-	16.491
At 31 December 2017/2018	157.004	588.315	13.457	(96.169)	662.607

29 Deferred tax liabilities (continued)

No movement was recognised for the current year in deferred tax liabilities as the relevant amounts were not material to the consolidated financial statements.

Deferred income tax assets are recognised for taxable losses carried forward to the extent that the realisation of the related tax benefit through the future taxable profits is probable. The Group did not recognise additional deferred tax asset due to the fact that no future tax profits are expected.

30 Trade and other payables

	2018	2017
	€	€
Trade payables	**781.277**	1.180.158
Payable to related parties (Note 31 (g))	**278.349**	159.871
Other payables and accrued expenses	**313.796**	306.398
	1.373.422	1.646.427

The fair value of the trade and other payables which are due within one year approximates their carrying amount at the balance sheet date.

The carrying amounts of the trade and other payables are denominated in Euro.

31 Related party transactions

The Group is controlled by Lanitis E.C. Holdings Limited, incorporated in Cyprus, which owns 51,12% of the Company's shares and is the ultimate controlling party of the Group.

The following transactions were carried out with related parties:

(a) Sale of goods and services

	2018	2017
	€	€
Sales of goods and services:		
Holding company	**740**	991
Associates	**164.758**	292.709
Companies under common control	**31.136**	23.972
	196.634	317.672

Sales represent mainly sales of airline tickets, forwarding services, management rights, redistribution of expenses and sale of travel packages, commissions and rentals.

31 Related party transactions (continued)

(b) Purchase of goods and services

	2018 €	2017 €
Purchases of goods and services:	**161.000**	176.000
Holding company	**494.439**	464.776
Associates	**4.223**	2.547
Companies under common control		
	659.662	643.323

Purchases represent administration expenses, travel packages, hotel accommodation expenses and re-allocation of expenses.

(c) Key management personnel compensation

The compensation of the key management personnel of the Group (including the remuneration of the Directors) and the close members of their family was as follows:

	2018 €	2017 €
Salaries and other short-term employee benefits	**343.544**	347.565
Provident fund contributions	**10.389**	8.158
	353.933	355.723

(d) Directors' remuneration

The total remuneration of the Directors (included in key management personnel compensation above) was as follows:

	2018 €	2017 €
Fees	**27.678**	27.678

	Fees €	Salaries and employer contributions €	Bonuses €	Employer contributions to the provident fund €	2018 Total €	2017 Total €
Directors						
Platon E. Lanitis	3.417	-	-	-	**3.417**	3.417
Costas E. Lanitis	3.417	-	-	-	**3.417**	3.417
Costas Charitou	3.417	-	-	-	**3.417**	3.417
Constantinos Mitsides	3.417	-	-	-	**3.417**	3.417
Marios E. Lanitis	3.417	-	-	-	**3.417**	3.417
Markos Christodoulou	3.417	-	-	-	**3.417**	3.417
Michalakis Hadjikiriakos	3.588	-	-	-	**3.588**	3.588
Savvas Orphanides	3.588	-	-	-	**3.588**	3.588
Total	27.678	-	-	-	**27.678**	27.678

31 Related party transactions (continued)

(e) Loans from B.O.D. members

	2018	2017
	€	€
Loans from B.O.D. members:		
At beginning of year	**996.949**	-
Loan advanced during year	**-**	990.000
Interest charged	**29.700**	6.949
Interest paid	**(21.677)**	-
At end of year (Note 28)	**1.004.972**	996.949

The above loan was granted by Messrs Platon E. Lanitis, Marios E. Lanitis and Costas E. Lanitis, in order to partially finance the increase of the issued share capital of the jointly controlled company Amathina Holdings Limited. Based on the loan agreements signed on 1 September 2017, the above loan has annual interest of 3% and it will be repaid within three years.

An amount of €986.711 from the above loan was repaid in March 2019, through the allocation of new ordinary shares resulting from the exercise of the Issue Rights (Rights) issued by the Company in February 2019 (Note 33). The remaining amount of €18.261 was repaid in cash.

(f) Borrowings from related parties

	2018	2017
	€	€
Borrowings from associates:		
At beginning of year		
Borrowings repaid during year	**1.299.188**	1.423.240
Interest charged	**(177.000)**	(191.100)
	57.664	67.048
At end of year (Note 28)	**1.179.852**	1.299.188

The above borrowing was provided with interest 3,9% (decreased to 3,25% on 1 June 2017 and to 2,90% on 6 September 2018) plus Euribor 6M adjusted for the Special Defence Contribution charge, from the associate company K.A Olympic Lagoon Resort Limited based on the loan agreement dated 21 January 2016. The repayment of the loan is done on monthly instalments until June 2029.

31 Related party transactions (continued)

(g) Year end balances arising from purchases/sales of services

	2018 €	2017 €
Receivable from related parties (Note 22):		
Holding company	**68.906**	12.243
Associates	**101.440**	149.833
Companies under common control	**20.774**	15.313
	191.120	177.389
Payable to related parties (Note 30):		
Associates	**262.552**	121.042
Companies under common control	**13.543**	35.571
Joint venture	**2.254**	3.258
	278.349	159.871

The above balances are not interest bearing and are repayable on demand.

(h) Guarantees in favour of associates

As at 31 December 2018, the Group provided corporate guarantees in relation to bank borrowing facilities of associates which were provided to third parties amounting to €16.247.014 (2017: 13.697.014).

32 Contingent liabilities

As at 31 December 2018, the Group provided corporate guarantees in relation to bank borrowing facilities of associates which were provided to third parties amounting to €16.247.014 (2017: €13.697.014).

In 2017, the Company granted a corporate guarantee of € 5,349,804 to London & Regional Group Trading No.3 Limited due to the completion of the sale of the total issued share capital of Landa AXTE, the owner of Amathus Beach Hotel Rhodes, from the associate company Leisure Holding SA.

Based on the aforementioned sale agreement, the Company has guaranteed to London & Rerional Group Trading No.3 Limited the adequacy of the commitments and assurances of Leisure Holding S.A. which are included in the sales contract. The maximum amount of the guarantee, based on the agreement, amounts to € 5,349,804. The duration of the warranty differs depending on the assurances given to the buyer company. As far as Landa's AXTE institutional obligations are concerned, the duration of the guarantee is six years, while for non-institutional obligations it is four years. As for the court dispute over the Soluna estate, on which a part of the hotel was built, it is continuous with the right to be terminated for up to two years, after a compromise reached by the former owners of Landa AXTE for any amount and after two years with a payment of up to € 400,000 following a compromise achieved by the new owners. In the occasion that the owners of the Solounia estate achieve an irrevocable court order against Landa AXTE, the Company's warranty covers any amount awarded up to € 2,000,000, which is included in the maximum amount of the guarantee.

32 Contingent liabilities (continued)

In July 2018, Leisure Holding S.A. entered into a settlement with Mr Solounia. The Company, on 21 December 2018, announced that the acquiring company had released them from the guarantee in respect to this litigation.

The Company, in return for the warranty, has secured from the remaining shareholders of Leisure Holding S.A. and from Leisure Holding S.A. the commitment that the net amount of the sale of the hotel, approximately € 4,200,000, will be committed to a bank account of the company and will be assigned to the Company's benefit, as well as a corporate guarantee by Lanitis E.C. Holdings Limited and its subsidiary, Claridge Public Limited, Amathus Vacation Ownership Limited, for a proportionate coverage of the Company for the amount exceeding the amount to be committed to the bank account of Leisure Holding S.A ..

The Board of Directors estimates that no losses will occur in respect of the corporate guarantees given and therefore no provision was made in the consolidated financial statements.

33 Events after the balance sheet date

(1) On 12 July 2018, the Board of Directors of the Company decided to issue new capital to all shareholders of the Company in the form of Issue Rights (Rights).

The Issue Rights (Rights) were offered to the Company's shareholders who held ordinary shares on February 7, 2019, in the ratio of one (1) Issue Right to each (1) ordinary share. The ratio of the exercise of 110.844.530 Rights into new ordinary shares was every eight (8) Issue Rights exercised would be converted into one (1) fully paid up new ordinary share with a par value of €0,10. The exercise price was € 0.15 per new ordinary share.

On 18 March 2019, the Company's share capital increase was completed. The exercise of the Issue Rights and the disposal of shares corresponding to unexercised Issue Rights resulted in 13.855.566 new ordinary shares of nominal value €0,10. The new ordinary shares were incorporated in the already listed share capital of the Company, which amounted to 124.700.096 shares. The new ordinary shares were listed on the Cyprus Stock Exchange for trading on 5 April 2019.

(2) On 20 March 2019, the Company announced that it had agreed with Osiris Limited to acquire its stake, amounting to 6.11%, in the associate Leisure Holding SA. The acquisition price for this percentage amounts to € 209.805. The Company's shareholding in Leisure Holding SA increased from 31.22% to 37.33%.

There were no other significant events after the balance sheet date related to the understanding of the consolidated financial statements.

34 Accounting policies until 31 December 2017

The accounting policies applied during the comparative period ended 31 December 2017 and amended by IFRS 9 are as follows:

Accounting policies applied until 31 December 2017

Financial assets

(i) Classification

The Group classifies its financial assets as loans and receivables and available-for-sale financial assets. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial asset at initial recognition.

- **Available-for-sale financial assets**

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

- **Loans and receivables**

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

(ii) Recognition and measurement

Regular way purchases and sales of financial assets are recognised on the trade date which is the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all risks and rewards of ownership.

Available for sale financial assets are subsequently carried at fair value. Loans and receivables are carried at amortised cost using the effective interest method.

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.

34 Accounting policies until 31 December 2017 (continued)

Accounting policies applied until 31 December 2017 (continued)

Financial assets (continued)

(ii) Recognition and measurement (continued)

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 profit or loss as part of other income. Dividends on available-for-sale equity instruments are recognised in the profit or loss as part of other income when the Group's right to receive payments is established.

(iii) Impairment of financial assets

The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

A financial asset or a group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation, and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

For loans and receivables category, the amount of the loss is measured as the difference between the asset’s carrying amount and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the financial asset’s original effective interest rate. The carrying amount of the asset is reduced and the amount of the loss is recognised in the profit or loss. If a loan or held-to-maturity investment has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract. As a practical expedient, the company may measure impairment on the basis of an instrument’s fair value using an observable market price.

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 (such as an improvement in the debtor’s credit rating), the reversal of the previously recognised impairment loss is recognised in the profit or loss.

34 Accounting policies until 31 December 2017 (continued)

Accounting policies applied until 31 December 2017 (continued)

Financial assets (continued)

(iii) Impairment of financial assets (continued)

In the case of equity investments classified as available for sale, a significant or prolonged decline in the fair value of the security below its cost is also evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss – 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. Impairment losses recognised in the profit or loss on equity instruments are not reversed through the profit or loss. If, in a subsequent period, the fair value of a debt instrument classified as available for sale increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through the profit or loss.

Cash and cash equivalents

In the statement of cash flows, cash and cash equivalents include cash in hand, deposits held at call with banks with original maturities of three months or less and bank overdrafts. In the balance sheet, bank overdrafts are shown within borrowings in current liabilities.

Financial guarantees

Financial guarantees are contracts that require the Group to make specified payments to reimburse the holder of the guarantee for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument. Financial guarantees are initially recognized at fair value, which is normally evidenced by the amount of fees received. This amount is amortised on a straight-line basis over the life of the guarantee. At the end of each reporting period, the guarantees are measured at the higher of:

- the amount determined in accordance with IAS 37 Provisions, Contingent Liabilities and Contingent Assets and
- the initially recognised amount less, where applicable, the total impairment recognised in accordance with IAS 18 Revenue.

The fair values of financial guarantees issued in relation to obligations of subsidiaries, where such guarantees are provided for no compensation, are accounted for as contributions to subsidiaries and are recognised as part of the cost of the investment in the subsidiary in the consolidated financial statements of the Group.

Amortization of financial guarantees is recognised in other income on profit or loss on a straight-line basis.

34 Accounting policies until 31 December 2017 (continued)

Accounting policies applied until 31 December 2017 (continued)

Borrowings

Borrowings are recognised initially at fair value, 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, unless they are directly attributable to the acquisition, construction or production of a qualifying asset, in which case they are capitalised as part of the cost of that asset.

Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extend there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a prepayment and amortised over the period of the facility to which it relates.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other income or finance costs.

A substantial modification of the terms of an existing financial liability or a part of it is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Any gain or loss on extinguishment is recognised in profit or loss except to the extent that it arises as a result of transactions with shareholders acting in their capacity as shareholders when it is recognised directly in equity.

The terms are considered to be substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective interest rate, is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. Any costs or fees incurred are recognised as part of the gain or loss on the extinguishment.

Borrowing costs are interest and other costs that the Group incurs in connection with the borrowing of funds, including interest on borrowings, amortisation of discounts or premium relating to borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings, finance lease charges and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

Trade receivables

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in one year or less (or in the normal operating cycle of the business if longer), they are classified as current assets. If not, they are presented as non-current assets.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. For previous trade receivables impairment accounting policy, see Note 6, Credit Risk paragraph.

34 Accounting policies until 31 December 2017 (continued)

Accounting policies applied until 31 December 2017 (continued)

Dividend income

Dividends are recognised when the Company's right to receive is proved. However, as a consequence, the investment may need to be checked for possible impairment. This applies even when they are paid from the pre-acquisition profits, unless the dividend clearly represents a recovery of part of the cost of an investment. In that case, the dividend is recognised in other comprehensive income if it relates to an investment that is measured at fair value through other comprehensive income.

Independent auditor's report on pages 12 to 18.