

ELEDEM INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31 December 2020

ELEDEM INVESTMENTS LIMITED

FINANCIAL STATEMENTS

31 December 2020

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ELEDEM INVESTMENTS LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Confida Secretarial Limited

Company Secretary:

Confitrust Limited

Independent Auditors:

Baker Tilly Klitou and Partners (Limassol) Limited
Certified Public Accountants and Registered Auditors
163 Leontiou Street
Clerimos Building, 1st-2nd Floors
3022 Limassol
Cyprus

Registered office:

16-18 Zinas Kanther Street
Agia Triada
3035 Limassol
Cyprus

Independent Auditor's Report

To the Members of Eledem Investments Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Eledem Investments Limited (the "Company"), which are presented in pages 4 to 20 and comprise the statement of financial position as at 31 December 2020, and the statements of comprehensive income, changes in equity and cash flows for the period from 1 January 2020 to 31 December 2020, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2020, and of its financial performance and its cash flows for the period from 1 January 2020 to 31 December 2020 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.

Responsibilities of the Board of Directors for the Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

Independent Auditor's Report (continued)

To the Members of Eledem Investments Limited

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

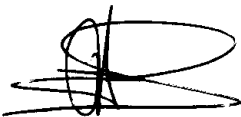
As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- 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.

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.



Christodoulos Loulloupis
Certified Public Accountant and Registered Auditor
for and on behalf of

Baker Tilly Klitou and Partners (Limassol) Limited
Certified Public Accountants and Registered Auditors

Limassol, 18 January 2021

ELEDEM INVESTMENTS LIMITED

STATEMENT OF COMPREHENSIVE INCOME

31 December 2020

	Note	2020 US\$	2019 US\$
Revenue	8	33.799.994	38.905.471
Other operating income	9	-	687
Administration expenses	10	(30.856)	(38.189)
Net impairment profit on financial and contract assets		1.112.927	2.064.097
Operating profit		34.882.065	40.932.066
Net finance costs	11	(33.064.410)	(39.453.886)
Profit before tax		1.817.655	1.478.180
Tax	12	(97.599)	(109.194)
Net profit for the period		1.720.056	1.368.986
Other comprehensive income		-	-
Total comprehensive income for the period		1.720.056	1.368.986

The notes on pages 8 to 20 form an integral part of these financial statements.

ELEDEM INVESTMENTS LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2020

	Note	2020 US\$	2019 US\$
ASSETS			
Non-current assets			
Non-current loans receivable	14	<u>399.681.964</u>	398.569.037
		<u>399.681.964</u>	398.569.037
Current assets			
Trade and other receivables	15	4.572.001	8.058.515
Financial assets at fair value through profit or loss	16	1	-
Cash and cash equivalents	17	<u>1.415.923</u>	93.532
		<u>5.987.925</u>	8.152.047
Total assets		<u>405.669.889</u>	<u>406.721.084</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	18	1.319	1.319
Retained earnings		<u>2.497.760</u>	2.777.704
Total equity		<u>2.499.079</u>	<u>2.779.023</u>
Non-current liabilities			
Borrowings	19	<u>373.883.090</u>	373.883.090
		<u>373.883.090</u>	373.883.090
Current liabilities			
Trade and other payables	20	4.848.845	5.603.052
Borrowings	19	24.388.030	24.388.030
Current tax liabilities	21	<u>50.845</u>	67.889
		<u>29.287.720</u>	30.058.971
Total liabilities		<u>403.170.810</u>	<u>403.942.061</u>
Total equity and liabilities		<u>405.669.889</u>	<u>406.721.084</u>

On 18 January 2021 the Board of Directors of Eledem Investments Limited authorised these financial statements for issue.

CONFIDA SECRETARIAL LIMITED



Confida Secretarial Limited
Director

The notes on pages 8 to 20 form an integral part of these financial statements.

ELEDEM INVESTMENTS LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2020

	Note	Share capital US\$	Retained earnings US\$	Total US\$
Balance at 1 January 2019		1.319	8.208.718	8.210.037
Net profit for the year		-	1.368.986	1.368.986
Dividends	13	-	(6.800.000)	(6.800.000)
Balance at 31 December 2019/ 1 January 2020		1.319	2.777.704	2.779.023
Net profit for the period		-	1.720.056	1.720.056
Dividends	13	-	(2.000.000)	(2.000.000)
Balance at 31 December 2020		1.319	2.497.760	2.499.079

Companies which do not distribute 70% of their profits after tax, as defined by the relevant tax law, within two years after the end of the relevant tax year, will be deemed to have distributed as dividends 70% of these profits. Special contribution for defence at 17% and GHS contribution at 1.7%-2,65% for deemed distributions after 1 March 2019 will be payable on such deemed dividends to the extent that the ultimate shareholders are both Cyprus tax resident and Cyprus domiciled. The amount of deemed distribution is reduced by any actual dividends paid out of the profits of the relevant year at any time. This special contribution for defence is payable by the Company for the account of the shareholders.

The notes on pages 8 to 20 form an integral part of these financial statements.

ELEDEM INVESTMENTS LIMITED

STATEMENT OF CASH FLOWS

31 December 2020

	Note	2020 US\$	2019 US\$
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		1.817.655	1.478.180
Adjustments for:			
Unrealised exchange loss		3.553	1.290.677
Reversal of impairment - loans to related parties	22	(1.112.927)	(2.064.097)
Interest income	8 & 11	(33.799.994)	(38.963.879)
Interest expense	11	33.056.503	38.215.198
		(35.210)	(43.921)
Changes in working capital:			
Decrease in trade and other receivables		3.486.514	101.106
(Decrease)/increase in trade and other payables		(3.502.469)	12.074
Cash (used in)/generated from operations		(51.165)	69.259
Interest received		37.278.853	58.035.996
Interest paid		(33.790.116)	(66.611.473)
Tax paid		(116.784)	(312.496)
Net cash generated from/(used in) operating activities		3.320.788	(8.818.714)
CASH FLOWS FROM INVESTING ACTIVITIES			
Loans granted		-	608.458
Net cash generated from investing activities		-	608.458
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of borrowings		-	(5.670.341)
Dividends paid		(2.000.000)	(6.800.000)
Net cash used in financing activities		(2.000.000)	(12.470.341)
Net increase/(decrease) in cash and cash equivalents		1.320.788	(20.680.597)
Cash and cash equivalents at beginning of the period		93.532	20.777.161
Effect of exchange rate fluctuations on cash held		1.603	(3.032)
Cash and cash equivalents at end of the period	17	1.415.923	93.532

The notes on pages 8 to 20 form an integral part of these financial statements.

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

1. Incorporation and principal activities

Country of incorporation

The Company Eledem Investments Limited (the "Company") was incorporated in Cyprus on 16 May 2006 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 16-18 Zinas Kanther Street, Agia Triada, 3035 Limassol, Cyprus.

Principal activity

The principal activities of the Company, which are unchanged from last year, are the provision of finance to related companies and the provision of consultancy services.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU) and the requirements of the Cyprus Companies Law, Cap. 113. The financial statements have been prepared under the historical cost convention as modified by the revaluation of, and financial assets and financial liabilities at fair value through profit or loss.

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 period 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.

Revenue

Revenue comprises interest received on loans granted. Revenues earned by the Company are recognised on the following bases:

- **Interest income**

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

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.

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

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 United States Dollars (US\$), which is the Company's functional and presentation currency.

(2) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss. Translation differences on non-monetary items such as equities held at fair value through profit or loss are reported as part of the fair value gain 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.

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.

Financial instruments

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 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.

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Classification (continued)

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.

Financial assets - Measurement

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

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

Debt instruments

Subsequent measurement of debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Company classifies its debt instruments:

Amortised cost: Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Interest income from these financial assets is included in 'other income'. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income. Financial assets measured at amortised cost (AC) comprise: cash and cash equivalents, bank deposits with original maturity over 3 months, trade receivables and financial assets at amortised cost.

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Financial instruments (continued)

Financial assets - Measurement (continued)

Equity instruments

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

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

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

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

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 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.

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

4. Significant accounting policies (continued)

Financial instruments (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.

Cash and cash equivalents

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

Borrowings

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

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.

Share capital

Ordinary shares are classified as equity.

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

5. New accounting pronouncements

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

6. Financial risk management

Financial risk factors

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

6.1 Market price risk

The Company is exposed to equity securities price risk because of investments held by the Company and classified on the statement of financial position either as fair value through other comprehensive income or at fair value through profit or loss. The Company is not exposed to commodity price risk.

The Company's equity investments that are publicly traded are included in the [Cyprus Stock Exchange General Index] and the [Athens Stock Exchange Composite Index].

Post-tax profit for the year would increase/decrease as a result of gains/losses on equity securities classified as at fair value through profit or loss. Other components of equity would increase/decrease as a result of gains/losses on equity securities classified as fair value through other comprehensive income.

To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company's Board of Directors.

6.2 Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. Borrowings issued at variable rates expose the Company to cash flow interest rate risk. Borrowings issued at fixed rates expose the Company to fair value interest rate risk. The Company's Management monitors the interest rate fluctuations on a continuous basis and acts accordingly.

6.3 Credit risk

Credit risk 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'].

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.

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

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

6. Financial risk management (continued)

6.3 Credit risk (continued)

(ii) Impairment of financial assets

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

- financial assets at amortised cost
- cash and cash equivalents

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

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

Impairment losses	2020	2019
	US\$	US\$
Reversal of impairment - loans to related parties	<u>1.112.927</u>	2.064.097
Net impairment profit on financial and contract assets	<u>1.112.927</u>	<u>2.064.097</u>

(iv) Financial assets at fair value through profit or loss

6.4 Liquidity risk

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

6.5 Currency risk

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

6.6 Capital risk management

The Company manages its capital to ensure that it will be able to continue as a going concern while maximising the return to shareholders through the optimisation of the debt and equity balance. The Company's overall strategy remains unchanged from last year.

Fair value estimation

The fair values of the Company's financial assets and liabilities approximate their carrying amounts 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.

ELEDEM INVESTMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2020

7. Critical accounting estimates and judgments (continued)

Judgments

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

- **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.

- **Fair value of financial assets**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. 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. The fair value of the financial assets at fair value through other comprehensive income has been estimated based on the fair value of these individual assets.

- **Impairment of loans receivable**

The Company periodically evaluates the recoverability of loans receivable 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 in which the borrower operates, which may indicate that the carrying amount of the loan is not recoverable. If facts and circumstances indicate that loans receivable may be impaired, the estimated future discounted cash flows associated with these loans would be compared to their carrying amounts to determine if a write-down to fair value is necessary.

8. Revenue

	2020	2019
	US\$	US\$
Interest income	<u>33,799,994</u>	<u>38,905,471</u>
	<u>33,799,994</u>	<u>38,905,471</u>

9. Other operating income

	2020	2019
	US\$	US\$
Amount written off	<u>-</u>	<u>687</u>
	<u>-</u>	<u>687</u>

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10. Administration expenses

	2020	2019
	US\$	US\$
Registrar of Companies annual levy	386	392
Auditor's remuneration - current period	7.775	6.500
Auditor's remuneration - current period - prior years	1.147	-
Other professional fees	14.000	9.078
Fines	1.142	18.195
Provision of services	6.406	4.024
	<u>30.856</u>	<u>38.189</u>

11. Finance income/(costs)

	2020	2019
	US\$	US\$
Interest income	-	58.408
Finance income	<u>-</u>	<u>58.408</u>
Foreign exchange transaction losses	(3.553)	(1.290.677)
Interest expense	(33.056.503)	(38.215.198)
Sundry finance expenses	(4.354)	(6.419)
Finance costs	<u>(33.064.410)</u>	<u>(39.512.294)</u>
Net finance costs	<u>(33.064.410)</u>	<u>(39.453.886)</u>

12. Tax

	2020	2019
	US\$	US\$
Corporation tax - current period	97.599	91.671
Defence contribution - current period	-	17.523
Charge for the period	<u>97.599</u>	<u>109.194</u>

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

	2020	2019
	US\$	US\$
Profit before tax	<u>1.817.655</u>	<u>1.478.180</u>
Tax calculated at the applicable tax rates	227.207	184.773
Tax effect of expenses not deductible for tax purposes	634	163.877
Tax effect of allowances and income not subject to tax	(139.115)	(265.313)
10% additional charge	8.873	8.334
Defence contribution current period	-	17.523
Tax charge	<u>97.599</u>	<u>109.194</u>

The corporation tax rate is 12,5%.

Under certain conditions interest income may be subject to defence contribution at the rate of 30%. In such cases this interest will be exempt from corporation tax. In certain cases, dividends received from abroad may be subject to defence contribution at the rate of 17%.

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31 December 2020

12. Tax (continued)

Gains on disposal of qualifying titles (including shares, bonds, debentures, rights thereon etc) are exempt from Cyprus income tax.

13. Dividends

	2020 US\$	2019 US\$
Final dividend paid	<u>2.000.000</u>	6.800.000
	<u>2.000.000</u>	<u>6.800.000</u>

On 28 May 2020, the Company in General Meeting approved the payment of a final dividend of US\$2.000.000 out of the profits of year 2017(2019: US\$6.800.000).

Dividends are subject to a deduction of special contribution for defence at 17% for individual shareholders that are both Cyprus tax resident and Cyprus domiciled.

14. Non-current loans receivable

	2020 US\$	2019 US\$
Loans to related companies (Note 22.3)	400.000.000	400.000.000
Loss allowance on loans receivable	<u>(318.036)</u>	<u>(1.430.963)</u>
	<u>399.681.964</u>	<u>398.569.037</u>

The loans are repayable as follows:

	2020 US\$	2019 US\$
Between one and five years	<u>399.681.964</u>	<u>398.569.037</u>

The exposure of the Company to credit risk in relation to loans receivable is reported in note 6 of the financial statements.

15. Trade and other receivables

	2020 US\$	2019 US\$
Other receivables	<u>4.572.001</u>	8.058.515
	<u>4.572.001</u>	<u>8.058.515</u>

The other receivables relate to interest receivable on loans granted.

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

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.

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16. Financial assets at fair value through profit or loss

	2020	2019
	US\$	US\$
	2020	2019
	US\$	US\$
Balance at 1 January	-	-
Additions	<u>1</u>	-
Balance at 31 December	<u>1</u>	-

The financial assets at fair value through profit or loss are private securities and are valued at market value at the close of business on 31 December. Financial assets at fair value through profit or loss are classified as current assets because they are expected to be realised within twelve months from the reporting date.

In the statement of cash flows, financial assets at fair value through profit or loss are presented within the section on operating activities as part of changes in working capital. In the statement of comprehensive income, changes in fair values of financial assets at fair value through profit or loss are recorded in operating income.

17. Cash and cash equivalents

Cash balances are analysed as follows:

	2020	2019
	US\$	US\$
Cash at bank and in hand	<u>1.415.923</u>	93.532
	<u>1.415.923</u>	93.532

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.

18. Share capital

	2020	2020	2019	2019
	Number of	€	Number of	€
	shares		shares	
Authorised				
Ordinary shares of €1 each	<u>5.000</u>	<u>5.000</u>	5.000	5.000
		US\$		US\$
Issued and fully paid				
Balance at 1 January	<u>1.000</u>	<u>1.319</u>	1.000	1.319
Balance at 31 December	<u>1.000</u>	<u>1.319</u>	1.000	1.319

19. Borrowings

	2020	2019
	US\$	US\$
Current borrowings		
Loans from related companies (Note 22.4)	<u>24.388.030</u>	24.388.030
	24.388.030	24.388.030
Non-current borrowings		
Loans from related companies (Note 22.4)	<u>373.883.090</u>	373.883.090
Total	<u>398.271.120</u>	398.271.120

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20. Trade and other payables

	2020	2019
	US\$	US\$
Accruals	7.775	-
Accruals(related company balance)	4.839.891	5.595.257
Other creditors	1.179	7.795
	<u>4.848.845</u>	<u>5.603.052</u>

The accruals mainly consist of interest accrued on loans payable to related companies.

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

21. Current tax liabilities

	2020	2019
	US\$	US\$
Corporation tax	50.845	50.366
Special contribution for defence	-	17.523
	<u>50.845</u>	<u>67.889</u>

22. Related party transactions

The Company is controlled by MHP SE, registered in Cyprus, which owns 100% of the Company's shares.

The following transactions were carried out with related parties:

22.1 Income from related companies

	2020	2019
	US\$	US\$
Interest income	31.452.778	38.905.471
	<u>31.452.778</u>	<u>38.905.471</u>

22.2 Expenses payable to related companies

	2020	2019
	US\$	US\$
Interest expense	30.760.912	38.215.198
	<u>30.760.912</u>	<u>38.215.198</u>

22.3 Loans to related parties (Note 14)

	2020	2019
	US\$	US\$
Loans to related companies through common shareholders	399.681.964	398.569.037
	<u>399.681.964</u>	<u>398.569.037</u>

The loans to related companies are denominated in United States Dollars, bear interest at the rate 8.45% per annum and are receivable in 2022.

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31 December 2020

22. Related party transactions (continued)

22.4 Loans from related parties (Note 19)

	2020 US\$	2019 US\$
Loan from parent company	<u>398.271.120</u>	398.271.120
	<u>398.271.120</u>	<u>398.271.120</u>

The loans from related companies are denominated in United States Dollars, bear interest at the rate of 8,3% per annum and are repayable in 2024.

23. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2020.

24. Commitments

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

25. 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.

Industries such as tourism, hospitality and entertainment are expected to be directly disrupted significantly by these measures. Other industries such as manufacturing and financial services are expected to be indirectly affected and their results to also be negatively affected.

The financial effect of the current crisis on the global economy and overall business activities cannot be estimated with reasonable certainty at this stage, due to the pace at which the outbreak expands and the high level of uncertainties arising from the inability to reliably predict the outcome.

The event is considered as a non-adjusting event and is therefore not reflected in the recognition and measurement of the assets and liabilities in the financial statements as at 30 November 2020.

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.

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

Independent auditor's report on pages 2 to 3