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MARKELIA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS
31 December 2023

MARKELIA ENTERPRISES COMPANY LIMITED

REPORT AND FINANCIAL STATEMENTS 31 December 2023

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MARKELIA ENTERPRISES COMPANY LIMITED

BOARD OF DIRECTORS AND OTHER OFFICERS

Board of Directors:

Irene Savvides
Vera Kaminara

Company Secretary:

Maremont Secretarial Limited
16 Panteli Katelari street
Diagoras House, floor 7
1097 Nicosia, Cyprus

Independent Auditors:

Crowe Cyprus Limited
Certified Public Accountants and Registered Auditors
Photiades Business Centre
1st floor, 8 Stassinos Avenue
P.O. Box 22545
1522 Nicosia

Registered office:

16 Panteli Katelari street
Diagoras House, floor 7
1097 Nicosia
Cyprus

MARKELIA ENTERPRISES COMPANY LIMITED

MANAGEMENT REPORT

The Board of Directors presents its report and audited financial statements of the Company for the year ended 31 December 2023.

Principal activities and nature of operations of the Company

The principal activity of the Company, which is unchanged from last year, is the provision of finance.

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.

Results

The Company's results for the year are set out on page 6.

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 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 2023.

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

Events after the reporting period

Any significant events that occurred after the end of the reporting period are described in note 14 to the financial statements.

Independent Auditors

The Independent Auditors, Crowe Cyprus Limited, 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,



Irene Savvides
Director

Nicosia, 11 April 2024

Independent Auditor's Report

To the Members of Markelia Enterprises Company Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Markelia Enterprises Company Limited (the "Company"), which are presented in pages 6 to 14 and comprise the statement of financial position as at 31 December 2023, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 December 2023, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union and the requirements of the Cyprus Companies Law, Cap. 113.

Basis for Opinion

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

Other information

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

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

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

Responsibilities of the Board of Directors for the Financial Statements

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

Independent Auditor's Report (continued)

To the Members of Markelia Enterprises Company Limited

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

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Report on Other Legal Requirements

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

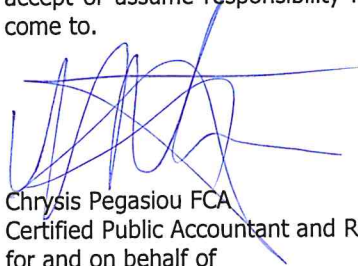
- In our opinion, the Management Report has been prepared in accordance with the requirements of the Cyprus Companies Law, Cap 113, and the information given is consistent with the financial statements.
- In our opinion, in the light of the knowledge and understanding of the Company and its environment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

Independent Auditor's Report (continued)

To the Members of Markelia Enterprises Company Limited

Other Matter

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



Chrysis Pegasiou FCA
Certified Public Accountant and Registered Auditor
for and on behalf of
Crowe Cyprus Limited
Certified Public Accountants and Registered Auditors

Nicosia, 11 April 2024

MARKELIA ENTERPRISES COMPANY LIMITED

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME 31 December 2023

	Note	2023 €	2022 €
Administration expenses	8	<u>(4.020)</u>	(4.317)
Operating loss		(4.020)	(4.317)
Net finance costs	9	<u>(1.540)</u>	(1.295)
Loss before tax		(5.560)	(5.612)
Tax	10	<u>-</u>	-
Net loss for the year		(5.560)	(5.612)
Other comprehensive income		<u>-</u>	-
Total comprehensive expenses for the year		<u>(5.560)</u>	(5.612)

The notes on pages 10 to 14 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

STATEMENT OF FINANCIAL POSITION

31 December 2023

	Note	2023 €	2022 €
ASSETS			
Current assets			
Cash at bank	11	<u>124.944</u>	130.504
Total assets		<u>124.944</u>	<u>130.504</u>
EQUITY AND LIABILITIES			
Equity			
Share capital	12	1.000	1.000
Retained earnings		<u>121.561</u>	<u>127.121</u>
Total equity		<u>122.561</u>	<u>128.121</u>
Current liabilities			
Payables	13	<u>2.383</u>	2.383
Total equity and liabilities		<u>124.944</u>	<u>130.504</u>

On 11 April 2024 the Board of Directors of Markelia Enterprises Company Limited authorised these financial statements for issue.



.....
Irene Savvides
Director



.....
Vera Kaminara
Director

The notes on pages 10 to 14 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

STATEMENT OF CHANGES IN EQUITY

31 December 2023

	Share capital €	Retained earnings €	Total €
Balance at 1 January 2022	1.000	132.733	133.733
Comprehensive expenses			
Net loss for the year	-	(5.612)	(5.612)
Balance at 31 December 2022/ 1 January 2023	1.000	127.121	128.121
Comprehensive expenses			
Net loss for the year	-	(5.560)	(5.560)
Balance at 31 December 2023	1.000	121.561	122.561

Companies, which do not distribute 70% of their profits after tax, as defined by the Special Contribution for the Defence of the Republic Law, within two years after the end of the relevant tax year, will be deemed to have distributed this amount as dividend on the 31 of December of the second year. The amount of the deemed dividend distribution is reduced by any actual dividend already distributed by 31 December of the second year for the year the profits relate. The Company pays special defence contribution on behalf of the shareholders over the amount of the deemed dividend distribution at a rate of 17% (applicable since 2014) when the entitled shareholders are natural persons tax residents of Cyprus and have their domicile in Cyprus. In addition, the Company pays on behalf of the shareholders General Healthcare System (GHS) contribution at a rate of 2,65%, when the entitled shareholders are natural persons tax residents of Cyprus, regardless of their domicile.

The notes on pages 10 to 14 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

CASH FLOW STATEMENT

31 December 2023

	Note	2023 €	2022 €
CASH FLOWS FROM OPERATING ACTIVITIES			
Loss before tax		<u>(5.560)</u>	<u>(5.612)</u>
		(5.560)	(5.612)
Changes in working capital:			
Increase in payables		<u>-</u>	<u>1</u>
Cash used in operations		<u>(5.560)</u>	<u>(5.611)</u>
Net decrease in cash and cash equivalents		(5.560)	(5.611)
Cash and cash equivalents at beginning of the year		<u>130.504</u>	<u>136.115</u>
Cash and cash equivalents at end of the year	11	<u>124.944</u>	<u>130.504</u>

The notes on pages 10 to 14 form an integral part of these financial statements.

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

1. Incorporation and principal activities

Country of incorporation

The Company Markelia Enterprises Company Limited (the "Company") was incorporated in Cyprus on 14 May 2008 as a private limited liability company under the provisions of the Cyprus Companies Law, Cap. 113. Its registered office is at 16 Panteli Katelari street, Diagoras House, floor 7, 1097 Nicosia, Cyprus.

Principal activities

The principal activity of the Company, which is unchanged from last year, is the provision of finance.

2. Basis of preparation

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

3. Adoption of new or revised standards and interpretations

During the current year the Company adopted all the new and revised International Financial Reporting Standards (IFRS) that are relevant to its operations and are effective for accounting periods beginning on 1 January 2023. This adoption did not have a material effect on the accounting policies of the Company.

4. Significant accounting policies

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

Finance costs

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

Financial instruments

Financial assets - impairment - credit loss allowance for ECL

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

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

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

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

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

4. Significant accounting policies (continued)

Financial instruments (continued)

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

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

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

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

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

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

Cash and cash equivalents

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

Financial liabilities - measurement categories

Financial liabilities - Modifications

Share capital

Ordinary shares are classified as equity.

5. New accounting pronouncements

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

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

6. Financial risk management

Financial risk factors

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

6.1 Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to meet an obligation.

6.2 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.

6.3 Capital risk management

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

7. Critical accounting estimates and judgments

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

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

Judgments

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

- **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.

8. Expenses by nature

	2023	2022
	€	€
Administration expenses	5.670	5.967
Recharges to holding company	(2.000)	(2.000)
Annual levy	350	350
Total expenses	4.020	4.317

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

9. Net finance costs

	2023 €	2022 €
Sundry finance expenses	<u>1.540</u>	1.295
Finance costs	<u><u>1.540</u></u>	<u><u>1.295</u></u>

10. Tax

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

	2023 €	2022 €
Loss before tax	<u>(5.560)</u>	<u>(5.612)</u>
Tax calculated at the applicable tax rates	(695)	(702)
Tax effect of expenses not deductible for tax purposes	<u>695</u>	<u>702</u>
Tax charge	<u><u>-</u></u>	<u><u>-</u></u>

The corporation tax rate is 12,5%.

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

11. Cash at bank

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

	2023 €	2022 €
Cash at bank	<u>124.944</u>	130.504
	<u><u>124.944</u></u>	<u><u>130.504</u></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.

12. Share capital

	2023 Number of shares	2023 €	2022 Number of shares	2022 €
Authorised				
Ordinary shares of €1 each	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>	<u>10.000</u>
Issued and fully paid				
Balance at 1 January	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>	<u>1.000</u>
Balance at 31 December	<u><u>1.000</u></u>	<u><u>1.000</u></u>	<u><u>1.000</u></u>	<u><u>1.000</u></u>

MARKELIA ENTERPRISES COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 2023

13. Payables

	2023	2022
	€	€
Accruals	<u>2.383</u>	2.383
	<u><u>2.383</u></u>	<u>2.383</u>

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

14. Events after the reporting period

Depending on the duration of the conflict between Russia and Ukraine, and continued negative impact on economic activity, the Company might experience further negative results, and liquidity restraints and incur additional impairments on its assets in 2024 which relate to new developments that occurred after the reporting period.

Except from the matters mentioned above, there were no other material events after the reporting period, which have a bearing on the understanding of the financial statements.

Independent auditor's report on pages 3 to 5

MARKELIA ENTERPRISES COMPANY LIMITED

COMPUTATION OF CORPORATION TAX

31 December 2023

Net loss per income statement	Page 6	€	€ (5.560)
<u>Add:</u>			
Annual levy		350	
Disallowed expenses		<u>5.210</u>	
			<u>5.560</u>
Chargeable income for the year			-
Loss brought forward			<u>(10.774)</u>
Loss carried forward			<u>(10.774)</u>

CALCULATION OF TAX LOSSES FOR THE FIVE-YEAR PERIOD

Tax year	2018	2019	2020	2021	2022	2023
	€	€	€	€	€	€
Profits/(losses) for the tax year	(6.642)	(4.132)	-	-	-	-
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						
Gains Offset (€)	-	-	-	-	-	-
- Year						

Net loss carried forward (4.132)

