ECN MALTA HOLDINGS LIMITED

DIRECTORS' REPORT AND
CONSOLIDATED FINANCIAL STATEMENTS
for the year ended 31 DECEMBER 2018

Company Registration No: C44979

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Contents

REPORT OF THE DIRECTORS
for the year ended 31 DECEMBER 2018

Accounts

The directors present the annual report and audited consolidated financial statements for the year ended 31 December 2018, the date at which the company has been placed into liquidation. Mr Jonathan Karl Formosa Gialanze has been appointed liquidator of the company. The accounts have therefore been prepared on a break-up basis.

Principal activity

The principal activity of the company is that of a holding company.

Results

The results for the year show a profit after tax of €4,629,737 (2017: €3,511,063) for the group and €4,456,068 (2017: €3,384,312) for the company as shown in the statement of comprehensive income on page 3.

Dividends

During the year the directors paid an interim dividend of €3,061,224 (2017: €5,280,000). The directors do not recommend the payment of a final dividend.

Directors

The directors of the company during the year were:

Paul Borg
Centric Holdings S.A.

Under the provisions of the company's Memorandum and Articles of Association, the present directors continue in office. The directors terminated their office on the day the company was placed into liquidation, 31 December 2018.

The directors' report was approved by the board of directors and was signed on its behalf by:

Paul Borg
Director

o.b.o. Centric Holdings S.A.
as director of ECN Malta Holdings Limited

Bella Vista Court B, Flat 14
Bella Vista Street,
San Gwann SGN 2698
Malta

31 December 2018

DIRECTORS' RESPONSIBILITIES FOR FINANCIAL REPORTING
for the year ended 31 DECEMBER 2018

The Directors are required by the Companies Act, 1995 to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of each financial period and of its profit or loss for that period. In preparing the financial statements, the Directors are responsible for:

- ensuirng that the financial statements have been drawn up in accordance with International Financial Reporting Standards as adopted by the European Union
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances
- ensuring that the financial statements are prepared on the going concern basis unless it is inappropriate to presume that the company will continue in business as a going concern.

The directors are also responsible for designing, implementing and maintaining internal controls relevant to the preparation and the fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error, and that comply with the Companies Act 1995. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ECN MALTA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
for the year ended 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Notes	€	€	€	€
Revenue		-	-	-	-
Administrative expenses	4	(66,276)	(32,843)	(10,748)	(5,603)
Operating loss		(66,276)	(32,843)	(10,748)	(5,603)
Investment income	5	-	-	-	(5,879)
Interest payable	6	-	(1)	-	-
Interest receivable	7	3	3	-	-
Loss before tax		(66,273)	(32,841)	(10,748)	(11,482)
Taxation	8	7,785	(2,050)	-	-
Loss for the year from continuing operations		(58,488)	(34,891)	(10,748)	(11,482)
Profit on discontinued operation net of tax	9	4,688,225	3,545,954	4,466,816	3,395,794
Profit for the year		4,629,737	3,511,063	4,456,068	3,384,312
Attributable to:					
Equity holders of the company		4,456,370	3,381,036	-	-
Minority interests		173,367	130,027	-	-
		4,629,737	3,511,063	-	-

The accounting notes on pages 7 to 22 form part of the financial statements.

Audit report pages 23 to 25.

ECN MALTA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
for the year ended 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Notes	€	€	€	€
ASSETS					
Non-current assets					
Financial assets	11	-	-	2,376	2,376
Current assets					
Trade and other receivables	12	3,870,247	7,730,162	2,151,087	5,641,197
Current taxation		10	10	10	10
Cash and cash equivalents	16	286,944	123,829	-	-
Total current assets		4,157,201	7,854,001	2,151,097	5,641,207
Total assets		4,157,201	7,854,001	2,153,473	5,643,583
EQUITY AND LIABILITIES					
Capital and reserves					
Called up issued share capital	13	2,500	2,500	2,500	2,500
Retained earnings		1,429,460	34,314	1,409,421	14,577
		1,431,960	36,814	1,411,921	17,077
Minority interests		(22,246)	(22,013)	-	-
		1,409,714	14,801	1,411,921	17,077
Creditors: *amounts falling due after more than one year*					
Deferred taxation	14	-	7,785	-	-
Current liabilities					
Trade and other payables	15	272,763	6,575,619	741,552	5,626,506
Current taxation		2,474,724	1,255,796	-	-
Total current liabilities		2,747,487	7,831,415	741,552	5,626,506
Total equity and liabilities		4,157,201	7,854,001	2,153,473	5,643,583

The financial statements were approved and authorised for issue by the director on 31 December 2018:

Paul Borg
Director

o.b.o. Centric Holdings S.A.
as director of ECN Malta Holdings Limited

The accounting notes on pages 7 to 22 form part of the financial statements.

Audit report pages 23 to 25.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
for the year ended 31 DECEMBER 2018

	Share Capital	Retained earnings	Minority interests	Total
	€	€	€	€
Group				
At 1 January 2017	2,500	1,933,278	(21,507)	1,914,271
Comprehensive income				
Profit for the year	-	3,381,036	130,027	3,511,063
Transactions with owners				
Dividend paid	-	(5,280,000)	(130,533)	(5,410,533)
At 31 December 2017	2,500	34,314	(22,013)	14,801
Comprehensive income				
Profit for the year	-	4,456,370	173,367	4,629,737
Transactions with owners				
Dividend paid	-	(3,061,224)	(173,600)	(3,234,824)
At 31 December 2018	2,500	1,429,460	(22,246)	1,409,714
Company				
At 1 January 2017	2,500	1,910,265	-	1,912,765
Comprehensive income				
Profit for the year	-	3,384,312	-	3,384,312
Transactions with owners				
Dividend paid	-	(5,280,000)	-	(5,280,000)
At 31 December 2017	2,500	14,577	-	17,077
Comprehensive income				
Profit for the year	-	4,456,068	-	4,456,068
Transactions with owners				
Dividend paid	-	(3,061,224)	-	(3,061,224)
At 31 December 2018	2,500	1,409,421	-	1,411,921

ECN MALTA HOLDINGS LIMITED

CONSOLIDATED STATEMENT OF CASH FLOWS
for the year ended 31 DECEMBER 2018

		Group		Company	
		2018	2017	2018	2017
	Note	€	€	€	€
Cash flows from operating activities					
Operating loss		(66,276)	(32,843)	(10,748)	(5,603)
Movement in working capital					
Trade and other receivables		3,859,915	(4,567,780)	3,490,110	(3,386,454)
Trade and other payables		(6,302,856)	5,536,581	(4,884,954)	5,282,055
Cash (used in) / generated from operations		(2,509,217)	935,958	(1,405,592)	1,889,998
Interest payable		-	(1)	-	-
Interest receivable		3	3	-	-
Dividend paid		(3,061,224)	(5,280,000)	(3,061,224)	(5,280,000)
Dividend paid to minority interest		(173,600)	(130,533)	-	-
Dividend received		-	-	5,074,462	3,815,573
Impairment provision on investment income		-	-	(6,635)	(5,879)
Taxation paid		(171,574)	(255,710)	(1,776,062)	(1,335,451)
Loss on sale of discontinued operations		1,371,927	1,230,667	1,175,051	915,672
Net cash used in operating activities		(4,543,685)	(3,499,616)	-	(87)
Cash flow from investing activities					
Disposal of discontinued operations		4,706,800	3,399,508	-	-
Net increase / (decrease) in cash and cah equivale		163,115	(100,108)	-	(87)
Cash and cash equivalents at beginning of year		123,829	223,937	-	87
Cash and cash equivalents at end of year	16	286,944	123,829	-	-

Cash flows from discontinued operations are disclosed in Note 9.

1. Basis of preparation of financial statements

The financial statements are prepared in accordance with International Financial Reporting Standards issued by the International Accounting Standards Board as adopted by the European Union, under the historical cost convention. Consolidated financial statements have not been prepared since these are exempt by virtue of section 174 of the Companies Act, 1995. The shareholders have decided to put the company into voluntary liquidation as from 31 December 2018. These financial statements have been prepared on a break-up basis.

The reporting currency used for the preparation of the financial statements is the Euro (€), which is the currency in which the company's share capital is denominated.

The preparation of financial statements in conformity with IFRSs requires the use of certain accounting estimates. It also requires directors to exercise their judgement in the process of applying the company's accounting policies (see Note 4 - Critical accounting estimates and judgements).

2. Accounting policies

2.1 Changes in accounting policies

a) New standards, interpretations and amendments effective from 1 January 2018

The following new standards, amendments and interpretations are effective for the first time in these financial statements, but none have had a material effect on the company:

- Improvements to IFRSs 2014-2016 (issued on 08/12/2016, effective from year beginning on 01/01/2018)
- IFRS 9 Financial Instruments (issued on 24/07/2014, effective from year beginning on 01/01/2018)
- IFRS 15 Revenue from Contracts with Customers (issued on 28/05/2014, effective from the year beginning 01/01/2018)
- IFRIC 22: Foreign Currency Transactions and Advance Consideration (issued on 08/12/2016, effective from the year beginning on 01/01/2018)
- Clarification to IFRS 15: Revenue from Contracts with Customers (issued on 12/04/2016, effective from the year beginning on 01/01/2018)
- Amendments to IAS 40: Transfers to Investment Property (issued on 08/12/2016, effective from the year beginning on 01/01/2018)
- Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20/06/2016, effective for the year beginning on 01/01/2018)
- Amendments to IFRS 4: Applying IFRS 9 with IFRS 4 (issued on 12/07/2016, effective for the year beginning on 01/01/2018)

The applications of these new standards and amendments has had no impact on the disclosures or amounts recognized in the company's financial statements.

b) New standards, interpretations and amendments as adopted by EU but not yet effective

The following new standards, interpretations and amendments, which have not been applied in these financial statements, will or may have an effect on the company's future financial statements:

- IFRS 16 Leases (issued on 13/01/2016, effective from the year beginning 01/01/2019)
- Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12/10/2017, effective for the year beginning on 01/01/2019)
- IFRIC 23: Uncertainty over the Income Tax Treatments (issued on 07/07/2017, effective from year beginning on 01/01/2019)

2. Accounting policies (continued)

2.1 Changes in accounting policies (continued)

The effects of these standards are still being assessed, but the directors do not expect the significant effect on the company's future financial statements.

c) New standards, interpretations and amendments issued by IASB but not yet adopted by EU

- Improvements to IFRSs 2015-2017 (issued on 12/12/2017, effective from year beginning on 01/01/2019)
- IFRS 17 Insurance Contracts (issued on 18/05/2017, effective from the year beginning on 01/01/2021)
- Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 07/02/2018, effective from the year beginning on 01/01/2019)
- Amendments to IAS 28: Long-term Interest in Associates and Joint Ventures (issued on 12/10/2017, effective from the year beginning on 01/01/2019)
- Amendments to References to the Conceptual Frameworks in IFRS Standards (issued on 29/03/2018, effective from the year beginning on 01/01/2020)
- Amendments to IFRS 3: Business Combinations (issued on 22/10/2018, effective from the year beginning on 01/01/2020)
- Amendments to IAS 1 and IAS 8: Definition of Material (issued on 31/10/2018, effective from the year beginning on 01/01/2020)

The company has not early adopted all these revisions to the requirements of IFRSs and the company's directors is of the opinion that there are no requirements that will have a possible significant impact on the company's financial statements in the period of initial application.

d) New standards, interpretations and amendments issued by IASB but not adopted by EU

- IFRS 14 Regulatory Deferral Accounts (issued on 30/01/2014, effective from the year beginning 01/01/2016) - European Commission has decided not to endorse the standard
- Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between Investor and its Associate or Joint Venture (issued on 11/09/2014, effective from the year beginning 01/01/2016) - postponed indefinitely by European Commission

2.2 Revenue recognition

Revenue from the provision of services is recognised when the company has completed the agreed upon procedures and transferred the significant risks and rewards of ownership to the buyer and it is probable that the company will receive the previously agreed upon payment.

2.3 Foreign currencies

The financial statements of the company are presented in its functional currency, the Euro (EUR), being the currency of the primary economic environment in which the company operates.

2. Accounting policies (continued)

2.4 Taxation

The charge for current tax is based on the taxable income for the year. The taxable result for the year differs from the result as reported in the statement of comprehensive income because it excludes items which are not assessable or disallowed and it further excludes items that are taxable and deductible in other years. It is calculated using tax rates that have been enacted or substantially enacted by the statement of financial position date.

Deferred income tax is provided using the liability method, for all temporary differences arising between the tax bases of assets and liabilities and their carrying values for financial reporting purposes.

Deferred tax assets are recognised only to the extent that future taxable profit will be available such that realisation of the related tax benefits is probable. The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2.5 Share capital and dividends

Financial instruments issued by the company are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The company's ordinary shares are classified as equity instruments.

Dividend distribution to the company's shareholders is recognised as liability in the company's financial statements in the year in which the dividends are approved by the company's shareholders.

2.6 Financial assets

The company classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The company has not classified any of its financial assets as held to maturity.

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised within cost of sales in the consolidated statement of comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. Accounting policies (continued)

2.6 Financial assets (continued)

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward-looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

The Company's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents include cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and - for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

2.7 Financial liabilities

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

Loans and borrowings - Subsequent to initial recognition, borrowings are measured at amortised cost using the effective interest method unless the cost of discounting is immaterial.

2.8 Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. A provision for impairment of debtors is established when there is objective evidence that the company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and the default or delinquency in payment are considered indicators that the debtors are impaired. When a debtor is uncollectible, it is written off against the profit and loss account. Subsequent recoveries of the amounts previously written off are credited in the income statement.

2.9 Trade and other payables

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

2.10 Cash and cash equivalents

For the purpose of the cash flow statement, cash and cash equivalents comprise cash in hand and deposits held at call with banks.

2. Accounting policies (continued)

2.11 Financial risk management

The company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, price risk and interest rate risk) credit risk and liquidity risk. The financial risks relate to the following financial instruments: debtors, cash and cash equivalents and trade and other creditors. The accounting policies with respect to these financial instruments are described above.

Risk management is carried out by the director under policies approved at the AGM. The director identifies and evaluates financials risks in close co-operation with the company's operating units. The director provides principles for overall risk management.

The reports on the risk management are produced periodically to the key management personnel of the company.

(a) Market risk

(i) Price risk

The Company has no significant exposure to the market risk, with respect to its operating income, as the company has entered a 10-year Bareboat charter with one of its owners. The revenue is based on internal financing costs and depreciation on asset value, the remaining contract period is seven years.

(ii) Cash flow and fair value interest rate risk

The interest on the new financing is composed of a floating rate of EURIBOR plus a margin of 9.27% per annum (7.75% from October 2019). However, an increase in interest will increase the bareboat revenue, with the same amount, hence an interest increase does not have any effect on the company's earnings.

The company's cash flow and fair value interest rate risk is periodically monitored by the directors. The cash flow and fair value risk policy is approved by the directors.

Receivables and trade and other payables are interest free and have settlement dates within one year.

A sensitivity analysis is normally based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and change in some of the assumptions may be correlated - for example, change in exchange rates and change in market values.

In the case of the company it provides for the worst scenario by making full provisions for all investments held and hence profits or losses cannot be subjected to a sensitivity analysis that could shed any light on the effect of potential changes in market price.

(iii) Foreign exchange risk

Foreign exchange risk arises because the company has operations located in various parts of the world whose functional currency is not the same as the functional currency in which the company is operating. Foreign exchange risk also arises when the company enters into transactions denominated in a currency other than their functional currency.

2. Accounting policies (continued)

2.11 Financial risk management (continued)

Certain assets of the company comprise amounts denominated in foreign currencies. Similarly, the company has financial liabilities denominated in foreign currency. In general, the company seeks to maintain the financial assets and financial liabilities in each of the foreign currencies at a reasonably comparable level, thereby providing a natural hedge against foreign exchange risk.

(b) Credit risk

The company has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Key areas where the company is exposed to credit risk are:

- Cash and cash equivalents;
- Loans and receivables.

The company seeks to manage this risk by placing cash with quality financial institutions.

(c) Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash flow for operations. The company manages its' risk to shortage of funds by monitoring forecast and actual cash flows.

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

All of the company's current financial liabilities at 31 December 2018 are due within 3 months from year-end since they are trade and other payables.

2.12 Capital management

The company monitors its risk to a shortage of funds using a recurring liquidity planning tool. This tool considers the maturity of both its financial investments and financial assets (e.g. accounts receivables, other financial assets) and projected cash flows from operations.

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of bank overdrafts.

2.13 Fair value estimation

Cash and cash equivalents, debtors and trade and other creditors mainly have short times to maturity. For this reason, their carrying amounts at the reporting date approximate the fair values.

3. Critical accounting estimates and judgements

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

In the opinion of the director, the accounting estimates and judgements made in the course of preparing these financial statements are not difficult, subjective or complex to a degree which would warrant their description as critical in terms of the requirements of IAS 1 (revised).

4. Expenses by nature

I Administrative expenses

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Accountancy fee	4,720	3,600	1,180	-
Audit fee	6,530	6,096	3,540	1,770
Exchange differences	22,682	(4,168)	-	-
Legal and professional fees	17,570	15,396	5,468	3,336
Other	14,774	11,919	560	497
	66,276	32,843	10,748	5,603

5. Investment income

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Provision for impairment losses on financial assets and loans receivable	-	-	-	(5,879)
	-	-	-	(5,879)

6. Interest payable

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Bank interest payable	-	(1)	-	-

7. Interest receivable

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Bank interest receivable	3	3	-	-

8. Taxation

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Current tax expense	-	-	-	-
Deferred taxation	(7,785)	2,050	-	-
	(7,785)	2,050	-	-

8. Taxation (continued)

The tax on the loss before tax differs from the theoretical amount that would arise using the basic tax rate as follows:

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Loss before tax	(66,273)	(32,841)	(10,748)	(11,482)
Tax on loss at 35%	(23,196)	(11,494)	(3,762)	(4,019)
Tax effect of:				
Income not subject to tax	1,440	-	-	-
Temporary differences not provided for	(2,326)	-	-	2,059
Expenses not deductible for tax purposes	16,297	13,544	3,762	1,960
Tax charge	(7,785)	2,050	-	-

9. Discontinued Operations

In 2018, the Group sold assets, as part of the Group's disposal of its intellectual property and the relevant elements of the Zatrix business, for a cash consideration of €4,706,800 (2017: €3,399,508).

The post-tax gain on disposal of discontinued operations was determined as follows:

Group

	2018	2017
	€	€
Cash consideration received	4,706,800	3,399,508

The group has sold the business including customer relationship and all associated goodwill which were not recognised as assets before.

	2018	2017
Pre-tax gain on disposal of discontinued operation	4,706,800	3,399,508
Related tax expense	(1,390,502)	(1,084,221)
Gain on disposal of discontinued operation	3,316,298	2,315,287

9. Discontinued Operations (continued)

Group

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	2018	2017
	€	€
Turnover	-	268,180,588
Current account written off	197,631	-
Direct costs	-	(266,686,662)
Advertising	-	(961,931)
Creative services	-	(80,000)
Travelling and accomodation	-	(16,930)
Internet expenses	-	(14,452)
Telecommunications	-	(694)
Royalty fees	-	(54,284)
Consultancy fees	(755)	(50,640)
Other income	1,175,051	915,672
Gain from selling discontinued operations after tax	3,316,298	2,315,287
Profit for the year	4,688,225	3,545,954

9. Discontinued Operations (continued)

Company

The post-tax gain on disposal of discontinued operations was determined as follows:

Result of discontinued operations	2018	2017
	€	€
Investment income	5,074,462	3,815,573
Other income	1,175,051	915,672
Impairment provision on current account	(6,635)	-
Tax expenses	(1,776,062)	(1,335,451)
Profit for the year	4,466,816	3,395,794

10. Dividends per share from continuing operations

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Ordinary shares	-	-	-	-

11. Financial assets

	Company Shares in group undertakings	
	2018	2017
	€	€
Cost	4,750	4,750
Provision for impairment on investment	(2,374)	(2,374)
At end of year	2,376	2,376

The group undertakings as at 31 December 2018 are shown below:

Group undertakings

Name and registered office	Class of shares	% holding
Lex Online Entertainment Limited Tal-Qroqq Mansions, Apt 5, Tal-Qroqq Street Msida, MSD 1703 Malta	Ordinary shares	95%
Vista Online Entertainment Limited Tal-Qroqq Mansions, Apt 5, Tal-Qroqq Street Msida, MSD 1703 Malta	Ordinary shares	95%

Indirect subsidiaries included in these consolidated financial statements are disclosed in the Note 19.

12. Trade and other receivables

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Amounts owed by related parties	1,770,672	6,407,691	60,001	4,319,237
Other receivables	2,090,484	1,321,359	2,090,484	1,321,358
Prepayments and accrued income	7,691	1,112	602	602
VAT recoverable	1,400	-	-	-
	3,870,247	7,730,162	2,151,087	5,641,197

The amounts owed by related parties are unsecured, interest-free and have no fixed date of repayment. These amounts are shown net of a provision for impairment losses amounting to €445,080 (2017: €438,445).

13. Share capital

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Authorised:				
4,000 ordinary shares of € 1 each	4,000	4,000	4,000	4,000
Issued and fully paid up:				
2,500 ordinary shares of € 1 each	2,500	2,500	2,500	2,500

14. Deferred taxation

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
At beginning of year	7,785	5,735	-	-
Debited to income statement	(7,785)	2,050	-	-
At end of year	-	7,785	-	-

Deferred income taxes are calculated in full on temporary differences under the liability method using a principal tax rate of 35% (2017: 35%). The year-end deferred tax balance is made up as follows:

	2018	2017	2018	2017
	€	€	€	€
Unrealised exchange differences	-	7,785	-	-

15. Trade and other payables

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Due within one year				
Trade payables	13,714	53,251	1,331	2,208
Accruals	11,163	21,762	6,286	4,937
Amounts owed to related parties	247,886	5,890,747	733,935	5,619,361
VAT payable	-	609,859	-	-
	272,763	6,575,619	741,552	5,626,506

The amounts due to related parties are unsecured, interest-free and have no fixed date of repayment.

16. Cash and cash equivalents

For the purpose of the cash flow statement, the year-end cash and cash equivalents comprise the following:

	Group		Company	
	2018	2017	2018	2017
	€	€	€	€
Cash at bank	286,944	123,829	-	-

17. Related party transactions

Transactions entered into with other group undertakings, and with companies with common beneficial shareholders, are considered to be related party transactions. Transactions and balances with related parties during the year consisted of the following:

	Group		Company	
	2018	2017	2018	2017
Income/(expenses)	€	€	€	€
Cost of sales	-	(1,651,184)	-	-
Royalty fee	-	(54,284)	-	-
Investment income	-	-	5,074,462	3,815,573
Assets/(liabilities)				
Due from the subsidiary	-	-	60,001	4,319,237
Due from other related parties	1,770,672	6,407,691	-	-
Due to other related parties	(247,886)	(5,890,747)	(733,935)	(5,619,361)

18. Statutory information

ECN Malta Holdings Limited is a limited liability company and is incorporated in Malta.

The parent and ultimate parent company of ECN Malta Holdings Limited is Centric Holdings S.A., a listed company registered in Greece, with its registered address at 20 Makrigianni St., 183 44, Athens, Greece. Copies of consolidated financial statements can be obtained from its registered office.

In the opinion of the director, there is no ultimate controlling party of the group.

19. Consolidated entities

These financial statements contain the consolidated results of the following companies:

ECN Malta Holdings Limited (C 44979)
Bella Vista Court B, Flat 14, Bella Vista Street, San Gwann SGN 2698, Malta

Lex Online Entertainment Limited (C 44620)
Bella Vista Court B, Flat 14, Bella Vista Street, San Gwann SGN 2698, Malta

Vista Online Entertainment Limited (C 44980)
Bella Vista Court B, Flat 14, Bella Vista Street, San Gwann SGN 2698, Malta

Barda Investments Limited (1572031) - 100% subsidiary of Vista Online Entertainment Limited
Intershore Chambers, Road Town, Tortola, British Virgin Islands

Tel: +356 2131 3060
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www.bdo.com.mt

BDO Malta
Triq it-Torri
Msida MSD 1824
Malta

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ECN Malta Holdings Limited

Report on the Audit of the Financial Statements

We have audited the consolidated and stand-alone financial statements of ECN Malta Holdings Limited (the «Company») with its subsidiaries (the «Group») set out on pages 3 to 22, which comprise the consolidated and stand-alone statements of financial position as at 31 December 2018, the consolidated and stand-alone statements of comprehensive income, consolidated and stand-alone statements of changes in equity, and consolidated and stand-alone statements of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company and the Group as at 31 December 2018, and of their financial performance and their cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU (EU IFRSs) and have been prepared in accordance with the requirements of the Companies Act, 1995 (Cap. 386).

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' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession (Code of Ethics for Warrant Holders) Directive issued in terms of the Accountancy Profession Act (Cap. 281) in Malta, 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.

Material Uncertainty related to going concern

We draw your attention to Note 1 to the financial statements which indicates that the Company is going to be liquidated in the foreseeable future.

Other Information

The director is responsible for the other information. The other information comprises the director's 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.

With respect to the Director's Report, we also considered whether the Director's Report includes the disclosures required by Article 177 of the Maltese Companies Act, 1995 (Cap. 386). Based on the work we have performed, in our opinion:

- the information given in the director's report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the director's report has been prepared in accordance with the Maltese Companies Act, 1995 (Cap.386).

In addition, in light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we are required to report if we have identified material misstatements in the director's report. We have nothing to report in this regard.

INDEPENDENT AUDITOR'S REPORT

To the Shareholders of ECN Malta Holdings Limited
(continued)

Responsibilities of the Director

As explained more fully in the Statements of Director's Responsibilities set out on page 2, the director is responsible for the preparation of the financial statements that give a true and fair view in accordance with EU IFRS, and for such internal control as the director determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the director 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 director either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The director 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 management.
- Conclude on the appropriateness of management's 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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholders of ECN Malta Holdings Limited
(continued)

- 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 fair presentation.

We communicate with the director, 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 and Regulatory Requirements

Under the Maltese Companies Act, 1995 (Cap. 386) we are required to report to you if, in our opinion:

- We have not received all the information and explanations we require for our audit.
- Adequate accounting records have not been kept, or that returns adequate for our audit have not been received from branches not visited by us.
- The financial statements are not in agreement with the accounting records and returns.
- The information given in the director's report is not consistent with the financial statements.
- Certain disclosures of director's remuneration specified by law are not made in the financial statements, giving the required particulars in our report.

We have nothing to report to you in respect of these responsibilities.

This report has been signed
for and on behalf of
BDO MALTA
by Sam Spiridonov (Partner)

BDO Malta
Certified Public Accountants
Registered Audit Firm

Triq It Torri
Msida MSD 1824
Malta

31 December 2018