BUPRA DEVELOPMENT SRL

REPORT AND FINANCIAL STATEMENTS
31 December 2019

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CONTENTS

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:	Constantinos Hassabis Ioannis Papafilippou
Independent Auditors:	Baker Tilly Klitou and Partners SRL 4B Gara Herastrau, 10th Fl., 2nd District Bucharest Romania
Legal Advisers:	Lucu si Asociatii SCA No.4 Splaiul Unirii, Floor 7 Building B3, District 4, Bucharest Romania
Registered office:	7 Iuliu Maniu Bvd, Building U, Floor 5, Office 1 5th District, Bucharest Romania
Bankers:	Alpha Bank – Libertatii Branch
Registration number:	Trade Register: J40/3831/2005VAT: RO17293452

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2019.

Principal activities and nature of operations of the Company
The principal activity of the Company, which is unchanged from last year, is the development of building projects.

Review of current position, future developments and performance of the Company's business
The Company's development to date, financial results and position as presented in the financial statements are not considered satisfactory and the Board of Directors is making an effort to reduce the Company's losses.

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

Use of financial instruments by the Company
The Company is exposed to interest rate risk and credit risk from the financial instruments it holds.

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.

Credit risk
Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk from its operating activities - primarily trade receivables and from its financing activities, including deposits with banks, foreign exchange transactions and other financial instruments.

Credit risk related to trade receivables: This is managed based on established policies, procedures and controls relating to customer credit risk management. Credit limits are established for all customers based on internal ratings. Credit quality of the customer is assessed and outstanding customer receivables are regularly monitored. The Company does not hold collateral as security.

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.

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

Board of Directors
The members of the Company's Board of Directors as at 31 December 2019 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 2019.

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.

Events after the reporting period
Any significant events that occurred after the end of the reporting period are described in note 25 to the financial statements.

Independent Auditors
The Independent Auditors, Baker Tilly Klitou and Partners SRL, 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,

Constantinos Hassabis	Ioannis Papafilippou
Administrator	Administrator

Bucharest, 24 June 2020

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Independent Auditor's Report
To the Members of BUPRA DEVELOPMENT S.R.L.

Report on the Financial Statements

Opinion

[1] We have audited the financial statements of **Bupra Development S.R.L**. (the "Company") which are presented in pages 8 to 24 and comprise the statement of financial position as at 31 December 2019 and the statement of comprehensive income, statement of changes in equity and statement of 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 **Bupra Development S.R.L**. as of 31 December 2019 and of its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards as adopted by the European Union (EU).

Basis for Opinion

[2] We conducted our audit in accordance with the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Romania, 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.

Emphasis of matters

[3] Without qualifying our opinion we draw attention to the following matters:

a) The taxation system in Romania is at an early stage of development and is subject to varying interpretations and to constant changes, which may be retroactive. In certain circumstances the tax authorities can be arbitrary in assessing tax penalties. Although the actual tax on a transaction may be minimal, penalties can be significant as they may be calculated based on the value of the transactions. In Romania, tax periods remain open for tax reviews for 5 years.

b) As stated in Notes 5 to the financial statements, the Company's accumulated losses are in amount of EURO 1,570,867. This condition indicates the existence of a material uncertainty which may cast significant doubt on the Company's ability to continue as a going concern. Should the Company be unable to continue operating, adjustments would have to be made to reduce the value of assets to their recoverable amount, to provide for any further liabilities which might arise, and to reclassify non-current assets and non-current liabilities as current assets and liabilities.

c) The financial statements as at 31 December 2019 contain transactions with related parties. The fiscal legislation in Romania include the “market value concept”, accordingly the transactions between related parties need to be made at arm’s length basis. The Romanian entities having transactions with related parties need to prepare and to make available to tax authorities, at their request, the transfer pricing file. At the date of approval of the financial statements, the tax authorities did not request the preparation of transfer pricing documentation and the Company has not yet started to prepare this file. The management considers that the company will not suffer any penalties in case of a transfer pricing fiscal control.
Nevertheless, the impact of a potential different interpretation of fiscal authorities cannot be estimated reliably. This impact might be significant for the financial position and/or financial performance of the Company.

d) As also mentioned in note 22 to the financial statements, there are uncertainties regarding the ownership right in connection with a plot of land in total area of 22.116 sqm, out of the total land of the Company of 101,025sqm, located in Bolintin Deal, Giurgiu County. In 2006 the previous owners of Tiemme's property executed a project cadastral documentation which overlaps Bupra's property. There are two cases referred to the courts of law, which are currently in progress, regarding the ownership rights.

e) As per articles 153 and 201 of Romanian Companies' Law 31/ 1990 with all the related changes, in case the net assets of the Company amount to less than half of the subscribed share capital, it is compulsory that the Company will, by the end of the financial exercise following the one in which the losses were incurred, increase the net assets up to an amount equalling at least half of the share capital (through the results of the Company in the following financial exercise or through an increase in the share capital).

Other information

[4] The Administrators are responsible for the other information. The other information comprises the information included in the report of the administrators, 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 Administrators for the Financial Statements

[5] The Administrators are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards issued by the IASB, and for such internal control as the Administrators determine 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 Administrators are 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 Administrators either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Administrators are responsible for overseeing the Company's financial reporting process.

Independent Auditor's Report (continued)

To the Members of Bupra Development SRL

Auditor's Responsibility for the Audit of the Financial Statements

[6] 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 judgement and maintain professional skepticism throughout the audit. We also:

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

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

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

- Conclude on the appropriateness of the Administrators' 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 Administrators 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 Bupra Development SRL

Other Matter

[7] This report, including the opinion, has been prepared and is intended solely for the information and use of the Company’s members as a body. To the fullest extent permitted by the Law, our audit work has been undertaken so that we might report those matters that we are required to report in an Auditor’s Report and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purposes or to any other person to whose knowledge this report may come to.

Baker Tilly Klitou and Partners SRL

Bucharest, 24 June 2020

STATEMENT OF COMPREHENSIVE INCOME
For the year ended 31 December 2019

	Note	**2019** **€**	2018 €
Administration expenses	9	**(5.830)**	(5.941)
Other expenses	10	**(17.600)**	(18.800)
Operating loss		**(23.430)**	(24.741)
Finance income		**19.861**	36.564
Finance costs		**(88.683)**	(39.395)
Net finance costs	11	**(68.822)**	(2.831)
Loss before tax		**(92.252)**	(27.572)
Tax	12	**2.815**	3.008
Net loss for the year		**(89.437)**	(24.564)
Other comprehensive income			
Exchange difference arising on the translation of financial statements		**68.305**	2.539
Other comprehensive income for the year		**68.305**	2.539
Total comprehensive income for the year		**(21.132)**	(22.025)

STATEMENT OF FINANCIAL POSITION
31 December 2019

	Note	2019 €	2018 €
ASSETS			
Non-current assets			
Investment properties	13	**2.159.400**	2.177.000
		2.159.400	2.177.000
Current assets			
Receivables	14	**15.072**	14.947
Refundable taxes	20	**1**	-
Cash and cash equivalents	15	**29**	1.533
		15.102	16.480
Total assets		**2.174.502**	2.193.480
EQUITY AND LIABILITIES			
Equity			
Share capital	16	**15.250**	15.250
Translation reserve		**833.422**	765.117
Accumulated losses		**(1.570.867)**	(1.481.430)
Total equity		**(722.195)**	(701.063)
Non-current liabilities			
Borrowings	17	**2.826.900**	2.822.100
Deferred tax liabilities	18	**66.624**	69.440
		2.893.524	2.891.540
Current liabilities			
Trade and other payables	19	**3.173**	3.003
		3.173	3.003
Total liabilities		**2.896.697**	2.894.543
Total equity and liabilities		**2.174.502**	2.193.480

On 24 June 2020 the Board of Directors of Bupra Development SRL authorised these financial statements for issue.

....	....
Constantinos Hassabis	Ioannis Papafilippou
Director	Director

STATEMENT OF CHANGES IN EQUITY
For the year ended 31 December 2019

	Share capital €	Translation reserve €	Accumulated losses €	Total €
Balance at 1 January 2018	**15.250**	**762.578**	**(1.456.866)**	**(679.038)**
Comprehensive income				
Net loss for the year	-	-	(24.564)	(24.564)
Other comprehensive income for the year	-	2.539	-	2.539
Balance at 31 December 2018/ 1 January 2019	**15.250**	**765.117**	**(1.481.430)**	**(701.063)**
Comprehensive income				
Net loss for the year	-	-	(89.437)	(89.437)
Other comprehensive income for the year	-	68.305	-	68.305
Balance at 31 December 2019	**15.250**	**833.422**	**(1.570.867)**	**(722.195)**

The notes on pages 12 to 24 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS
For the year ended 31 December 2019

	Note	**2019**	2018
		€	€
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		**(92.252)**	(27.572)
Adjustments for:			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		**68.305**	2.539
Fair value losses on investment property		**17.600**	18.800
		(6.347)	(6.233)
Changes in working capital:			
Increase in receivables		**(125)**	(641)
Increase/(Decrease) in trade and other payables		**170**	(2.425)
Cash used in operations		**(6.302)**	(9.299)
CASH FLOWS FROM INVESTING ACTIVITIES		**-**	-
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**4.800**	10.700
Net cash generated from financing activities		**4.800**	10.700
Net (decrease)/increase in cash and cash equivalents		**(1.502)**	1.401
Cash and cash equivalents at beginning of the year		**1.533**	132
Cash and cash equivalents at end of the year	15	**29**	1.533

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

1. Incorporation and principal activities

Country of incorporation

The Company Bupra Developme

nt SRL (the "Company") was incorporated in Romania on 28 February 2005 as a private limited liability company under the provisions of the Roamnian Companies Law No 31/1990. Its registered office is at 7 Iuliu Maniu Bvd, Building U, Floor 5, Office 15th District, Bucharest, Romania .

Principal activities

The principal activity of the Company, which is unchanged from last year, is the development of building projects.

2. Basis of preparation

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) as issued by the International Accounting Standards Board(IASB). The financial statements have been prepared under the historical cost convention.

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. 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 presentation currency

4. 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 2019. This adoption did not have a material effect on the accounting policies of the Company.

5. 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.

Going concern basis

The Company incurred a loss of €89.437 for the year ended 31 December 2019, and it has accumulated losses in amount of euro €(1.570.867). The Company is dependent upon the continuing financial support of its parent company without which there would be significant doubt about its ability to continue as a going concern as well as its ability to realise its assets and discharge its liabilities in the ordinary course of business. The parent company has indicated its intention to continue providing such financial assistance to the Company to enable it to continue as a going concern and to meet its obligations as they fall due.

5. Significant accounting policies (continued)

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 comprehensive income in the period in which the circumstances that give rise to the revision become known by Management.

- **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.

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 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.

5. Significant accounting policies (continued)

Foreign currency translation (continued)

Therefore, in accordance with IAS 21, the method used to translate the financial statements from the functional currency into the presentation currency as follows: Assets and liabilities are translated using the closing exchange rate as at 31 December 2019. Consequently, they have been translated into EURO with an exchange rate of RON 4.7793 per EURO 1.00.Income and expenses are translated using the average exchange rate for the year. Share capital, reserves and retained earnings are translated at historic exchange rate. Consequently, they have been translated into EURO with a rate of RON 4.7452 per EURO 1.00. Exchange differences arising on the translation are classified as equity and recorded as translation reserve.

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.

Investment properties

Investment property, principally comprising land, is held for long-term rental yields and/or for capital appreciation and is not occupied by the Company. Investment property is carried at fair value, representing open market value determined annually by external valuers. Changes in fair values are recorded in profit or loss and are included in other operating income.

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.

Cash and cash equivalents

For the purpose of the statement of cash flows, cash and cash equivalents comprise cash at bank and in hand.

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.

5. Significant accounting policies (continued)

Trade payables

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

Comparatives

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

6. Financial risk management

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

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

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

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

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. Financial risk management (continued)

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 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.

6.6 Compliance risk
Compliance risk is the risk of financial loss, including fines and other penalties, which arises from non-compliance with laws and regulations of the state. The risk is limited to a significant extent due to the supervision applied by the Compliance Officer, as well as by the monitoring controls applied by the Company.

6.7 Litigation risk
Litigation risk is the risk of financial loss, interruption of the Company's operations or any other undesirable situation that arises from the possibility of non-execution or violation of legal contracts and consequentially of lawsuits. The risk is restricted through the contracts used by the Company to execute its operations.

6.8 Reputation risk
The risk of loss of reputation arising from the negative publicity relating to The Company's operations (whether true or false) may result in a reduction of its clientele, reduction in revenue and legal cases against the Company. The Company applies procedures to minimize this risk.

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

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

6.10 Other risks
The general economic environment prevailing in Romania and internationally may affect the Company's operations to a great extent. Economic conditions such as inflation, unemployment, and development of the gross domestic product are directly linked to the economic course of every country and any variation in these and the economic environment in general may create chain reactions in all areas hence affecting the Company.

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

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.

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.

7. Critical accounting estimates and judgments (continued)

- **Fair value of investment property**

  The fair value of investment property 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 investment property has been estimated based on the fair value of their individual assets.

- **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.

8. Fair value measurement

- The fair value of investment property is determined by using valuation techniques. The Company uses its judgement 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 investment property has been estimated based on the fair value of their individual assets.

Valuation techniques

Investment properties

The Company's investment properties are valued by independent professionally qualified valuers, who hold a recognised relevant professional qualification and have recent experience in the locations and segments of the investment properties valued. For all investment properties, their current use equates to the highest and best use. The fair values are based on market values. In the absence of current prices in an active market, the valuations are prepared by considering the future rental cash inflows based on the actual location, type and quality of the properties and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties.

9. Administration expenses

	2019	2018
	€	€
Immovable property tax	**1.892**	1.930
Auditors' remuneration	**1.100**	1.100
Accounting fees	**527**	537
Legal fees	**9**	9
Fines	**57**	10
Inland travelling and accommodation	**164**	158
Legal consultants	**1.420**	1.547
Land valuation expenses	**661**	650
	5.830	5.941

10. Other expenses

	2019	2018
	€	€
Fair value losses on investment property	**17.600**	18.800
	17.600	18.800

11. Finance income/(costs)

	2019	2018
	€	€
Foreign exchange transaction profit	**19.861**	36.564
Finance income	**19.861**	36.564
Foreign exchange transaction losses	**(88.571)**	(39.273)
Sundry finance expenses	**(112)**	(122)
Finance costs	**(88.683)**	(39.395)
Net finance costs	**(68.822)**	(2.831)

12. Tax

	2019	2018
	€	€
Deferred tax - credit (Note 18)	**(2.815)**	(3.008)
Credit for the year	**(2.815)**	(3.008)

The corporation tax rate is 16%.

Tax on profit is calculated in accordance with the Romanian tax legislation on profit as per the financial statements prepared in accordance with the Romanian GAAP. According to the tax legislation companies must submit tax returns on a quarterly basis

For the fiscal period from 1 January 2019 to 31 December 2019 the Company recorded a fiscal loss

13. Investment properties

	2019	2018
	€	€
Balance at 1 January	**2.177.000**	2.195.800
Fair value adjustment	**(17.600)**	(18.800)
Balance at 31 December	**2.159.400**	2.177.000

The Company acquired on 26 January 2006 a plot of land of 101,025 sqm in Bolintin Deal, Giurgiu county, amounting to EURO 2,525,625 at acqusition date. From the total surface of the plot of land, there are uncertainties regarding the ownership right in connection with a plot of land in total area of 22.116 sqm, out of the total land of the Company .In 2006 the previous owners of Tiemme Systems's property executed a project cadastral documentation which overlaps Bupra's property. There are two cases referred to the courts of law, which are currently in progress, regarding the ownership rights.

On 31 December 2013 Eurobank Property Services, represented by Mrs. Oana Rucareanu, performed the valuation of land. According to the valuation report the fair value of the land is 1,873,000 EURO (based on Market Comparson Approach taking into account the warehouse development).The value has not been modified as at 31 December 2014.

13. Investment properties (continued)

On 31 December 2015 Eurobank Property Services, performed the valuation of land. According to the valuation report the fair value of the land is 1,743,000 EURO (based on Market Comparison Approach taking into account the warehouse development)

On 29 February 2016 Eurobank Property Services SA performed the valuation of land.According to the valuation report the fair value of the land is the same amount as in 2015: 1,743,000 EURO (based on Market Comparison Approach taking into account the warehouse development).

On 19 February 2018 CrossPoint Real Estate performed the valuation of land.According to the valuation report the fair value of the land is the same amount as in 2017: 2,195,800 EURO (based on Market Comparison Approach taking into account the warehouse development).

On 28 January 2019 CrossPoint Real Estate performed the valuation of land.According to the valuation report the fair value of the land is the same amount as in 2018: 2,177,000 EURO (based on Market Comparison Approach taking into account the warehouse development).

On 04 January 2020 CrossPoint Real Estate performed the valuation of land.According to the valuation report the fair value of the land is the same amount as in 2019: 2,159,400 EURO (based on Market Comparison Approach taking into account the warehouse development).

Fair value hierarchy

The fair value of investment property was determined by external, independent property valuers, having appropriate recognised professional qualifications and recent experience in the location and category of the property being valued. The independent valuers provide the fair value of the Company's property portfolio every year.

14. Receivables

	2019	2018
	€	€
Refundable VAT	**15.072**	14.947
	15.072	14.94

15. Cash and cash equivalents

Cash balances are analysed as follows:

	2019	2018
	€	€
Cash in hand	**12**	4
Current accounts	**17**	1.529
	29	1.533

16. Share capital

	2019 Number of shares	**2019 €**	2018 Number of shares	2018 €
Authorised				
Issued and fully paid				
Balance at 1 January 2019	**1.410**	**15.250**	1.410	15.250
Balance at 31 December 2019	**1.410**	**15.250**	1.410	15.250

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Name	Country	Number of shares	Holding%
Christos Ioannou	Cyprus	1	0.07
Avax Development Single Member SA	Greece	1.409	99.93
Total		**1.410**	**100**

The Company is controlled by Avax Development Single Member SA , incorporated in Greece, which owns 99.93% of the Company's shares. The Company's ultimate controlling party is Avax S.A

17. Borrowings

	2019	2018
	€	€
Non-current borrowings		
Loans from associates (Note 21.1)	**2.826.900**	2.822.100

Maturity of non-current borrowings:

	2019	2018
	€	€
Between two and five years	**2.826.900**	2.822.100

According with the addendum no. 4/19.05.2020, the loan agreement from dated 25.05.2015 was extended by 25.05.2025

Details regarding the loans granted to the Com0pany are presented below:

Date of the contract	Name of the lender	Amount Euro	Interest Rate	Repayment date
25 May 2015	Avax Development Single Member SA	2.826.900	0%	25 May 2025
	Total	**2.826.900**		

18. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 12). The applicable corporation tax rate in the case of tax losses is 16%.

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2019

The movement on the deferred taxation account is as follows:

Deferred tax liability

	Revaluation of land and buildings €
Balance at 1 January 2018	72.448
Charged/(credited) to:	
Statement of comprehensive income (Note 12)	(3.008)
Balance at 31 December 2018/ 1 January 2019	**69.440**
Charged/(credited) to:	
Statement of comprehensive income (Note 12)	(2.815)
Balance at 31 December 2019	**66.624**

19. Trade and other payables

	2019 €	2018 €
Trade payables	**599**	1.210
Accruals	**2.574**	1.793
	3.173	3.003

20. Refundable taxes

	2019	2018
	€	€
Corporation tax	**(1)**	(1)
	(1)	(1)

21. Related party transactions

The Company is controlled by Avax Development Single Member SA, incorporatd in Greece, which owns 99.93% of the Company's shares. The Company's ultimate controlling party is Avax S.A. As at 31 December 2019 the related parties of the company were:

The following transactions were carried out with related parties:

Name of the related party	**Type of relation**	**Country of origin**
Avax Development Single Member SA	Shareholder	Greece
Christos Ioannou	Shareholder	Cyprus
Ioannis Papafilippou	Admnistrator	Greece
Constantinos Hassabis	Admnistrator	Cyprus
Oriol Real Estates S.R.L.	Under common control	Romania
Faethon Development S.R.L.	Under common control	Romania
Concurent Real Investments S.R.L.	Under common control	Romania
Avax SA	Ultimate controlling party	Greece
Avax SA Atena Grecia Sucursala Romania	Under common control	Romania
Avax Development Single Member SA Atena Sucursala Romania	Under common control	Romania

21.1 Loans from related parties (Note 17)

	2019	2018
	€	€
	2.826.900	2.822.100
	2.826.900	2.822.100

The loan from Avax Development Single Member SA was provided interest free and have to be reimbursed no later than 25.05.2025

22. Contingent liabilities

As at 31 December 2019, there were 2 pending claims against the Company in relation to the ownership right of a plot of land in a total surface of 22.116 sqm which is overlapping the property of the prior owner Tiemme Systems srl. The management cannot reliable estimates the outcome of the litigations and accordingly no provision has been made in the financial statements in respect of this matter.The outcome will depend on the conclusions of the topographical expertise which will be performed in the case file and on the finalisation of the systematic cadastral works with the deadline for completion 25 January 2021 and 01 February 2021.

Except the mention above, the Company had no contingent liabilities as at 31 December 2019.

The Company had no contingent liabilities as at 31 December 2019.

23. Commitments

The Company had no capital or other commitments as at 31 December 2019.

24. Taxation and legal environment in Romania

The taxation system in Romania is at an early stage of development and is subject to varying interpretation and to constant changes, which may be retroactive. In certain circumstances the tax authorities can be arbitrary in assessing tax penalties. Although the actual tax on a transaction may be minimal, penalties can be significant as they may be calculated based on the value of the transactions and range starting with 0.02 % per day. In Romania, tax periods remain open for tax reviews for 7 years.

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, have implemented restrictions on travelling as well as strict quarantine measures.

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 31 December 2019.

25. Events after the reporting period (continued)

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.

Independent auditor's report on pages 4 to 7