

**BUPRA DEVELOPMENT SRL**

**REPORT AND FINANCIAL STATEMENTS**  
31 December 2018

# **BUPRA DEVELOPMENT SRL**

---

## **REPORT AND FINANCIAL STATEMENTS** 31 December 2018

### **CONTENTS**

### **PAGE**

Board of Directors and other officers	1
Report of the Board of Administrators	2
Independent auditor's report	3 - 5
Statement of profit or loss and other comprehensive income	6
Statement of financial position	7
Statement of changes in equity	8
Statement of cash flows	9
Notes to the financial statements	10 - 22

# **BUPRA DEVELOPMENT SRL**

---

## **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:**

Piraeus Bank S.A - Victoriei Branch

**Registration number:**

Trade Register: J40/3831/2005VAT: RO17293452

# **BUPRA DEVELOPMENT SRL**

---

## **REPORT OF THE BOARD ADMINISTRATORS**

The Board of Directors of BUPRA DEVELOPMENT SRL (the "Company") presents to the members its Management Report and audited financial statements of the Company for the year ended 31 December 2018.

### **Incorporation**

The Company was incorporated in Romania on 28 February 2005 as a private limited liability company under the provisions of the Romanian Companies Law No. 31/1990.

### **Principal activities and nature of operations of the Company**

The principal activities of the Company, which are 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.

The most significant risks faced by the Company and the steps taken to manage these risks, are described in note 3 of the financial statements.

### **Results**

The Company's results for the year are set out on page 6. The net loss for the year is carried forward.

### **Share capital**

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

### **Board of Directors**

The members of the Company's Board of Directors as at 31 December 2018 and at the date of this report are presented on page 1.

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**

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

### **Independent Auditors**

The Independent Auditors, Baker Tilly Kiltou 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,

Administrator

Bucharest, 29 July 2019

Ioannis Papafilippou

Administrator

**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 6 to 20 and comprise the statement of financial position as at 31 December 2018 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 2018 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 and 26 to the financial statements, the Company's accumulated losses are in amount of EURO 1,481,430. 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 2018 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 10 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.

***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.

**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, 29 July 2019

## BUPRA DEVELOPMENT SRL

---

### STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2018

	Note	2018 €	2017 €
Other operating income	9	-	452.800
Administration expenses	10	(5.941)	(9.806)
Other expenses	11	<u>(18.800)</u>	-
<b>Operating (loss)/profit</b>		<b>(24.741)</b>	442.994
<b>(Loss)/profit before tax</b>		<b>(27.572)</b>	369.866
Tax	13	<u>3.008</u>	(72.448)
<b>Net (loss)/profit for the year</b>		<b><u>(24.564)</u></b>	297.418
<b>Other comprehensive income</b>			
Exchange difference arising on the translation of financial statements		<u>2.539</u>	72.652
<b>Other comprehensive income for the year</b>		<b><u>2.539</u></b>	72.652
<b>Total comprehensive income for the year</b>		<b><u>(22.025)</u></b>	370.070

---

The notes on pages 10 to 20 form an integral part of these financial statements.



## BUPRA DEVELOPMENT SRL

### STATEMENT OF FINANCIAL POSITION

31 December 2018

	Note	2018 €	2017 €
<b>ASSETS</b>			
<b>Non-current assets</b>			
Investment properties	14	<u>2.177.000</u>	<u>2.195.800</u>
		<u>2.177.000</u>	<u>2.195.800</u>
<b>Current assets</b>			
Receivables	15	14.947	14.306
Refundable taxes		1	1
Cash and cash equivalents	16	<u>1.533</u>	<u>131</u>
		<u>16.481</u>	<u>14.438</u>
<b>Total assets</b>		<u><b>2.193.481</b></u>	<u><b>2.210.238</b></u>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	17	15.250	15.250
Translation reserve		765.118	762.578
Accumulated losses		<u>(1.481.430)</u>	<u>(1.456.866)</u>
<b>Total equity</b>		<u><b>(701.062)</b></u>	<u><b>(679.038)</b></u>
<b>Non-current liabilities</b>			
Deferred tax liabilities	19	<u>69.440</u>	<u>72.448</u>
		<u>69.440</u>	<u>72.448</u>
<b>Current liabilities</b>			
Trade and other payables	20	3.003	5.428
Borrowings	18	<u>2.822.100</u>	<u>2.811.400</u>
		<u>2.825.103</u>	<u>2.816.828</u>
<b>Total liabilities</b>		<u><b>2.894.543</b></u>	<u><b>2.889.276</b></u>
<b>Total equity and liabilities</b>		<u><b>2.193.481</b></u>	<u><b>2.210.238</b></u>

On 29 July 2019 the Board of Directors of BUPRA DEVELOPMENT SRL authorised these financial statements for issue.

.....  
Constantinos Hassabis  
Ioannis Papafilippou  
Administrator

The notes on pages 10 to 20 form an integral part of these financial statements.

## BUPRA DEVELOPMENT SRL

---

### STATEMENT OF CHANGES IN EQUITY

31 December 2018

	Share capital €	Translation reserve €	Accumulated losses €	Total €
<b>Balance at 1 January 2017 as previously reported</b>	<b>15.250</b>	<b>689.926</b>	<b>(1.754.284)</b>	<b>(1.049.108)</b>
Net profit for the year	-	-	297.418	297.418
Other comprehensive income for the year	-	72.652	-	72.652
<b>Balance at 1 January 2018</b>	<b>15.250</b>	<b>762.578</b>	<b>(1.456.866)</b>	<b>(679.038)</b>
Net loss for the year	-	-	(24.564)	(24.563)
Other comprehensive income for the year		2.539		2.539
<b>Balance at 31 December 2018</b>	<b>15.250</b>	<b>765.118</b>	<b>(1.481.430)</b>	<b>(701.062)</b>

---

The notes on pages 10 to 20 form an integral part of these financial statements.

## BUPRA DEVELOPMENT SRL

---

### STATEMENT OF CASH FLOWS

31 December 2018

	Note	2018 €	2017 €
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
(Loss)/profit before tax		(27.571)	369.866
Adjustments for:			
Exchange difference arising on the translation and consolidation of foreign companies' financial statements		2.539	72.652
Fair value losses/(gains) on investment property		<u>18.800</u>	<u>(452.800)</u>
		(6.232)	(10.282)
<b>Changes in working capital:</b>			
Increase in receivables		(641)	(893)
(Decrease)/increase in trade and other payables		<u>(2.425)</u>	<u>3.828</u>
<b>Cash (used in)/generated from operations</b>		<b>(9.298)</b>	<b>(7.347)</b>
 <b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Proceeds from borrowings		10.700	2.000
<b>Net cash generated from financing activities</b>		<u>10.700</u>	<u>2.000</u>
<b>Net increase in cash and cash equivalents</b>		<b>1.402</b>	<b>(5.347)</b>
Cash and cash equivalents at beginning of the year		<u>131</u>	<u>5.479</u>
<b>Cash and cash equivalents at end of the year</b>		<u><b>1.533</b></u>	<u><b>131</b></u>

---

The notes on pages 10 to 20 form an integral part of these financial statements.

# **BUPRA DEVELOPMENT SRL**

---

## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

### **1. Incorporation and principal activities**

#### **Country of incorporation**

The Company Bupra Development S.R.L. (the "Company") was incorporated in Romania on 28 February 2005 as a private limited liability company under the provisions of the Romanian Companies Law No 31/1990. Its registered office is at 7 Iuliu Maniu Bvd, Building U, Floor 5, Office 1, 5th District, Bucharest, Romania.

#### **Principal activities**

The principal activities of the Company, which are 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 functional currency of the Company.

### **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 2018. 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. Apart from the accounting policy changes resulting from the adoption of IFRS 9 and IFRS 15 effective from 1 January 2018, these policies have been consistently applied to all the years presented, unless otherwise stated.

#### **Going concern basis**

The Company incurred a loss of € 24.564 for the year ended 31 December 2018, and it has accumulated losses in amount of € 1,481,430. The Company is dependent upon the continuing financial support of its shareholder. The shareholder has indicated his 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.

# BUPRA DEVELOPMENT SRL

---

## NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

### Revenue

#### Recognition and measurement

- **Land development and resale**

- **Interest income**

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

- **Contract assets and contract liabilities**

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

### Finance income

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

### Finance costs

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

### Foreign currency translation

#### (1) Functional and presentation currency

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

#### (2) Transactions and balances

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

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 2018. Consequently, they have been translated into EURO with an exchange rate of RON 4.6639 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. The expenses and the revenues have been translated into EURO with a rate of RON 4.6535 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.

## **BUPRA DEVELOPMENT SRL**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

#### **5. Significant accounting policies (continued)**

##### **Tax (continued)**

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 and the Company intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

##### **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 and is subsequently transferred from retained earnings to fair value reserves. Gains or losses arising from changes in the fair value of investment property are included in the profit or loss for the period in which they arise.

##### **Impairment of non-financial assets**

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

##### **Financial assets - Classification**

From 1 January 2018, the Company classifies its financial assets in the categorie: those to be measured subsequently at fair value

##### **Financial assets - Recognition and derecognition**

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

##### **Cash and cash equivalents**

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

##### **Financial liabilities - measurement categories**

##### **Borrowings**

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

##### **Trade payables**

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

# **BUPRA DEVELOPMENT SRL**

---

## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

### **5. Significant accounting policies (continued)**

#### **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, market price risk, interest rate risk, credit risk, liquidity risk, currency risk, compliance risk, litigation risk, reputation risk, compliance risk, litigation risk, reputation risk, capital risk management and other risks arising from the financial instruments it holds.

#### **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 when a failure by counter parties to discharge their obligations could reduce the amount of future cash inflows from financial assets on hand at the reporting date. The Company has no significant concentration of credit risk. The Company has policies in place to ensure that sales of products and services are made to customers with an appropriate credit history and monitors on a continuous basis the ageing profile of its receivables. Cash balances are held with high credit quality financial institutions and the Company has policies to limit the amount of credit exposure to any financial institution.

#### **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.

# **BUPRA DEVELOPMENT SRL**

---

## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

### **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 Cyprus 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.



# **BUPRA DEVELOPMENT SRL**

---

## **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

### **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 Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results.

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

- 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.

## BUPRA DEVELOPMENT SRL

---

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 8. Fair value measurement (continued)

##### 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. Other operating income

	2018	2017
	€	€
Fair value gains on investment property	-	452.800
	<u>-</u>	<u>452.800</u>

#### 10. Administration expenses

	2018	2017
	€	€
Immovable property tax	1.930	1.966
Auditors' remuneration	1.100	1.300
Accounting fees	537	547
Legal fees	9	4.225
Fines	10	-
Inland travelling and accommodation	158	384
Irrecoverable VAT	-	9
Entertaining	-	3
Trade register	-	12
Consulting services	1.547	560
Property evaluation fees	650	800
	<u>5.941</u>	<u>9.806</u>

#### 11. Other expenses

	2018	2017
	€	€
Fair value losses on investment property	18.800	-
	<u>18.800</u>	<u>-</u>

## BUPRA DEVELOPMENT SRL

---

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 12. Finance income/(costs)

	2018	2017
	€	€
Foreign exchange transaction profit	<u>36.564</u>	<u>44.462</u>
<b>Finance income</b>	<b><u>36.564</u></b>	<b><u>44.462</u></b>
Foreign exchange transaction losses	<u>(39.273)</u>	<u>(117.471)</u>
Sundry finance expenses	<u>(122)</u>	<u>(119)</u>
<b>Finance costs</b>	<b><u>(39.395)</u></b>	<b><u>(117.590)</u></b>
<b>Net finance costs</b>	<b><u>(2.831)</u></b>	<b><u>(73.128)</u></b>

#### 13. Tax

##### 13.1 Tax recognised in profit or loss

	2018	2017
	€	€
Deferred tax - (credit)/charge (Note 19)	<u>(3.008)</u>	<u>72.448</u>
<b>(Credit)/charge for the year</b>	<b><u>(3.008)</u></b>	<b><u>72.448</u></b>

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 2018 to 31 December 2018 the Company recorded a fiscal loss

#### 14. Investment properties

	2018	2017
	€	€
Balance at 1 January	<u>2.195.800</u>	-
Additions	-	1.743.000
Fair value adjustment	<u>(18.800)</u>	<u>452.800</u>
<b>Balance at 31 December</b>	<b><u>2.177.000</u></b>	<b><u>2.195.800</u></b>

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 acquisition 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 Comparison Approach taking into account the warehouse development). The value has not been modified as at 31 December 2014.

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)

## BUPRA DEVELOPMENT SRL

---

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 14. Investment properties (continued)

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).

#### *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.

#### 15. Receivables

	2018	2017
	€	€
Refundable VAT	<u>14.947</u>	<u>14.306</u>
	<u>14.947</u>	<u>14.306</u>

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

#### 16. Cash and cash equivalents

Cash balances are analysed as follows:

	2018	2017
	€	€
Cash at bank and in hand	<u>1.533</u>	<u>131</u>
	<u>1.533</u>	<u>131</u>

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.

#### 17. Share capital

	2018	2018	2017	2017
	Number of shares	€	Number of shares	€
<b>Authorised</b>				
<b>Issued and fully paid</b>				
Balance at 1 January	<u>1.410</u>	<u>15.250</u>	<u>1.410</u>	<u>15.250</u>
<b>Balance at 31 December</b>	<u>1.410</u>	<u>15.250</u>	<u>1.410</u>	<u>15.250</u>

The details of the shareholders are as follows:

## BUPRA DEVELOPMENT SRL

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 17. Share capital (continued)

Name	Country	Number of shares	Holding%
Christos Ioannou	Cyprus	1	0.07
J&P Development Real Estate Technical S.A	Greece	1.409	99.93
<b>Total</b>		<b>1.410</b>	<b>100</b>

The Company is controlled by J&P Development Real Estate Technical SA, incorporated in Greece, which owns 99.93% of the Company's shares. The Company's ultimate controlling party is J&P Avax S.A

#### 18. Borrowings

	2018	2017
	€	€
<b>Current borrowings</b>		
Loans from shareholders	<u>2.822.100</u>	<u>2.811.400</u>

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

Date of the contract	Name of the lender	Amount Euro	Interest Rate	Repayment date
25 May 2015	J&P Development Real Estate Technical S.	2.822.100	0%	25 May 2020
	<b>Total</b>	<b>2.822.100</b>		

#### 19. Deferred tax

Deferred tax is calculated in full on all temporary differences under the liability method using the applicable tax rates (Note 13). The applicable corporation tax rate in the case of tax losses is 16%.

The movement on the deferred taxation account is as follows:

#### Deferred tax liability

	Revaluation of land and buildings €
Statement of profit or loss and other comprehensive income (Note 13)	<u>72.448</u>
<b>Balance at 1 January 2018</b>	<b>72.448</b>
Statement of profit or loss and other comprehensive income (Note 13)	<u>(3.008)</u>
<b>Balance at 31 December 2018</b>	<b><u>69.440</u></b>

## **BUPRA DEVELOPMENT SRL**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

**17. Share capital (continued)**

**20. Trade and other payables**

	<b>2018</b>	<b>2017</b>
	<b>€</b>	<b>€</b>
Trade payables	<b>1.210</b>	<b>3.313</b>
Accruals	<b>1.793</b>	<b>2.115</b>
	<b><u>3.003</u></b>	<b><u>5.428</u></b>

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

## BUPRA DEVELOPMENT SRL

### NOTES TO THE FINANCIAL STATEMENTS

31 December 2018

#### 21. Related party transactions

The Company is controlled by J&P Development Real Estate Technical SA, incorporated in Greece, which owns 99.93% of the Company's shares. The Company's ultimate controlling party is J&P Avax S.A. As at 31 December 2018 the related parties of the company were:

Name of the related party	Type of relation	Country of origin
J&P Development Real Estate Technical S.A	Shareholder	Greece
Christos Ioannou	Shareholder	Cyprus
Ioannis Papafilippou	Administrator	Greece
Constantinos Hassabis	Administrator	Cyprus
Oriol Real Estates S.R.L.	Under common control	Romania
Faethon Development S.R.L.	Under common control	Romania
Concurrent Real Investments S.R.L.	Under common control	Romania
J&P Avax SA	Ultimate controlling party	Greece
J&P Avax SA Atena Geclia Sucursala Romania	Under common control	Romania
J&P Development Athens Greece Sucursala Romania	Under common control	Romania

The following transactions were carried out with related parties:

	Nature of transactions	2018	2017
		€	€
J&P Development Real Estate Technical S.A	Shareholder	<u>2.822.100</u>	<u>2.811.400</u>
<b>Total</b>		<u><b>2.822.100</b></u>	<u><b>2.811.400</b></u>

#### 22. Contingent liabilities

The Company had no contingent liabilities as at 31 December 2018.

#### 23. Commitments

The Company had no capital or other commitments as at 31 December 2018.

#### 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. Contingent liabilities

As at 31 December 2018, 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 reliably estimate the outcome of the litigations and accordingly no provision has been made in the financial statements in respect of this matter.

## **BUPRA DEVELOPMENT SRL**

---

### **NOTES TO THE FINANCIAL STATEMENTS**

31 December 2018

#### **26. Going concern**

The financial statements have been prepared on a going concern basis. As at 31 December 2018 the Company's accumulated losses are in amount of EURO (1,481,430) and, as of that date the company incurred a loss of EURO 24,564. The Company is dependent upon the continuing financial support of its parent company. 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.

#### **27. Events after the reporting period**

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

**Independent auditor's report on pages 3 to 5**