# TERNA OVERSEAS LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2020

# TERNA OVERSEAS LIMITED

## REPORT AND FINANCIAL STATEMENTS
31 December 2020

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# BOARD OF DIRECTORS AND OTHER OFFICERS

| | |
|---|---|
| **Board of Directors:** | Alexandros Hadjinicolaou<br>Konstantinos Iliadis<br>Dimitrios Antonakos<br>Athanasios Papadopoulos<br>Georgios Perdikaris |
| **Company Secretary:** | Alexandros Hadjinicolaou |
| **Independent Auditors:** | EPW Europe Private Wealth Ltd<br>Certified Puplic Accountants and Registered Auditors<br>16 Ekaterinis Kornaro Street<br>Third Floor, 2015, Strovolos<br>Nicosia, Cyprus |
| **Legal Advisers:** | Stelios Panayides LLC<br>Advocates & Legal Consultants<br>Panlaw House, 31 Gladstonos street<br>Nicosia, Cyprus |
| **Registered office:** | Ifigenias 1<br>AMARAL 30, Floor 1<br>Flat 103, Agios Antonios<br>1055 Nicosia<br>Cyprus |
| **Bankers:** | Bank of Cyprus Public Company Ltd<br>National Bank of Greece (Cyprus) Ltd<br>Mashreq Bank (Dubai)<br>Eurobank Cyprus Ltd<br>Alpha Bank Cyprus Ltd<br>Piraeus Bank (Greece) |
| **Registration number:** | HE177105 |

# MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2020.

**Principal activities and nature of operations of the Company**
The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development including any interest earning activities.

**Review of current position, future developments and performance of the Company's business**
The net profit for the year attributable to the shareholders of the Company amounted to €873.293 (2019: €7.281.158). On 31 December 2020 the total assets of the Company were €101.898.559 (2019: €98.405.756) and the net assets of the Company were €67.963.540 (2019: €62.182.247). The financial position, development and performance of the Company as presented in these financial statements are considered satisfactory.

**Principal risks and uncertainties**
The principal risks and uncertainties faced by the Company are disclosed in notes 6, 7, 29 and 32 of the financial statements.

**Existence of branches**
The Company has a branch in Greece.

**Results**
The Company's results for the year are set out on page 7.

**Dividends**
The Company did not have any distributable profits as at 31 December 2020, thus the Board of Directors cannot recommend the payment of a dividend.

**Share capital**
**Authorised capital**
On 09 March 2020, the authorised share capital of the Company was increased from 485.858 ordinary shares of €10 each to 489.608 ordinary shares of €10 each.

On 29 May 2020, the authorised share capital of the Company was increased from 489.608 ordinary shares of €10 each to 492.733 ordinary shares of €10 each.

On 07 July 2020, the authorised share capital of the Company was increased from 492.733 ordinary shares of €10 each to 497.333 ordinary shares of €10 each.

On 19 November 2020, the authorised share capital of the Company was increased from 497.333 ordinary shares of €10 each to 506.308 ordinary shares of €10 each.
**Issued capital**
On 09 March 2020, the Company issued 3.750 additional ordinary shares of nominal value €10 each (additional share capital €37.500) at a premium of €230 each (additional share premium €862.500).

On 29 May 2020, the Company issued 3.125 additional ordinary shares of nominal value €10 each (additional share capital €31.250) at a premium of €230 each (additional share premium €718.750).

On 07 July 2020, the Company issued 4.600 additional ordinary shares of nominal value €10 each (additional share capital €46.000) at a premium of €230 each (additional share premium € 1.058.000).

On 19 November 2020, the Company issued 8.975 additional ordinary shares of nominal value €10 each (additional share capital €89.750) at a premium of €230 each (additional share premium € 2.064.250).

# MANAGEMENT REPORT

**Board of Directors**
The members of the Company's Board of Directors as at 31 December 2020 and at the date of this report are presented on page 1. All of them were members of the Board of Directors throughout the year ended 31 December 2020.

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

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

**Operating Environment of the Company**
Any significant events that relate to the operating environment of the Company are described in note 29 to the financial statements.

**Events after the reporting period**
Any significant events that occurred after the end of the reporting period are described in note 34 to the financial statements.

**Independent Auditors**
The Independent Auditors, EPW Europe Private Wealth Ltd, have expressed their willingness to continue in office and a resolution giving authority to the Board of Directors to fix their remuneration will be proposed at the Annual General Meeting.

By order of the Board of Directors,

Alexandros Hadjinicolaou
Director

Nicosia, 31 March 2021

# Independent Auditor's Report

## To the Members of Terna Overseas Limited

### Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of parent company Terna Overseas Limited (the ''Company''), which are presented in pages 7 to 45 and comprise the statement of financial position as at 31 December 2020, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of parent company Terna Overseas Limited as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

### Basis for Opinion

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

### Other information

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

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

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

### Responsibilities of the Board of Directors for the Financial Statements

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

# Independent Auditor's Report (continued)

## To the Members of Terna Overseas Limited

### Responsibilities of the Board of Directors for the Financial Statements (continued)

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

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

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

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves a true and fair view.

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

# Independent Auditor's Report (continued)

## To the Members of Terna Overseas Limited

### Report on Other Legal Requirements

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

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

### Other Matter

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

Apostolos Katsaras
Certified Public Accountant and Registered Auditor
for and on behalf of
**EPW Europe Private Wealth Ltd**
**Certified Puplic Accountants and Registered Auditors**

Nicosia, 31 March 2021

# TERNA OVERSEAS LIMITED

## STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
31 December 2020

| | Note | **2020** € | 2019 € |
|---|---|---|---|
| **Revenue** | 8 | **37.528.167** | 59.383.123 |
| Cost of sales | 9 | **(36.306.466)** | (57.880.080) |
| **Gross profit** | | **1.221.701** | 1.503.043 |
| Other operating income | 10 | **2.404.844** | 1.760.865 |
| Administration expenses | | **(1.742.364)** | (2.417.269) |
| Other expenses | 11 | **(30.276)** | (7.869.078) |
| **Operating profit/(loss)** | | **1.853.905** | (7.022.439) |
| Finance income | 14 | **43.698** | 134.736 |
| Finance costs | 14 | **(1.137.150)** | (228.195) |
| **Profit/(loss) before tax** | | **760.453** | (7.115.898) |
| Tax | | **112.840** | (165.260) |
| **Net profit/(loss) for the year** | | **873.293** | (7.281.158) |
| **Other comprehensive income** | | **-** | - |
| **Total comprehensive income for the year** | | **873.293** | (7.281.158) |

## STATEMENT OF FINANCIAL POSITION
31 December 2020

| | Note | 2020 € | 2019 € |
|---|---|---|---|
| **ASSETS** | | | |
| **Non-current assets** | | | |
| Property, plant and equipment | 16 | **1.689.155** | 2.117.524 |
| Right-of-use assets | 17 | **408.727** | 556.847 |
| Investments in subsidiaries | 18 | **30.083.163** | 28.864.551 |
| Investments in associates | 19 | **4.042.707** | 4.042.707 |
| Contract assets | 8 | **9.092.658** | 6.386.500 |
| Trade and other receivables | 20 | **117.960** | 114.262 |
| Deferred tax assets | 26 | **32.981** | 34.781 |
| | | **45.467.351** | 42.117.172 |
| **Current assets** | | | |
| Trade and other receivables | 20 | **30.726.997** | 36.185.228 |
| Contract assets | 8 | **16.453.982** | 15.675.878 |
| Cash and cash equivalents | 21 | **9.250.229** | 4.427.478 |
| | | **56.431.208** | 56.288.584 |
| **Total assets** | | **101.898.559** | 98.405.756 |
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| Share capital | 22 | **5.063.080** | 4.858.580 |
| Share premium | 22 | **116.220.840** | 111.517.340 |
| Accumulated losses | | **(53.320.380)** | (54.193.673) |
| **Total equity** | | **67.963.540** | 62.182.247 |
| **Non-current liabilities** | | | |
| Borrowings | 24 | **673.907** | 655.858 |
| Lease liabilities | 25 | **257.788** | 378.352 |
| Trade and other payables | 27 | **6.083.196** | 5.096.234 |
| Contract liabilities | 8 | **8.000.000** | - |
| | | **15.014.891** | 6.130.444 |
| **Current liabilities** | | | |
| Trade and other payables | 27 | **16.399.481** | 13.986.513 |
| Lease liabilities | 25 | **167.066** | 187.824 |
| Current tax liabilities | 28 | **277.869** | 415.438 |
| Contract liabilities | 8 | **2.075.712** | 15.503.290 |
| | | **18.920.128** | 30.093.065 |
| **Total liabilities** | | **33.935.019** | 36.223.509 |
| **Total equity and liabilities** | | **101.898.559** | 98.405.756 |

On 31 March 2021 the Board of Directors of Terna Overseas Limited authorised these financial statements for issue.

| | |
|---|---|
| .................................. | .................................. |
| Alexandros Hadjinicolaou | Konstantinos Iliadis |
| Director | Director |

# STATEMENT OF CHANGES IN EQUITY
31 December 2020

| | Note | Share capital € | Share premium € | Advances from shareholders € | Accumulated losses € | Total € |
|---|---|---|---|---|---|---|
| **Balance at 1 January 2019** | | **4.097.300** | **94.007.900** | **2.068.000** | **(46.912.515)** | **53.260.685** |
| **Comprehensive income** | | | | | | |
| Net loss for the year | | - | - | - | (7.281.158) | (7.281.158) |
| Total comprehensive income for the year | | - | - | - | (7.281.158) | (7.281.158) |
| **Transactions with owners** | | | | | | |
| Issue of share capital | 22 | 761.280 | 17.509.440 | - | - | 18.270.720 |
| Coverted to share capital | | - | - | (2.068.000) | - | (2.068.000) |
| Total transactions with owners | | 761.280 | 17.509.440 | (2.068.000) | - | 16.202.720 |
| **Balance at 31 December 2019/ 1 January 2020** | | **4.858.580** | **111.517.340** | **-** | **(54.193.673)** | **62.182.247** |
| **Comprehensive income** | | | | | | |
| Net profit for the year | | - | - | - | 873.293 | 873.293 |
| Total comprehensive income for the year | | - | - | - | 873.293 | 873.293 |
| **Transactions with owners** | | | | | | |
| Issue of share capital | 22 | 204.500 | 4.703.500 | - | - | 4.908.000 |
| Total transactions with owners | | 204.500 | 4.703.500 | - | - | 4.908.000 |
| **Balance at 31 December 2020** | | **5.063.080** | **116.220.840** | **-** | **(53.320.380)** | **67.963.540** |

Share premium is not available for distribution.

The advance from shareholders is made available to the Board of Directors for future increases of the share capital of the Company and are not refundable.

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at the rate of 17% 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 and domiciled. From 1 March 2019, the deemed dividend distribution is subject to a 1,70% contribution to the General Healthcare System, increased to 2,65% from 1 March 2020, with the exception of April 2020 until June 2020 when the 1,70% rate was applicable. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

# CASH FLOW STATEMENT
31 December 2020

| | Note | 2020 € | 2019 € |
|---|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | |
| **Profit/(loss) before tax** | | **760.453** | (7.115.898) |
| Adjustments for: | | | |
| Depreciation of property, plant and equipment | 16 | **545.348** | 496.051 |
| Depreciation of right-of-use assets | 17 | **228.010** | 280.888 |
| Unrealised exchange loss/(profit) | | **92.821** | (17.674) |
| Impairment charge - investments in subsidiaries | 18 | **-** | 7.800.000 |
| (Reversal of impairment)/impairment charge - loans to related parties | 30 | **(53.791)** | 33.225 |
| Impairment charge/(reversal of impairment) - trade receivables | 20 | **12.135** | (39) |
| Interest income | 14 | **(528)** | (2.486) |
| Interest expense | 14 | **42.356** | 58.831 |
| | | **1.626.804** | 1.532.898 |
| **Changes in working capital:** | | | |
| Decrease/(increase) in trade and other receivables | | **5.456.961** | (8.181.895) |
| Decrease/(increase) in deferred tax asset | | **33.815** | (34.781) |
| Increase in contract assets | | **(3.484.262)** | (4.309.298) |
| Increase in bank deposits | | **(370)** | (449.210) |
| Increase/(Decrease) in trade and other payables | | **3.399.930** | (2.895.919) |
| (Decrease)/increase in contract liabilities | | **(5.413.016)** | 5.364.476 |
| **Cash generated from/(used in) operations** | | **1.619.862** | (8.973.729) |
| Tax paid | | **(22.929)** | (153.995) |
| **Net cash generated from/(used in) operating activities** | | **1.596.933** | (9.127.724) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | |
| Payment for purchase of property, plant and equipment | 16 | **(116.979)** | (493.197) |
| Payment for purchases of right-of-use assets | | **(58.300)** | (837.735) |
| Payment for purchase of investments in subsidiaries | 18 | **(1.690.204)** | (9.316.836) |
| Return of capital from subsidiary | | **471.592** | 919.558 |
| Expected credit loss movement | | **(41.657)** | 35.601 |
| Proceeds from disposal of right-of-use assets | | **10.718** | - |
| Interest received | | **528** | 2.486 |
| **Net cash used in investing activities** | | **(1.424.302)** | (9.690.123) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | |
| Proceeds from issue of share capital | | **4.908.000** | 18.270.720 |
| Advances from shareholders | | **-** | (2.068.000) |
| Repayments of borrowings | | **-** | (78.882) |
| Payments of leases liabilities | | **(165.524)** | (303.289) |
| Proceeds from borrowings | | **18.049** | - |
| Proceeds from leases liabilities | | **24.402** | 566.176 |
| Unrealised exchange (loss)/profit | | **(92.821)** | 17.674 |
| Interest paid | | **(42.356)** | (58.831) |
| **Net cash generated from financing activities** | | **4.649.750** | 16.345.568 |
| **Net increase/(decrease) in cash and cash equivalents** | | **4.822.381** | (2.472.279) |
| Cash and cash equivalents at beginning of the year | | **3.374.521** | 5.846.800 |
| **Cash and cash equivalents at end of the year** | 21 | **8.196.902** | 3.374.521 |

The notes on pages 11 to 45 form an integral part of these financial statements.

## 1. Incorporation and principal activities

### Country of incorporation

The Company Terna Overseas Limited (the "Company") was incorporated in Cyprus on 20 May 2006 0as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at Ifigenias 1, AMARAL 30, Floor 1, Flat 103, Agios Antonios, 1055 Nicosia, Cyprus.

### Principal activities

The principal activities of the Company, which are unchanged from last year, are the provision of consultancy services in the construction field, the execution and supervision of public and private technical projects and land development including any interest earning activities.

### Operating Environment of the Company

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

## 2. Basis of preparation

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

These financial statements are the separate financial statements. The Company has not prepared consolidated financial statements as the exemption from consolidation in paragraph 10 of IAS27, "Consolidated and Separate Financial Statements", has been used. The Company's parent TERNA S.A., a Company incorporated in Greece produced consolidated financial statements available for public use that comply with International Financial Reporting Standards as issued by the IASB.

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

**3. Adoption of new or revised standards and interpretations**

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2020. This adoption did not have a material effect on the accounting policies of the Company.

**4. Significant accounting policies**

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

**Subsidiary companies**

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

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

**Investments in associates**

An associate is an entity over which the Company has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting, except when the investment is classified as held for sale, in which case it is accounted for in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations. Under the equity method, an investment in an associate is initially recognised in the statement of financial position at cost and adjusted thereafter to recognise the Company's share of the profit or loss and other comprehensive income of the associate. When the Company's share of losses of an associate exceeds the Company's interest in that associate (which includes any long-term interests that, in substance, form part of the Company's net investment in the associate), the Company discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities of an associate recognised at the date of acquisition is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Company's share of the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition, after reassessment, is recognised immediately in profit or loss.

The requirements of IAS 36 are applied to determine whether it is necessary to recognise any impairment loss with respect to the Company's investment in an associate. When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with IAS 36 as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs to sell) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with IAS 36 to the extent that the recoverable amount of the investment subsequently increases.

When an entity transacts with its associate, profits and losses resulting from the transactions with the associate are recognised in the Company's financial statements only to the extent of interests in the associate that are not related to the Company.

**4. Significant accounting policies (continued)**

**Revenue**

**Recognition and measurement**

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

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

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

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

**Identification of performance obligations**

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

Revenue is measured based on the consideration to which the Company expects to be entitled in a contract with a customer and excludes amounts collected on behalf of third parties. The Company recognises revenue when it transfers control of a product or service to a customer.

**4. Significant accounting policies (continued)**

**Revenue recognition (continued)**

- **Rendering of services**

  *Rendering of services - over time:*
  Revenue from rendering of services is recognised over time while the Company satisfies its performance obligation by transferring control over the promised service to the customer in the accounting period in which the services are rendered.

  For fixed price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided because the customer receives and uses the benefits simultaneously.

  The input method is used to measure progress toward completion of the performance obligation as it provides a faithful depiction of the transfer of the control of the services to the customer.

  *Rendering of services - at a point in time:*
  The Company concluded that it transfers control over its services at a point in time, upon receipt by the customer of the service, because this is when the customer benefits from the relevant service.

- **Construction contracts**

  The Company presents, as an asset, the gross amount due from customers for contract work for all contracts in progress for which costs incurred plus recognised profits (less recognised losses) exceeds progress billings. Progress billings not yet paid by customers and retention are included within trade and other receivables.

  The Company presents, as deferred income, the gross amount due to customers for contract work for all contracts in progress for which progress billings exceed costs incurred plus recognised profits (less recognised losses).

- **Contract assets and contract liabilities**

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

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

**4. Significant accounting policies (continued)**

**Revenue recognition (continued)**

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

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

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

**Employee benefits**

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

**Finance income**

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

**Finance costs**

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

**Foreign currency translation**

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

**(2) Transactions and balances**
Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss.

**Tax**

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and laws that have been enacted, or substantively enacted, by the reporting date.

**4. Significant accounting policies (continued)**

**Tax (continued)**

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Currently enacted tax rates are used in the determination of deferred tax.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

**Dividends**

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

**Property, plant and equipment**

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

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

| | % |
|---|---|
| Plant and machinery | 20-33,3 |
| Motor vehicles | 20 |
| Furniture, fixtures and office equipment | 20-33,3 |

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

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

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

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

**Leases**

At inception of a contract, the Company assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the Company assesses whether:

- the contract involves the use of an identified asset - this may be specified explicitly or implicitly, and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;

**4. Significant accounting policies (continued)**

**Leases (continued)**
- the Company has the right to obtain substantially all of the economic benefits from use of the asset throughout the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Company has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Company as lessee

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term. The estimated useful lives of the right-of-use assets are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the following:
- fixed payments, including in-substance fixed payments;
- variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date;
- amounts expected to be payable under a residual value guarantee; and
- the exercise price under a purchase option that the Company is reasonably certain to exercise, lease payments in an optional renewal period if the Company is reasonably certain to exercise an extension option, and penalties for early termination of a lease unless the Company is reasonably certain not to terminate early.

The lease liability is measured at amortised cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Company presents its right-of-use assets that do not meet the definition of investment property in 'Property, plant and equipment' in the statement of financial position.

The lease liabilities are presented in 'loans and borrowings' in the statement of financial position.

**4. Significant accounting policies (continued)**

**Leases (continued)**

*Short-term leases and leases of low-value assets*

The Company has elected not to recognise the right of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets (i.e. IT equipment, office equipment etc.). The Company recognises the lease payments associated with these leases as an expense on a straight line basis over the lease term.

**Impairment of non-financial assets**

Assets that have an indefinite useful life 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 an impairment are reviewed for possible reversal of the impairment at each reporting date.

**Financial assets**

**Financial assets - Classification**

The Company classifies its financial assets in the following measurement categories:
- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

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

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

All other financial assets are classified as measured at FVTPL.

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

**Financial assets - Recognition and derecognition**

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

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

**4. Significant accounting policies (continued)**

**Financial assets (continued)**

**Financial assets - Measurement**

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

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

**Financial assets - impairment - credit loss allowance for ECL**

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

The carrying amount of the financial assets is reduced through the use of an allowance account, and the amount of the loss is recognised in the statement of profit or loss and other comprehensive income within ''net impairment losses on financial and contract assets. Subsequent recoveries of amounts for which loss allowance was previously recognised are credited against the same line item.

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

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

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

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

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

**4. Significant accounting policies (continued)**

**Financial assets (continued)**

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

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

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

**Financial assets -Reclassification**

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

**Financial assets - write-off**

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

**Financial assets - modification**

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

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

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

**4. Significant accounting policies (continued)**

**Financial assets (continued)**

**Cash and cash equivalents**

For the purpose of the cash flow statement, cash and cash equivalents comprise cash at bank and in hand. Cash and cash equivalents are carried at amortised cost 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.

**Classification as financial assets at amortised cost**

These amounts generally arise from transactions outside the usual operating activities of the Company. They 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.

**Classification as 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 Company holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

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

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

**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.

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

**Borrowings**

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

**4. Significant accounting policies (continued)**

**Financial assets (continued)**

**Trade payables**

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

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

**Financial liabilities - Modifications**

An exchange between the Company 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.)

If an exchange of debt instruments or modification of terms is accounted for as an extinguishment, any costs or fees incurred are recognised as part of the gain or loss on the extinguishment. If the exchange or modification is not accounted for as an extinguishment, any costs or fees incurred adjust the carrying amount of the liability and are amortised over the remaining term of the modified liability.

Modifications of liabilities that do not result in extinguishment are accounted for as a change in estimate using a cumulative catch up method, with any gain or loss recognised in profit or loss, unless the economic substance of the difference in carrying values is attributed to a capital transaction with owners and is recognised directly to equity.

Borrowing costs are interest and other costs that the Company 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.

Borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset, being an asset that necessarily takes a substantial period of time to get ready for its intended use or sale, are capitalised as part of the cost of that asset, when it is probable that they will result in future economic benefits to the Company and the costs can be measured reliably.

**Offsetting financial instruments**

Financial assets and financial liabilities are offset and the net amount reported in the statement of financial position if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the asset and settle the liability simultaneously. This is not generally the case with master netting agreements, and the related assets and liabilities are presented gross in the statement of financial position.

**4. Significant accounting policies (continued)**

**Prepayments**

Prepayments are carried at cost less provision for impairment. A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition. Prepayments to acquire assets are transferred to the carrying amount of the asset once the Company has obtained control of the asset and it is probable that future economic benefits associated with the asset will flow to the Company. Other prepayments are written off to profit or loss when the goods or services relating to the prepayments are received. If there is an indication that the assets, goods or services relating to a prepayment will not be received, the carrying value of the prepayment is written down accordingly and a corresponding impairment loss is recognised in profit or loss.

**Work in progress**

Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity.

**Share capital**

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

**Advances from shareholders**

Advances from shareholders constitutes contributions made by the Company's shareholders other than for the issue of shares by the Company in their capacity as equity owners of the Company for which the Company has no contractual obligation to repay them. Such contributions are recognised directly in equity as they constitute transactions with equity owners in their capacity as equity owners of the Company.

**Non-current liabilities**

Non-current liabilities represent amounts that are due more than twelve months from the reporting date.

**Comparatives**

Where necessary, comparative figures have been adjusted to conform to changes in presentation in the current year.

**5. New accounting pronouncements**

At the date of approval of these financial statements, standards and interpretations were issued by the International Accounting Standards Board which were not yet effective. Some of them were adopted by the European Union and others not yet. The Board of Directors expects that the adoption of these accounting standards in future periods will not have a material effect on the financial statements of the Company.

At the date of approval of these financial statements the following accounting standards were issued by the International Accounting Standards Board but were not yet effective:

**(i) Adopted by the European Union**

**New standards**

- *IAS 1 (revised): "Presentation of Financial Statements: A Revised Presentation" (effective for annual periods beginning on or after 1 January 2009).*
- *IAS 24 (revised): "Related Party Disclosures" (effective for annual periods beginning on or after 1 January 2011).*

**5. New accounting pronouncements (continued)**

**(i) Adopted by the European Union (continued)**
- *IFRS 9 "Financial Instruments" (effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 10 "Consolidated Financial Statements" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 12 "Disclosure of Interests in Other Entities" (effective for annual periods beginning on or after 1 January 2014).*
- *IFRS 13 "Fair Value Measurement" (effective for annual periods beginning on or after 1 January 2013).*
- *IFRS 15 "Revenue from Contracts with customers" (effective for annual periods beginning on or after 1 January 2018).*
- *IFRS 16 "Leases" (effective for annual periods beginning on or after 1 January 2019).*

**Amendments**
*IFRS Interpretations Committee*
- *Amendments to IFRS 1 and International Accounting Standard (IAS) 27 "Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate" (effective for annual periods beginning on or after 1 July 2009).*
- *IAS 1 (Amendment), Presentation of Financial Statements - Capital Disclosures (effective for annual periods beginning on or after 1 January 2007).*
- *Amendments to IAS 1, "Presentation of items of other Comprehensive Income" (effective for annual periods beginning on or after 1 July 2012).*
- *Amendments to IAS 12 - "Deferred tax": Recovery of Underlying Assets: (effective for annual periods beginning on or after 1 January 2012).*
- *Amendments to IAS 19 - "Employee Benefits" (amendments) (effective for annual periods beginning on or after 1 January 2013).*
- *IAS 19 (Amendments) "Defined Benefit Plans: Employee Contributions" (effective for annual periods beginning on or after 1 February 2015).*
- *IAS 27 (Revised): "Consolidated and Separate Financial Statements" (effective for annual periods beginning on or after 1 January 2014).*
- *IAS 28 (Revised): "Investments in Associates" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendments to IAS 32 "Financial Instruments: Presentation - Classification of rights issues" (effective for annual periods beginning on or after 1 February 2010).*
- *Amendment to IAS32 "Offsetting Financial Assets and Financial Liabilities" (effective for annual periods beginning on or after 1 January 2014).*
- *Amendments to References to the Conceptual Framework in IFRS Standards (effective for annual periods beginning on or after 1 January 2020)*
- *Amendments to IAS 16 and IAS 38 - Clarification of Acceptable Methods of Depreciation and Amortisation (effective for annual periods beginning on or after 1 January 2016).*
- *IAS 27 (Amendments) "Equity method in separate financial statements"' (effective for annual periods beginning on or after 1 January 2016).*
- *Amendments to IFRS 9, IAS 39 and IFRS17: Interest Rate Benchmark Reform - Phase 2 (issued on 27 August 2020) (effective for annual periods beginning on or after 1 January 2021).*
- *Amendments to IFRS 4 Insurance Contracts - deferral of effective date of IFRS 9 (issued on 25 June 2020) (effective for annual periods beginning on or after 1 January 2021).*
- *Amendments to IFRS 16 Leases - Covid 19-Related Rent Concessions (issued on 28 May 2020) (effective for annual periods beginning on or after 1 June 2020).*

**New IFRICs**
- *IFRIC 15, Agreements for the Construction of Real Estate (effective for annual periods beginning on or after 1 January 2009), (EU: 31 December 2009).*

**(ii) Not adopted by the European Union**

**Amendments**
- *Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020) (effective for annual periods beginning on or after 1 January 2022).*

**5. New accounting pronouncements (continued)**

**(ii) Not adopted by the European Union (continued)**

- *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets; Annual Improvements 2018-2020 (All issued 14 May 2020) (effective for annual periods beginning on or after 1 January 2022).*

The Board of Directors expects that the adoption of these standards in future periods will not have a material effect on the financial statements of the Company.

## 6. Financial risk management

### Financial risk factors

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

### 6.1 Interest rate risk

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

At the reporting date the interest rate profile of interest- bearing financial instruments was:

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| **Fixed rate instruments** | | |
| Financial liabilities | **(673.907)** | (655.858) |
| | **(673.907)** | (655.858) |

### 6.2 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation. Credit risk arises from [cash and cash equivalents, contractual cash flows of debt investments carried at amortised cost, at fair value through other comprehensive income (FVOCI) and at fair value through profit or loss (FVTPL), favourable derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale and retail customers, including outstanding receivables and contract assets as well as lease receivables. Further, credit risk arises from financial guarantees and credit related commitments.]

*(i) Risk management*

Credit risk is managed on a group basis. For banks and financial institutions, the Company has established policies whereby the majority of bank balances are held with independently rated parties with a minimum rating of ['C'].

If wholesale customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, Management assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. [Individual credit limits and credit terms are set based on the credit quality of the customer in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash or using major credit cards.]

There are no significant concentrations of credit risk, whether through exposure to individual customers, specific industry sectors and/or regions.

The Company's investments in debt instruments are considered to be low risk investments. The credit ratings of the investments are monitored for credit deterioration.

**6. Financial risk management (continued)**

**6.2 Credit risk (continued)**

*(i) Risk management (continued)*

These policies enable the Company to reduce its credit risk significantly.

*(ii) Impairment of financial assets*

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

- trade receivables
- contract assets
- financial assets at amortised cost
- cash and cash equivalents
- credit commitments

The impairment methodology applied by the Company for calculating expected credit losses depends on the type of financial asset assessed for impairment. Specifically:

- For trade receivables and contract assets, including trade receivables and contract assets with a significant financing component, and lease receivables the Company applies the simplified approach permitted by IFRS 9, which requires lifetime expected losses to be recognised from initial recognition of the financial assets.
- For all other financial assets that are subject to impairment under IFRS 9, the Company applies general approach - three stage model for impairment. The Company applies a three-stage model for impairment, based on changes in credit quality since initial recognition. A financial asset that is not credit-impaired on initial recognition is classified in Stage 1. Financial assets in Stage 1 have their ECL measured at an amount equal to the portion of lifetime ECL that results from default events possible within the next 12 months or until contractual maturity, if shorter ("12 Months ECL"). If the Company identifies a significant increase in credit risk ("SICR") since initial recognition, the asset is transferred to Stage 2 and its ECL is measured based on ECL on a lifetime basis, that is, up until contractual maturity but considering expected prepayments, if any ("Lifetime ECL"). If the Company determines that a financial asset is credit-impaired, the asset is transferred to Stage 3 and its ECL is measured as a Lifetime ECL.

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

*Significant increase in credit risk*

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

- internal credit rating
- external credit rating (as far as available)
- actual or expected significant adverse changes in business, financial or economic conditions that are expected to cause a significant change to the borrower's/counterparty's ability to meet its obligations
- actual or expected significant changes in the operating results of the borrower/counterparty
- significant increases in credit risk on other financial instruments of the same borrower/counterparty
- significant changes in the value of the collateral supporting the obligation or in the quality of third-party guarantees or credit enhancements
- significant changes in the expected performance and behaviour of the borrower/counterparty, including changes in the payment status of counterparty in the Company and changes in the operating results of the borrower/counterparty.

**6. Financial risk management (continued)**

**6.2 Credit risk (continued)**

*(ii) Impairment of financial assets (continued)*

Macroeconomic information (such as market interest rates or growth rates) is incorporated as part of the internal rating model. The historical loss rates are adjusted to reflect current and forward-looking information on macroeconomic factors affecting the ability of the customers to settle the receivables. The Company has identified the GDP and the unemployment rate of the countries in which it sells its goods and services to be the most relevant factors, and accordingly adjusts the historical loss rates based on expected changes in these factors. No significant changes to estimation techniques or assumptions were made during the reporting period.

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.

*Low credit risk*

The Company has decided to use the low credit risk assessment exemption for investment grade financial assets. Management consider 'low credit risk' for listed bonds to be an investment grade credit rating with at least one major rating agency. Other instruments are considered to be low credit risk when they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the near term.

*Default*

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

*Write-off*

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

There were no impairment and/ or past due but not impaired financial assets as at 31 December 2020 and 2019.

The Company does not have any material debt financial assets that are subject to the impairment requirements of IFRS 9 and their contractual cash flows have been modified.

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

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

| **Impairment losses** | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Impairment charge - investments in subsidiaries | **-** | (7.800.000) |
| Impairment charge - receivable from related parties | **(17.701)** | (68.826) |
| Impairment charge - trade receivables | **(12.135)** | - |
| Reversal of impairment - receivable from related parties | **71.492** | 35.601 |
| Reversal of impairment - trade receivables | **-** | 39 |
| **Net impairment profit/(loss) on financial and contract assets** | **41.656** | (7.833.186) |

**6. Financial risk management (continued)**

**6.2 Credit risk (continued)**

*(iv) Credit related commitments*

The primary purpose of these instruments is to ensure that funds are available to a borrower as required. Guarantees which represent irrevocable assurances that the Company will make payments in the event that a counterparty cannot meet its obligations to third parties, carry the same credit risk as loans receivable. Commitments to extend credit represent unused portions of authorisations to extend credit in the form of loans or guarantees. With respect to credit risk on commitments to extend credit, the Company is potentially exposed to loss in an amount equal to the total unused commitments, if the unused amounts were to be drawn down. The Company monitors the term to maturity of credit related commitments, because longer-term commitments generally have a greater degree of credit risk than shorter-term commitments.

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

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

| **31 December 2020** | Carrying amounts | Contractual cash flows | On demand | 3-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| | € | € | € | € | € | € | € |
| Lease liabilities | 424.854 | 424.854 | - | 167.066 | - | 257.788 | - |
| Trade and other payables | 22.220.917 | 22.220.917 | - | 22.220.917 | - | - | - |
| Loans from associates | 673.907 | 673.907 | - | 673.907 | - | - | - |
| | **23.319.678** | **23.319.678** | **-** | **23.061.890** | **-** | **257.788** | **-** |

| 31 December 2019 | Carrying amounts | Contractual cash flows | On demand | 3-12 months | 1-2 years | 2-5 years | More than 5 years |
|---|---|---|---|---|---|---|---|
| | € | € | € | € | € | € | € |
| Lease liabilities | 566.176 | 566.176 | - | 187.824 | - | 378.352 | - |
| Trade and other payables | 13.849.169 | 13.849.169 | - | 13.849.169 | - | - | - |
| Payables to related parties | 5.096.234 | 5.096.134 | 5.096.134 | - | - | - | - |
| Loans from associates | 655.858 | 655.858 | - | 655.858 | - | - | - |
| | 20.167.437 | 20.167.337 | 5.096.134 | 14.692.851 | - | 378.352 | - |

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

### 6. Financial risk management (continued)

#### 6.5 Capital risk management

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

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

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders or issue new shares.

The Company 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. Total capital is calculated as ''equity'' as shown in the statement of financial position plus net debt.

The Company's capital is analysed as follows:

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Total borrowings (Note 24) | **673.907** | 655.858 |
| Less: Cash and cash equivalents (Note 21) | **(9.250.229)** | (4.427.478) |
| Net debt | **(8.576.322)** | (3.771.620) |
| Total equity | **67.963.540** | 62.182.247 |
| **Total capital** | **59.387.218** | 58.410.627 |
| **Gearing ratio** | **(14,44)%** | (6,46)% |

#### 6.6 Fair value estimation

The fair values of the Company's financial assets and liabilities approximate to their carrying amounts at the reporting date except as disclosed in note 24.

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. The Company uses a variety of methods, such as estimated discounted cash flows, and makes assumptions that are based on market conditions existing at the reporting date.

### 7. Critical accounting estimates and judgments

The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates and requires Management to exercise its judgment in the process of applying the Company's accounting policies. It also requires the use of assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on Management's best knowledge of current events and actions, actual results may ultimately differ from those estimates.

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

**7. Critical accounting estimates and judgments (continued)**

*Critical accounting estimates and assumptions*

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

- **Calculation of loss allowance**

  When measuring expected credit losses the Company uses reasonable and supportable forward looking information, which is based on assumptions for the future movement of different economic drivers and how these drivers will affect each other.

  Loss given default is an estimate of the loss arising on default. It is based on the difference between the contractual cash flows due and those that the lender would expect to receive, taking into account cash flows from collateral and integral credit enhancements.

  Probability of default constitutes a key input in measuring ECL. Probability of default is an estimate of the likelihood of default over a given time horizon, the calculation of which includes historical data, assumptions and expectations of future conditions.

- **Work in progress**

  Work in progress is stated at cost plus any attributable profit less any foreseeable losses and less amounts received or receivable as progress payments. The cost of work in progress includes materials, labour and direct expenses plus attributable overheads based on a normal level of activity. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at each reporting date.

- **Revenue recognition**

  The Company uses the percentage-of-completion method in accounting for its fixed price contract to deliver services since the customer receives and uses the benefits from the services simultaneously. Use of the percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed. Were the proportion of services performed to total services to be performed differs from Management's estimates, the amount of revenue recognised in the year would be different.

- **Provision for bad and doubtful debts**

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

- **Income taxes**

  Significant judgment is required in determining the provision for income taxes. There are transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

**7. Critical accounting estimates and judgments (continued)**

*Critical judgements in applying the Company's accounting policies*

- **Impairment of investments in subsidiaries/associates**

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

- **Impairment of financial assets**

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

- **Impairment of non-financial assets**

  The impairment test is performed using the discounted cash flows expected to be generated through the use of non-financial assets, using a discount rate that reflects the current market estimations and the risks associated with the asset. When it is impractical to estimate the recoverable amount of an asset, the Company estimates the recoverable amount of the cash generating unit in which the asset belongs to.

- **Useful live of depreciable assets**

  The Board of Directors assesses the useful lives of depreciable assets at each reporting date, and revises them if necessary so that the useful lives represent the expected utility of the assets to the Company. Actual results, however, may vary due to technological obsolescence, mis-usage and other factors that are not easily predictable.

**8. Revenue**

The Company derives its revenue from contracts with customers for the transfer of goods and services over time and at a point in time in the following major product lines.

| **Disaggregation of revenue** | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Rendering of services | **3.234.691** | 5.007.680 |
| Contract income | **34.293.476** | 54.375.443 |
| | **37.528.167** | 59.383.123 |

**8. Revenue (continued)**

**(a) Assets and liabilities related to contracts with customers**

The Company has recognised the following assets and liabilities related to contracts with customers:

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| **Contract assets** | | |
| Current contract assets | | |
| Construction contracts | **-** | 3.368.118 |
| Costs to obtain contracts | **16.453.982** | 12.307.760 |
| **Total current contract assets** | **16.453.982** | 15.675.878 |
| Non-current | | |
| Construction contracts | **9.092.658** | 6.386.500 |
| **Total non-current contract assets** | **9.092.658** | 6.386.500 |
| **Total contract assets** | **25.546.640** | 22.062.378 |
| **Other assets recognised for costs incurred to fulfil a contract** | | |
| **Total other assets recognised for costs incurred to fulfil a contract** | **25.546.640** | 22.062.378 |

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| **Contract liabilities** | | |
| Current | | |
| Construction contracts | **2.075.712** | 15.503.290 |
| **Total current contract liabilities** | **2.075.712** | 15.503.290 |
| Non-current | | |
| Construction contracts | **8.000.000** | - |
| **Total non-current contract liabilities** | **8.000.000** | - |
| **Total contract liabilities** | **10.075.712** | 15.503.290 |

**9. Cost of sales**

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Staff costs | **1.119.118** | 885.139 |
| Services received | **1.005.000** | 3.069.000 |
| Overseas travelling | **7.846** | 48.262 |
| Contract expenses | **34.174.502** | 53.877.679 |
| | **36.306.466** | 57.880.080 |

### 10. Other operating income

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Income from equipment rental | 34.980 | 301.222 |
| Income from insurance indemnities | 138.067 | 326.349 |
| Income from expenses charging | 2.140.716 | 989.294 |
| Waiver of accrued interest | - | 105.983 |
| Reversal of impairment - receivable from related parties | 71.492 | 35.601 |
| Reversal of impairment - trade receivables | - | 39 |
| Sundry operating income | 19.589 | 2.377 |
| | 2.404.844 | 1.760.865 |

### 11. Other expenses

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Capital issue costs | 440 | 252 |
| Impairment charge - investments in subsidiaries | - | 7.800.000 |
| Impairment charge - receivable from related parties | 17.701 | 68.826 |
| Impairment charge - trade receivables | 12.135 | - |
| | 30.276 | 7.869.078 |

### 12. Expenses by nature

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Staff costs (Note 13) | 6.389.459 | 4.740.238 |
| Depreciation and amortisation expense | 773.358 | 776.939 |
| Auditors' remuneration | 12.000 | 7.500 |
| Other expenses | 30.904.289 | 62.641.750 |
| **Total expenses** | 38.079.106 | 68.166.427 |

### 13. Staff costs

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Salaries | 5.769.423 | 4.308.036 |
| Social security costs | 411.833 | 354.034 |
| GHS contribution | 116.489 | 11.275 |
| Social cohesion fund | 91.714 | 66.893 |
| | 6.389.459 | 4.740.238 |

### 14. Finance income/(costs)

| | 2020 | 2019 |
|---|---|---|
| | **€** | € |
| **Finance income** | | |
| Bank interest | **528** | 2.486 |
| Realised foreign exchange profit | **38** | 3.977 |
| Unrealised foreign exchange profit | **43.132** | 128.273 |
| | **43.698** | 134.736 |
| **Finance costs** | | |
| **Interest expense** | | |
| Interest expense on lease liabilities | **24.202** | 31.730 |
| Interest on loan from related company | **18.049** | 27.101 |
| Interest on taxes | **105** | - |
| **Sundry finance expenses** | | |
| Bank charges | **40.991** | 58.703 |
| Bank guarantees and commissions | **917.419** | - |
| **Net foreign exchange losses** | | |
| Realised foreign exchange loss | **431** | 62 |
| Unrealised foreign exchange loss | **135.953** | 110.599 |
| | **1.137.150** | 228.195 |

### 15. Financial instruments by category

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

| **31 December 2020** | Financial assets at amortised cost | Total |
|---|---|---|
| | € | € |
| **Assets as per statement of financial position:** | | |
| Trade and other receivables | 28.447.115 | 28.447.115 |
| Financial assets | 34.125.870 | 34.125.870 |
| Cash and cash equivalents | 9.250.229 | 9.250.229 |
| **Total** | **71.823.214** | **71.823.214** |

| | Borrowings and other financial liabilities | Total |
|---|---|---|
| | **€** | **€** |
| **Liabilities as per statement of financial position:** | | |
| Borrowings | 673.907 | 673.907 |
| Trade and other payables | 11.206.464 | 11.206.464 |
| **Total** | **11.880.371** | **11.880.371** |

### 15. Financial instruments by category (continued)

| 31 December 2019 | Financial assets at amortised cost | Total |
|---|---|---|
| | € | € |
| Assets as per statement of financial position: | | |
| Trade and other receivables | 32.597.950 | 32.597.950 |
| Financial assets | 32.907.258 | 32.907.258 |
| Cash and cash equivalents | 4.427.478 | 4.427.478 |
| Total | 69.932.686 | 69.932.686 |

| | Borrowings and other financial liabilities | Total |
|---|---|---|
| | € | € |
| **Liabilities as per statement of financial position:** | | |
| Borrowings | 655.858 | 655.858 |
| Trade and other payables | 2.452.458 | 2.452.458 |
| Total | 3.108.316 | 3.108.316 |

### 16. Property, plant and equipment

| | **Plant and machinery** | **Motor vehicles** | **Furniture, fixtures and office equipment** | **Total** |
|---|---|---|---|---|
| | **€** | **€** | **€** | **€** |
| **Cost** | | | | |
| Balance at 1 January 2019 | 2.186.376 | 105.203 | 125.343 | 2.416.922 |
| Additions | 443.270 | 29.955 | 19.972 | 493.197 |
| **Balance at 31 December 2019/ 1 January 2020** | **2.629.646** | **135.158** | **145.315** | **2.910.119** |
| Additions | 90.132 | - | 26.847 | 116.979 |
| **Balance at 31 December 2020** | **2.719.778** | **135.158** | **172.162** | **3.027.098** |
| **Depreciation** | | | | |
| Balance at 1 January 2019 | 197.299 | 79.503 | 19.742 | 296.544 |
| Charge for the year | 460.586 | 4.655 | 30.810 | 496.051 |
| **Balance at 31 December 2019/ 1 January 2020** | **657.885** | **84.158** | **50.552** | **792.595** |
| Charge for the year | 491.892 | 12.700 | 40.756 | 545.348 |
| **Balance at 31 December 2020** | **1.149.777** | **96.858** | **91.308** | **1.337.943** |
| **Net book amount** | | | | |
| **Balance at 31 December 2020** | **1.570.001** | **38.300** | **80.854** | **1.689.155** |
| **Balance at 31 December 2019** | **1.971.761** | **51.000** | **94.763** | **2.117.524** |

**16. Property, plant and equipment (continued)**

**Right-of-use assets**

**17. Right-of-use assets**

| | Land and buildings | Plant and machinery | Motor vehicles | **Total** |
|---|---|---|---|---|
| | € | € | € | **€** |
| **Cost** | | | | |
| Additions | 410.528 | 360.391 | 66.816 | 837.735 |
| **Balance at 31 December 2019/ 1 January 2020** | **410.528** | **360.391** | **66.816** | **837.735** |
| Additions | 58.301 | - | - | 58.301 |
| Adjustment to right-of-use asset | - | (146.098) | (66.816) | (212.914) |
| **Balance at 31 December 2020** | **468.829** | **214.293** | **-** | **683.122** |
| **Depreciation** | | | | |
| Charge for the year | 84.893 | 129.179 | 66.816 | 280.888 |
| **Balance at 31 December 2019/ 1 January 2020** | **84.893** | **129.179** | **66.816** | **280.888** |
| Charge for the year | 99.626 | 96.077 | - | 195.703 |
| Adjustment to right-of-use asset | - | (135.380) | (66.816) | (202.196) |
| **Balance at 31 December 2020** | **184.519** | **89.876** | **-** | **274.395** |
| **Net book amount** | | | | |
| **Balance at 31 December 2020** | **284.310** | **124.417** | **-** | **408.727** |
| **Balance at 31 December 2019** | **325.635** | **231.212** | **-** | **556.847** |

Amounts recognised in profit and loss:

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Interest expense on lease liabilities | **(24.202)** | (31.730) |

In the cash flow statement, proceeds on derecognition of right-of-use asset comprise:

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Net book amount | **10.718** | - |
| Proceeds on derecognition of right-of-use asset | **10.718** | - |

### 18. Investments in subsidiaries

| | 2020 € | 2019 € |
|---|---|---|
| Balance at 1 January | **28.864.551** | 27.347.715 |
| Additions | **1.690.204** | 9.316.836 |
| Impairment charge | **-** | (7.800.000) |
| Return of capital | **(471.592)** | - |
| **Balance at 31 December** | **30.083.163** | 28.864.551 |

The details of the subsidiaries are as follows:

| Name | Country of incorporation | Principal activities | 2020 Holding % | 2019 Holding % | 2020 € | 2019 € |
|---|---|---|---|---|---|---|
| Terna Bahrain Holding W.L.L. (1) | Bahrain | Services | 99,99 | 99,99 | **15.503.484** | 14.063.279 |
| Terna Qatar LLC (2) | Qatar | Services | 35 | 35 | **12.777.610** | 13.249.203 |
| Malcem Construction Materials Ltd | Malta | Dormant | 75 | 75 | **-** | - |
| Terna Contracting W.L.L. (3) | Bahrain | Services | 0,01 | 0,01 | **169** | 169 |
| QE Energy Europe Ltd | Cyprus | Supply of gas | 90 | 90 | **900** | 900 |
| Aerozephiros Ltd (4) | Cyprus | Holding of Helicopter | 100 | 100 | **1.801.000** | 1.551.000 |
| | | | | | **30.083.163** | 28.864.551 |

(1) During the year, the Company increased its investment in the share capital of subsidiary Terna Bahrain Holding W.L.L. by contributing an amount of €1.440.204.

(2) During the year there was a return of capital to the Company from Terna Qatar for the amount of €471.592.

(3) The Company also has 99,99% indirect shareholding in Terna Contracting W.L.L through its 99,99% investment in Terna Bahrain Holding W.L.L.

(4) During the year, the Company increased its investment in the share capital of subsidiary Aerozephiros Ltd by contributing an amount of €250.000.

### 19. Investments in associates

| | 2020 € | 2019 € |
|---|---|---|
| Balance at 1 January | **4.042.707** | 4.962.265 |
| Return of capital | **-** | (919.558) |
| **Balance at 31 December** | **4.042.707** | 4.042.707 |

### 19. Investments in associates (continued)

The details of the investments are as follows:

| Name | Country of incorporation | Principal activities | **2020 Holding %** | 2019 Holding % | **2020 €** | 2019 € |
|---|---|---|---|---|---|---|
| Icon EOOD | Bulgaria | Real estate | 16,47 | 16,47 | **4.042.707** | 4.042.707 |
| | | | | | **4.042.707** | 4.042.707 |

### 20. Trade and other receivables

| | **2020 €** | 2019 € |
|---|---|---|
| Trade receivables | **5.410.996** | 7.175.605 |
| Trade receivables from related parties (Note 30.4) | **7.126.324** | - |
| Less: credit loss on trade receivables | **(12.145)** | (10) |
| Trade receivables - net | **12.525.175** | 7.175.595 |
| Receivables from own subsidiaries (Note 30.4) | **15.311.265** | 17.116.318 |
| Receivables from associates (Note 30.4) | **614.129** | 8.204.353 |
| Receivables from parent (Note 30.4) | **-** | 166.500 |
| Less: credit loss on receivables from related parties (Note 30.4) | **(20.863)** | (74.655) |
| Deposits and prepayments | **118.112** | 1.076.946 |
| Advances to subcontractors | **1.882.804** | 2.017.686 |
| Deferred expenses | **17.207** | 54.644 |
| Other receivables | **17.409** | 9.839 |
| Refundable VAT | **379.719** | 552.264 |
| | **30.844.957** | 36.299.490 |
| Less non-current receivables | **(117.960)** | (114.262) |
| **Current portion** | **30.726.997** | 36.185.228 |

The Company does not hold any collateral over the trading balances.

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

For a summary of key terms and conditions relating to the balances with related parties, refer to note 30 of the financial statements.

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

### 21. Cash and cash equivalents

Cash balances are analysed as follows:

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Cash in hand | **2.021** | 522 |
| Cash in transit | **-** | 4.129 |
| Cash at bank | **8.194.881** | 3.369.870 |
| Bank deposits | **1.053.327** | 1.052.957 |
| | **9.250.229** | 4.427.478 |

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

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Cash at bank and in hand | **8.196.902** | 3.374.521 |
| | **8.196.902** | 3.374.521 |

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

### 22. Share capital and share premium

| | **2020 Number of shares** | **2020 €** | 2019 Number of shares | 2019 € |
|---|---|---|---|---|
| **Authorised** | | | | |
| Ordinary shares of €1 each | **506.308** | **5.063.080** | 485.858 | 4.858.580 |

| **Issued and fully paid** | **Number of shares** | **Share capital €** | **Share premium €** | **Total €** |
|---|---|---|---|---|
| Balance at 1 January 2019 | 409.730 | 4.097.300 | 94.007.900 | 98.105.200 |
| Issue of shares in 2019 | 76.128 | 761.280 | 17.509.440 | 18.270.720 |
| **Balance at 31 December 2019/ 1 January 2020** | **485.858** | **4.858.580** | **111.517.340** | **116.375.920** |
| Issue of shares in 2020 | 20.450 | 204.500 | 4.703.500 | 4.908.000 |
| **Balance at 31 December 2020** | **506.308** | **5.063.080** | **116.220.840** | **121.283.920** |

**Authorised capital**

On 09 March 2020, the authorised share capital of the Company was increased from 485.858 ordinary shares of €10 each to 489.608 ordinary shares of €10 each.

On 29 May 2020, the authorised share capital of the Company was increased from 489.608 ordinary shares of €10 each to 492.733 ordinary shares of €10 each.

On 07 July 2020, the authorised share capital of the Company was increased from 492.733 ordinary shares of €10 each to 497.333 ordinary shares of €10 each.

On 19 November 2020, the authorised share capital of the Company was increased from 497.333 ordinary shares of €10 each to 506.308 ordinary shares of €10 each.

### 22. Share capital and share premium (continued)

**Issued capital**

On 09 March 2020, the Company issued 3.750 additional ordinary shares of nominal value €10 each (additional share capital €37.500) at a premium of €230 each (additional share premium €862.500).

On 29 May 2020, the Company issued 3.125 additional ordinary shares of nominal value €10 each (additional share capital €31.250) at a premium of €230 each (additional share premium €718.750).

On 07 July 2020, the Company issued 4.600 additional ordinary shares of nominal value €10 each (additional share capital €46.000) at a premium of €230 each (additional share premium € 1.058.000).

On 19 November 2020, the Company issued 8.975 additional ordinary shares of nominal value €10 each (additional share capital €89.750) at a premium of €230 each (additional share premium € 2.064.250).

### 23. Advances from shareholders

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Balance at 1 January | **-** | 2.068.000 |
| Converted to share capital | **-** | (2.068.000) |
| **Balance at 31 December** | **-** | - |

The advance from shareholders is made available to the Board of Directors for future increases of the share capital of the Company and are not refundable.

### 24. Borrowings

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Balance at 1 January | **655.858** | 734.740 |
| Interest charged | **18.049** | 27.101 |
| Waiver of accrued interest | **-** | (105.983) |
| **Balance at 31 December** | **673.907** | 655.858 |

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| **Non-current borrowings** | | |
| Loans from associates (Note 30.6) | **673.907** | 655.858 |

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

| | **2020** | 2019 |
|---|---|---|
| | **%** | % |
| Loans from associates | **3,6%** | 3,6% |

### 25. Lease liabilities

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Balance at 1 January | **566.176** | - |
| Additions | **-** | 837.735 |
| Repayments | **(165.524)** | (303.289) |
| Interest charged | **24.202** | 31.730 |
| **Balance at 31 December** | **424.854** | 566.176 |

| | Minimum lease payments | | The present value of minimum lease payments | |
|---|---|---|---|---|
| | 2020 | 2019 | 2020 | 2019 |
| | € | € | € | € |
| Not later than 1 year | **167.066** | 187.824 | **167.066** | 187.824 |
| Later than 1 year and not later than 5 years | **257.788** | 378.352 | **257.788** | 378.352 |
| | **424.854** | 566.176 | **424.854** | 566.176 |
| **Present value of lease liabilities** | **424.854** | 566.176 | **424.854** | 566.176 |

All lease obligations are denominated in Euro.

The fair values of lease obligations approximate to their carrying amounts as presented above.

The Company's obligations under leases are secured by the lessors' title to the leased assets.

### 26. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates. The applicable corporation tax rate in the case of tax losses is 12,5%.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same fiscal authority.

**Deferred tax assets**

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Balance at 1 January | **34.781** | - |
| Credit in profit or loss | **-** | 34.781 |
| Debit in profit or loss | **(1.800)** | - |
| **Balance at 31 December** | **32.981** | 34.781 |

Deferred taxation asset arises as follows:

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Temporary tax differences | **32.981** | 34.781 |
| | **32.981** | 34.781 |

### 27. Trade and other payables

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Trade payables | **5.124.168** | 2.452.458 |
| Trade payables to related parties (Note 30.5) | **6.082.296** | - |
| Social insurance and other taxes | **206.524** | 121.542 |
| Retention payable | **8.359.760** | 6.893.758 |
| Accrued fees to subcontractors | **2.654.693** | 4.502.953 |
| Accruals | **54.947** | 15.802 |
| Defence tax and GHS on rent payable | **289** | - |
| Payables to own subsidiaries (Note 30.5) | **-** | 3.664.665 |
| Payables to associates (Note 30.5) | **-** | 1.431.569 |
| | **22.482.677** | 19.082.747 |
| Less non-current payables | **(6.083.196)** | (5.096.234) |
| **Current portion** | **16.399.481** | 13.986.513 |

For a summary of key terms and conditions relating to the balances with related parties, refer to note 30 of the financial statements.

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

### 28. Current tax liabilities

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Corporation tax | **275.305** | 412.935 |
| Special contribution for defence | **2.564** | 2.503 |
| | **277.869** | 415.438 |

### 29. Operating Environment of the Company

On 11 March 2020, the World Health Organisation declared the Coronavirus COVID- 19 outbreak to be a pandemic in recognition of its rapid spread across the globe. Many governments are taking increasingly stringent steps to help contain, and in many jurisdictions, now delay, the spread of the virus, including: requiring self-isolation/ quarantine by those potentially affected, implementing social distancing measures, and controlling or closing borders and "locking-down" cities/regions or even entire countries. These measures have slowed down the economies both in Cyprus but globally as well with the potential of having wider impacts on the respective economies as the measures persist for a greater period of time.

This operating environment may have a significant impact on the Company's operations and financial position. Management is taking necessary measures to ensure sustainability of the Company's operations. However, the future effects of the current economic situation are difficult to predict and Management's current expectations and estimates could differ from actual results.

The Company's Management is unable to predict all developments which could have an impact on the Cyprus economy and consequently, what effect, if any, they could have on the future financial performance, cash flows and financial position of the Company.

On the basis of the evaluation performed, the Company's management has concluded that no provisions or impairment charges are necessary. The Company's Management believes that it is taking all the necessary measures to maintain the viability of the Company and the smooth conduct of its operations in the current business and economic environment.

### 30. Related party transactions

The Company is controlled by Terna S.A., incorporated in Greece, which owns 100% of the Company's shares. The Company's ultimate controlling party is Gek Terna S.A., which is listed in the Athens Stock Exchange.

The ultimate parent entity which prepares the consolidated financial statements of the largest group of companies of which the Company forms part as a subsidiary, is Gek Terna S.A., incorporated in Greece and its consolidated financial statements are available at the website www.terna.gr, incorporated in Greece is the parent entity which prepares the consolidated financial statement of the smallest group of companies of which the Company forms part as a subsidiary.

The following transactions were carried out with related parties:

#### 30.1 Sales of goods and services

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Terna S.A. Serbia Branch | **1.199.650** | 3.568.420 |
| Terna S.A. Cyprus Branch | **4.530** | 71.967 |
| Terna Qatar LLC | **1.135** | - |
| Terna S.A. Sharjah Branch | **561** | - |
| Terna Contracting WLL | **17.569** | - |
| Avax-Terna JV - MCD | **858.917** | 703.799 |
| Terna S.A. Saudi Arabia | **-** | 19.535 |
| Vinci Terna JV Doo | **2.949.974** | 2.268.548 |
| Terna S.A. Abu Dhabi Branch | **480** | - |
| Terna S.A. Branch Bulgaria | **11.155** | - |
| Terna S.A. Branch Skopje | **1.714** | - |
| | **5.045.685** | 6.632.269 |

#### 30.2 Purchases and expenses

| | Nature of transactions | **2020** | 2019 |
|---|---|---|---|
| | | **€** | € |
| Terna S.A. | Property, plant and equipment | **-** | 4.000 |
| Terna S.A. | Machinery & technocal installations | **-** | 126.270 |
| Terna S.A. | Cost of sales | **162.936** | 64.529 |
| Terna S.A. | Expenses | **25.164** | 644.582 |
| Terna Overseas Limited Greece Branch | Cost of sales | **89.940** | 78.527 |
| Terna Overseas Limited Greece Branch | Finance expenses | **-** | 172 |
| Terna S.A. | Bank Guarantee | **895.651** | - |
| | | **1.173.691** | 918.080 |

#### 30.3 Loan interest expense

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| Terna Energy Overseas Ltd | **18.049** | 27.101 |
| | **18.049** | 27.101 |

### 30. Related party transactions (continued)

### 30.4 Receivables from related parties (Note 20)

| Name | Nature of transactions | 2020 € | 2019 € |
|---|---|---|---|
| Malcem Construction Material Ltd | Finance | **76.819** | 76.538 |
| Terna Qatar LLC | Trade | **1.135** | - |
| Terna Bahrain Holding WLL | Finance | **15.001.517** | 16.386.602 |
| Terna Contracting WLL | Trade | **17.569** | - |
| QE Energy Europe Ltd | Finance | **528.360** | 523.957 |
| Terna S.A. Branch Skopje | Trade | **1.714** | - |
| Terna S.A. Sharjah Branch | Trade | **561** | - |
| Terna S.A. Libya Branch | Finance | **533.272** | 531.310 |
| Terna S.A. Abu Dhabi Branch | Trade | **480** | - |
| Terna S.A. Ogranak | Trade | **1.097.219** | 3.558.811 |
| Terna S.A. Cyprus Branch | Trade | **3.429** | 357 |
| Terna S.A Branch of Saudi Arabia | Finance | **-** | 24.968 |
| Terna S.A. Branch Bulgaria | Trade | **11.155** | |
| Terna S.A. Iraq Branch | Finance | **788.056** | 883.933 |
| Terna S.A. Greece | Finance | **166.500** | 165.887 |
| AVAX - Terna J.V. - Mediterrancean City of Dearms | Trade | **966.904** | 922.520 |
| Vinci Construction JV doo | Trade | **3.718.522** | 2.268.548 |
| Aerozephiros Ltd | Finance | **138.506** | 69.085 |
| | | **23.051.718** | 25.412.516 |

The receivables from related parties were provided interest free, and there was no specified repayment date.

### 30.5 Payables to related parties (Note 27)

| Name | Nature of transactions | 2020 € | 2019 € |
|---|---|---|---|
| Terna S.A. Greece | Trade | **6.082.296** | 4.998.545 |
| QE Energy Europe Limited | Finance | **900** | 900 |
| Terna Bahrain Holding WLL | Finance | **-** | 2.708 |
| Aerozephiros Ltd | Finance | **-** | 93.981 |
| | | **6.083.196** | 5.096.134 |

The payables to related parties were provided interest free, and there was no specified repayment date.

### 30.6 Loans from related parties (Note 24)

| | 2020 € | 2019 € |
|---|---|---|
| Terna Energy Overseas Ltd | **673.907** | 655.858 |
| | **673.907** | 655.858 |

The loan bears interest at the rate of 3,6% and is repayable by 31 December 2020.

### 30.7 Shareholders' current accounts - debit balances (Note 20)

| | 2020 € | 2019 € |
|---|---|---|
| Terna S.A. | **166.500** | 165.887 |
| | **166.500** | 165.887 |

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

**30. Related party transactions (continued)**

**30.8 Shareholders' current accounts - credit balances (Note 27)**

| | 2020 | 2019 |
|---|---|---|
| | € | € |
| Terna S.A. | 6.082.296 | 4.832.045 |
| | 6.082.296 | 4.832.045 |

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

**31. Parent company**

The Company is controlled by Terna S.A., incorporated in Greece, which owns 100% of the Company's shares.

The ultimate parent entity which prepares the consolidated financial statements of the largest group of companies of which the Company forms part as a subsidiary, is Gek Terna S.A., incorporated in Greece and its consolidated financial statements are available at the website www.terna.gr, incorporated in Greece is the parent entity which prepares the consolidated financial statement of the smallest group of companies of which the Company forms part as a subsidiary.

**32. Contingent liabilities**

As at 31 December 2020 the Company had contingent liabilities in respect of bank guarantees arising in the ordinary course of business from which the Board of Directors is not anticipating that material liability will arise. These guarantees amounted to €2.548.492 (2019: €3.024.963).

**33. Commitments**

The Company had no capital or other commitments as at 31 December 2020.

**34. Events after the reporting period**

With the recent and rapid development of the Coronavirus disease (COVID-19) outbreak the world economy entered a period of unprecedented health care crisis that has already caused considerable global disruption in business activities and everyday life. Many countries have adopted extraordinary and economically costly containment measures. Certain countries have required companies to limit or even suspend normal business operations. Governments, including the Republic of Cyprus, have implemented restrictions on travelling as well as strict quarantine measures.

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

Management has considered the unique circumstances and the risk exposures of the Company and has concluded that there is no significant impact in the Company's profitability position. note 29

**Independent auditor's report on pages 4 to 6**

# TERNA OVERSEAS LIMITED

## ADDITIONAL INFORMATION TO THE STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

## CONTENTS

# DETAILED INCOME STATEMENT
31 December 2020

| | Page | **2020 €** | 2019 € |
|---|---|---|---|
| **Revenue** | | | |
| Rendering of services | | **3.234.691** | 5.007.680 |
| Cost of sales | 3 | **(2.131.964)** | (4.002.401) |
| **Gross profit** | | **1.102.727** | 1.005.279 |
| Gross profit from contract work | 4 | **118.974** | 497.764 |
| **Gross profit** | | **1.221.701** | 1.503.043 |
| **Other operating income** | | | |
| Income from equipment rental | | **34.980** | 301.222 |
| Sundry operating income | | **19.589** | 2.377 |
| Income from insurance indemnities | | **138.067** | 326.349 |
| Income from expenses charging | | **2.140.716** | 989.294 |
| Waiver of accrued interest | | **-** | 105.983 |
| Reversal of impairment - receivable from related parties | | **71.492** | 35.601 |
| Reversal of impairment - trade receivables | | **-** | 39 |
| | | **3.626.545** | 3.263.908 |
| **Operating expenses** | | | |
| Administration expenses | 5 | **(1.742.364)** | (2.417.269) |
| | | **1.884.181** | 846.639 |
| **Other operating expenses** | | | |
| Capital issue costs | | **(440)** | (252) |
| Impairment charge - receivable from related parties | | **(17.701)** | (68.826) |
| Impairment charge - trade receivables | | **(12.135)** | - |
| Impairment charge - investments in subsidiaries | | **-** | (7.800.000) |
| **Operating profit/(loss)** | | **1.853.905** | (7.022.439) |
| Finance income | 6 | **43.698** | 134.736 |
| Finance costs | 6 | **(1.137.150)** | (228.195) |
| **Net profit/(loss) for the year before tax** | | **760.453** | (7.115.898) |

# COST OF SALES
31 December 2020

| | **2020** | 2019 |
|---|---|---|
| | **€** | € |
| **Cost of sales** | | |
| **Direct costs** | | |
| Salaries | **1.119.118** | 885.139 |
| Services received | **1.005.000** | 3.069.000 |
| Overseas travelling | **7.846** | 48.262 |
| | **2.131.964** | 4.002.401 |

# PROJECTS FOR THIRD PARTIES
31 December 2020

| | 2020 € | 2019 € |
|---|---|---|
| **Projects for Third Parties** | | |
| **Work certified on uncompleted projects:** | | |
| At the beginning | **(112.065.895)** | (57.690.452) |
| At the end | **146.359.371** | 112.065.895 |
| **Work in progress:** | | |
| At the beginning | **110.745.945** | 56.868.266 |
| At the end | **(144.920.447)** | (110.745.945) |
| | **118.974** | 497.764 |
| **Gross profit from contract work** | **118.974** | 497.764 |

# OPERATING EXPENSES
31 December 2020

| | 2020 | 2019 |
|---|---|---|
| | **€** | € |
| **Administration expenses** | | |
| Staff salaries | **835.955** | 708.898 |
| Social insurance | **54.666** | 50.835 |
| Provident fund | **5.350** | - |
| GHS contribution | **19.249** | 11.275 |
| Social cohesion fund | **15.412** | 12.780 |
| Rent | **8.162** | 6.138 |
| Common expenses | **5.871** | 6.435 |
| Annual levy | **1.350** | 767 |
| Electricity | **7.229** | 4.086 |
| Water supply and cleaning | **8.141** | 7.269 |
| Insurance | **38.698** | 207.823 |
| Repairs and maintenance | **2.959** | 609 |
| Sundry expenses | **124.398** | 101.573 |
| Telephone and postage | **9.640** | 6.930 |
| Courier expenses | **420** | - |
| Stationery and printing | **7.710** | 1.409 |
| Subscriptions and contributions | **1.868** | 2.511 |
| Certification and legalisation expenses | **2.575** | 1.260 |
| Auditors' remuneration | **12.000** | 7.500 |
| Accounting fees | **3.000** | 9.500 |
| Legal fees | **45.330** | 5.342 |
| Other professional fees | **6.850** | 3.358 |
| Revenue stamps | **3.070** | 2.778 |
| Fines | **-** | 1.382 |
| Travelling | **18.154** | 127.391 |
| Irrecoverable VAT | **15.403** | 5.141 |
| Motor vehicle running costs | **4.672** | 1.329 |
| Carriage and clearing | **-** | 1.100 |
| Transportation expenses | **36.470** | - |
| Expenses for leasing equipment | **19.565** | 282.362 |
| Services received | **384.684** | 773.663 |
| Branch prior year expenses | **-** | 20.228 |
| Depreciation | **43.513** | 45.597 |
| | **1.742.364** | 2.417.269 |

# FINANCE INCOME/COST
31 December 2020

| | 2020<br>€ | 2019<br>€ |
|---|---|---|
| **Finance income** | | |
| Bank interest | **528** | 2.486 |
| Realised foreign exchange profit | **38** | 3.977 |
| Unrealised foreign exchange profit | **43.132** | 128.273 |
| | **43.698** | 134.736 |

| | 2020<br>€ | 2019<br>€ |
|---|---|---|
| **Finance costs** | | |
| **Interest expense** | | |
| Interest expense on lease liabilities | **24.202** | 31.730 |
| Interest on loan from related company | **18.049** | 27.101 |
| Interest on taxes | **105** | - |
| **Sundry finance expenses** | | |
| Bank charges | **40.991** | 58.703 |
| Bank guarantees and commissions | **917.419** | - |
| **Net foreign exchange losses** | | |
| Realised foreign exchange loss | **431** | 62 |
| Unrealised foreign exchange loss | **135.953** | 110.599 |
| | **1.137.150** | 228.195 |

# COMPUTATION OF DEFENCE CONTRIBUTION
31 December 2020

| | Income | Rate | Defence |
|---|---|---|---|
| | € | | € c |
| INTEREST | | | |
| Interest that was subject to deduction at source | 528 | | |
| | 528 | 30% | 158,40 |
| Less: deductions at source | | | (158,40) |
| **DEFENCE CONTRIBUTION DUE TO IRD** | | | - |

# COMPUTATION OF CORPORATION TAX
31 December 2020

| | Page | € | € |
|---|---|---|---|
| Net profit per income statement | 2 | | 760.453 |
| Add: | | | |
| Accounting loss before tax attributable to the Greek Branch | | 208.673 | |
| Depreciation | | 11.205 | |
| Capital issue costs (included in other expenses) | | 440 | |
| FX not relating to trading FX | | 93.214 | |
| Construction expenses re Ayia Napa Marina (98% completion of phase 1) | | 3.585.834 | |
| Construction expenses re Ayia Napa Marina (42% completion of phase 2) | | 30.588.668 | |
| Interest expense on lease liabilities | | 19.252 | |
| Interest on taxes | | 105 | |
| Disallowance of non-statutory administration expenses as per allocation schedule | | 49.028 | |
| Gross profit from contract work re Ayia Napa Marina (Phase 1) | | 118.974 | |
| | | | 34.675.393 |
| | | | 35.435.846 |
| Less: | | | |
| Contract income re Ayia Napa Marina (refer to calculation re 42% completion of Phase 2) | | 30.588.668 | |
| Interest income | | 528 | |
| Loss from write off of IFRS16 Rights of Use (included in Other operating income) | | 1.864 | |
| Tax loss attributable to the Greek Branch | | 175.792 | |
| Contract income re Ayia Napa Marina (98% completion of Phase 1) | | 3.704.808 | |
| | | | (34.471.660) |
| **Chargeable income for the year** | | | 964.186 |

| **Calculation of corporation tax** | Income | Rate | Total |
|---|---|---|---|
| | € | % | € c |
| **Tax at normal rates:** | | | |
| Chargeable income as above | 964.186 | 12,50 | 120.523,22 |
| Tax paid provisionally | 182.657 | | (22.832,17) |
| | | | 97.691,05 |
| 10% additional charge | | | 9.769,10 |
| **TAX PAYABLE** | | | 107.460,15 |