ANNEX 5

CONSOLIDATED FINANCIAL STATEMENTS 31 DECEMBER 2018

CORDIA INTERNATIONAL ZRT.

CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

pwc

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Cordia International Zrt.

Opinion

We have audited the accompanying consolidated financial statements of Cordia International Zrt ("the Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 31 December 2018, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the year then ended and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2018, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRS") as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards of Auditing ("ISA"). 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 Group in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA Code of Ethics) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the consolidated Financial Statements

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards ("IFRS") as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 ISA 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 consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated 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 Group'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 in the consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 consolidated 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 Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that gives a true and fair view.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance 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.

Budapest, 17 June 2019

László Radványi
Partner
PricewaterhouseCoopers Könyvvizsgáló Kft.

Cordia International Zrt.

IFRS consolidated financial statements 31 December 2018

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Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	*Note*	2018	Restated 2017
Revenue	*6*	**19,854,006**	**6,918,141**
Cost of sales	*7*	**(12,149,655)**	**(2,939,111)**
Gross profit		**7,704,350**	**3,979,030**
Selling and marketing expenses	*8*	(1,956,791)	(1,141,535)
Administrative expenses	*9*	(1,629,260)	(1,860,097)
Other expenses	*11*	(609,984)	(112,689)
Other income	*12*	19,570	1,149,705
Operating profit		**3,527,885**	**2,014,414**
Interest income	*13*	294,912	115,292
Other financial income	*13*	961,613	820,377
Finance income		**1,256,523**	**935,669**
Interest expense	*13*	(35,531)	(214,517)
Other financial expense	*13*	(1,101,313)	(619,285)
Finance expense		**(1,136,844)**	**(833,802)**
Net finance income/(expense)		**119,681**	**101,867**
Share of loss in joint venture	*2(b)*	102,756	0
Profit before taxation		**3,544,811**	**2,116,281**
Current income tax	*14*	(245,489)	(91,640)
Deferred tax	*14*	(21,127)	(112,391)
Income tax expense		**(266,616)**	**(204,031)**
Profit for the year		**3,278,195**	**1,912,250**
Exchange differences on translating foreign operations		2,005	(15,261)
Other comprehensive income/(loss)		**2,005**	**(15,261)**
Total comprehensive income for the year, net of tax		**3,280,200**	**1,896,989**
Total profit/(loss) for the year attributable to:			
owners of the parent		3,348,916	1,935,511
non-controlling interests		(70,721)	(23,261)
Total profit/(loss) for the year		**3,278,195**	**1,912,250**
Total comprehensive income attributable to:			
owners of the parent		3,263,390	1,920,250
non-controlling interests		(70,721)	(23,261)
Total comprehensive income for the year, net of tax		**3,280,200**	**1,896,989**

The notes on pages 8 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position

In thousands of Hungarian Forints (THUF)	*Note*	**31.12.2018**	**Restated 31.12.2017**
Assets			
Non-current assets			
Intangible assets	*15(a)*	187,856	136,988
Property, plant and equipment	*15(b)*	666,784	563,989
Long-term receivables from third parties		8,426	11,493
Long-term receivables from related parties	*16(a)*	1,150,746	1,050,379
Investments accounted for using equity method	*2(b)*	729,800	0
Deferred tax assets		124,939	135,090
Other long-term financial assets	*16*	10,869,940	5,483,415
Other long-term assets	*15(d)*	819,992	1,859,010
Total non-current assets		**14,558,483**	**9,240,364**
Current assets			
Inventory	*15(c)*	58,713,306	37,536,704
Trade and other receivables	*16(b)*	191,521	332,278
Short-term receivables from related parties	*16(a)*	4,359,861	1,807,482
Other short-term assets	*15(d)*	301,199	423,471
Income tax receivable		30,040	23,054
Other tax receivables	*15(f)*	3,057,847	819,580
Other financial assets	*16*	269,834	2,750,234
Cash and cash equivalents	*16(c)*	12,289,550	9,971,253
Total current assets		**79,213,158**	**53,664,056**
Total		**93,771,641**	**62,904,420**

The notes on pages 8 to 76 are an integral part of these consolidated financial statements.

Consolidated Statement of Financial Position (cont'd)

In thousands of Hungarian Forints (THUF)	*Note*	**31.12.2018**	**Restated 31.12.2017**
Equity[1]			
Shareholders' equity			
Share capital	*1(d)*	9,252,912	9,252,912
Share premium	*17(b)*	592,166	592,166
Currency translation reserve		143,877	141,872
Other reserves	*17(c)*	(234,382)	(189,439)
Retained earnings	*17(d)*	7,117,547	3,768,631
Equity attributable to equity holders of the parent		**16,872,120**	**13,566,142**
Non-controlling interests	*2(d)*	86,823	111,305
Total equity		**16,958,943**	**13,677,447**
Net assets attributable to non-controlling investment unit holders	*2(c)*	**16,286,632**	**7,468,455**
Liabilities[1]			
Non-current liabilities			
Loans and borrowings	*16(d)*	4,829,609	5,746,263
Long-term liabilities to related parties	*16(e)*	4,429,058	2,274,895
Deferred tax liabilities		44,550	165,986
Customer advances	*15(e)*	7,635,951	5,337,026
Other long-term liabilities	*15(g)*	1,870,338	651,154
Total non-current liabilities		**18,809,506**	**14,175,324**
Current liabilities			
Trade and other payables	*16(f)*	4,471,907	2,949,018
Short-term liabilities to related parties	*16(e)*	3,124,653	3,450,854
Loans and borrowings	*16(d)*	5,239,689	735,812
Customer advances	*15(e)*	28,127,855	20,190,907
Other tax liabilities		707,187	168,287
Income tax liabilities		45,269	88,316
Total current liabilities		**41,716,560**	**27,583,194**
Total liabilities		**60,526,066**	**41,758,518**
Total		**93,771,641**	**62,904,420**

The notes on pages 8 to 76 are an integral part of these consolidated financial statements.

[1] excluding net assets attributable to non-controlling investment unit holders

Consolidated Statement of Changes in Equity

For the years ended 31 December 2018

	Attributable to the equity holders of the parent							
In thousands of Hungarian Forints (THUF)	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
Balance at 1 January 2017	37,322	0	157,133	36,074	1,281,960	1,512,489	53,446	1,565,935
Profit/(loss) for the year	0	0	0	0	1,967,057	1,967,057	(54,807)	1,912,250
Other comprehensive loss	0	0	(15,261)	0	0	(15,261)	0	(15,261)
Proceeds from shares issued	8,660,742	592,166	0	0	0	9,252,908	0	9,252,908
Other change in reserves	0	0	0	(220,301)	774	(219,527)	0	(219,527)
Reclassification made upon legal merger	554 848	0	0	(5,212)	(554,848)	(5,212)	0	(5,212)
Non-controlling interests arising on acquisition	0	0	0	0	0	0	8,428,379	8,428,379
Pre-acquisition retained earnings of transferred entity	0	0	0	0	1,066,586	1,066,586	0	1,066,586
Redemption of non-controlling interests	0	0	0	0	7,102	7,102	(847,258)	(840,156)
Transactions with owners	9,215,590	592,166	0	(225,513)	519,614	10,101,857	7,581,121	17,682,978
Balance at 1 January 2018 as previously presented	9,252,912	592,166	141,872	(189,439)	3,768,631	13,566,142	7,579,760	21,145,902
Adjustment (Note 23)							(7,468,455)	
Balance at 1 January 2018 as restated	9,252,912	592,166	141,872	(189,439)	3,768,631	13,566,142	111,305	13,677,447
Profit/(loss) for the year	0	0	0	0	3,348,916	3,348,916	9,938*	3,358,854
Other comprehensive loss	0	0	2,005	0	0	2,005	0	2,005
Other change in reserves *17(c)*	0	0	0	(44,943)	0	(44,943)	0	(44,943)
Non-controlling interests arising on acquisition	0	0	0	0	0	0	40,551	40,551
Redemption of non-controlling interests	0	0	0	0	0	0	(74,971)	(74,971)
Transactions with owners	0	0	0	(44,943)	0	(44,943)	(34,420)	(79,363)
Balance at 31 December 2018	9,252,912	592,166	143,877	(234,382)	7,117,547	16,872,120	86,823	16,958,943

The significant movements in the equity items presented above are explained in details in Note 17.
*Please also refer to Note 2 (c) about Net assets attributable to non-controlling investment unit holders.

The notes on pages 8 to 76 are an integral part of these consolidated financial statements

Consolidated Statement of Cash Flows

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	*Note*	**2018**	**2017**
Cash flows from/(used in) operating activities			
Profit/ before taxation for the period		3,544,811	2,116,281
Adjustments to reconcile profit before for taxation to net cash used in operating activities:			
Depreciation	*15(a),15(b)*	154,930	144,457
Other non-cash movements*		616,823	192,567
Profit on sale of non-current assets classified as held for sale		0	(1,140,694)
Profit/loss on sale of tangible and intangible assets		21,261	(8,995)
Net finance income/expense	*13*	(119,681)	(101,867)
Increase in inventory	*15(c)*	(17,848,785)	(17,810,664)
Share of loss in joint venture	*2(b)*	102,756	0
Decrease/(increase) in trade and other receivables	*16(b)*	1,251,687	(1,941,726)
(Decrease)/increase in liabilities from related parties	*16(a),16(e)*	(2,552,379)	(3,280,654)
Increase in trade and other payables	*16(f)*	(810,345)	1,484,179
Increase in advances received	*15(e)*	10,235,873	18,627,733
Interest paid	*13*	(723,472)	(218,829)
Income tax paid	*14*	(427,934)	(54,630)
Net cash from/(used in) operating activities		***(6,554,456)***	***(1,992,842)***
Cash flows from/(used in) investing activities			
Proceeds from sale of investment property		0	1,132,000
Proceeds from sale of non-current assets held for sale		0	7,213,689
Consideration paid for the acquisition of subsidiaries	*2(a)*	(137,924)	0
Cash of acquired subsidiaries	*2(a)*	241,104	0
Acquisitions of tangible and intangible assets	*15(a),15(b)*	(316,631)	(648,214)
Investing in long-term financial assets	*16*	(4,347,507)	(5,481,337)
Increase of long-term loan receivables	16(a)	(182,387)	(1,050,379)
Repayment of long-term loan receivables	16(a)	147,940	74,680
Interest received	13	294,912	115,292
Investments accounted for using equity method	2(b)	(832,556)	0
Net cash from/(used in) investing activities		***(5,133,049)***	***1,355,73***
Cash flows from/(used in) financing activities			
Proceeds from loans and borrowings	*16(d),16(e)*	28,642,619	8,549,507
Repayment of loans and borrowings	*15(e),15(b)*	(23,302,397)	(20,541,919)
Capital increase	*17(a)*	0	9,252,908
Purchase of non controlling shares and investment notes	*2(c),2(d)*	10,240,551	7,581,121
Redemption of non controlling shares and investment notes	*2(c),2(d)*	(1,574,971)	0
Net cash from financing activities		**14,005,802**	**4,841,617**
Net change in cash and cash equivalents		2,318,297	4,204,506
Cash and cash equivalents at beginning of the year		9,971,253	5,766,747
Cash and cash equivalents at end of the year	*16(c)*	**12,289,550**	**9,971,253**

The notes on pages 8 to 76 are an integral part of these consolidated financial statements

*Significant transactions with no cash movement

For period ending as of 31 December 2018

Other long-term liabilities

Other long-term liabilities (please see also 15(g)) increased by 1,219,184 THUF in 2018. This includes construction related supplier payables balances. Since this change does not represent a cash movement, the change in the inventories calculated from the balance sheet shall be adjusted with the balance of these unpaid suppliers at the end of each year.

For period ending as of 31 December 2017

Legal merger

Cordia International Zrt. acquired several entities through a legal merger as of 20 September 2017.

As a result of the merger, the Group acquired the following assets and liabilities:

Balance sheet line item	Amount (THUF)
Long-term receivables from related parties	7,725,002
Other current asset	123,421
Long-term liabilities to related parties	6,781,837

All the acquired long-term receivables and liabilities were balances with companies in the Group, therefore after the merger these were eliminated in the consolidation. Repayment of loans and proceeds from loans granted are presented in the consolidated statement of cash flows showing only the transactions with cash movement. In order to reconcile the cash flow with the balance sheet for these lines, these non-cash movements shall be considered.

Other long-term liabilities

Other long-term liabilities (please see also 15(g)) increased by 455,433 THUF in 2017. This includes construction related supplier payables balances. Since this change does not represent a cash movement, the change in the inventories calculated from the balance sheet shall be adjusted with the balance of these unpaid suppliers at the end of each year.

Notes to the Consolidated Financial Statements

1. Background and business of the Company

(a) **Company name:** Cordia International Private Limited Company ('Cordia International Zrt.')
Headquarter: 7th floor, 47-53 Futó street, 1082 Budapest
Company registration number: 01-10-048844
Statistical number: 25558098-6810-114-01
Tax registration number: 25558098-2-42

Cordia International Private Limited Company ('the Company'), a Hungarian private limited company with its statutory seat in Budapest, Hungary, was incorporated on 17 April 2016.
The core business of the company is to develop residential properties and then sale residential units. The Company is not involved in development of other real estate projects.
The registered office is located at 47-53 Futó street, Budapest, Hungary. The Company (together with its Hungarian Polish and Romanian subsidiaries 'the Group'), is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Hungary, in Poland and in Romania.
Cordia International Zrt. (the 'Parent') was established as of 27 April 2016 by Futureal Property Group Kft.

As of 31 December 2018 the Company has the following owner:

- Sparks Limited 100% (place of business: Brewery Street, Mriehel, BKR3000, Malta)

Direct controlling party of the Company was Sparks Limited as of 31 December 2018 (and as of 31 December 2017). The direct controlling party company does not prepare consolidated financial statements and there is no consolidated financial statement available into which the Company is consolidated.

The ultimate controlling parties are Futó Gábor and Futó Péter.A list of the companies from which the financial data are included in these Consolidated Financial Statements and the extent of ownership and control are presented in Note 2.

2. Interests in other entities

(a) Group structure

The details of the Hungarian, and Polish and Romanian entities whose financial statements have been included in these Consolidated Financial Statements, the percentage of ownership and voting rights held by the Company and the classification of investments as at 31 December 2018 and 2017, are presented in the table.
The projects managed by the companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near completion.

		Share of ownership & voting rights at		Nature of relationship	
Entity name	**Place of operation**	**12.31.2018**	**12.31.2017**	**12.31.2018**	**12.31.2017**
Villena Sp. z o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Wroclaw I Sp. Z o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Zyrardów Sp.z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Futureal Management Poland Sp. Z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
CORDIA Polska SP. Z.o.o..	Poland	100%	100%	Subsidiary	Subsidiary
Cereman Vagyonkezelő Zrt.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Lands Investment Ltd.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Property Management Kft.	Hungary	N/A	100%	Not in the group	Subsidiary
Cordia Development 1 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Development 2 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 1 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 2 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 3 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 4 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 5 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Ingatlanbefektetési Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Management Szolgáltató Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
CM-HoldCo Kft	Hungary	100%	100%	Subsidiary	Subsidiary
Sasad Resort 2 Kft	Hungary	72,50%	72,5%	Subsidiary	Subsidiary
IPOPEMA 146 Alapusz Inwestycyjny Zamkniety Aktywow Niepublicznych	Poland	N/A	100%	Not in the group	Subsidiary
Cordia Poland GP One Spólka Z	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Project Holding Cordia Poland GP One Spk.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 1 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 2 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 3 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Warszawa 4 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Projekt Kraków 1 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	Subsidiary	Subsidiary
Cordia Central Ingatlanfejlesztő Kft.	Hungary	100%	100%	Subsidiary	Subsidiary
Finext Funds One SICAV-SIF	Luxembourg	25%	25%	Subsidiary	Subsidiary
Cordia Global 6 Alap	Hungary	50%	100%	Joint-venture	Subsidiary
Cordia Global 7 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 8 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 9 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 10 Alap	Hungary	100%	4,71%	Subsidiary	Subsidiary
Cordia Global 11 Alap	Hungary	100%	100%	Subsidiary	Subsidiary
Cordia Global 12 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Global 13 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Global 14 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Global 15 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Global 16 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Global 17 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Global 18 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Global 19 Alap	Hungary	100%	N/A	Subsidiary	Not in the group

Entity name	Place of operation	12.31.2018	12.31.2017	12.31.2018	12.31.2017
Cordia Global 20 Alap	Hungary	100%	N/A	Subsidiary	Not in the group
CORDIA Munkavállalói Résztulajdonosi Program Szervezet	Hungary	100%	N/A	Subsidiary	Not in the group
CDS-Cordia Development Services Srl	Romania	100%	N/A	Subsidiary	Not in the group
Cordia Parcului Residential Project Srl	Romania	100%	N/A	Subsidiary	Not in the group
Cordia Belváros Ingatlanfejlesztő Kft.	Hungary	70%	N/A	Subsidiary	Not in the group
Cordia FM Társasházkezelő Kft	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia New Times Ingatlanfejlesztő Kft.	Hungary	70%	N/A	Subsidiary	Not in the group
Cordia New Homes Kft	Hungary	100%	N/A	Subsidiary	Not in the group
Finext Funds BP SICAV-SIF	Luxembourg	20%	N/A	Subsidiary	Not in the group
Cordia Romania Holding One Kft.	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Romania Holding Two Kft.	Hungary	100%	N/A	Subsidiary	Not in the group
Cordia Development 3 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Cordia Development 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Cordia Development 5 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Cordia Development 1 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Projekt Warszawa 5 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Projekt Kraków 2 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Projekt Kraków 3 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Cordia Dante Project SRL	Romania	100%	N/A	Subsidiary	Not in the group
Cordia Navigatorilor Project SRL	Romania	100%	N/A	Subsidiary	Not in the group
Cordia Corarilor Development SRL	Romania	100%	N/A	Subsidiary	Not in the group
Cordia Project Services SPV3 SRL	Romania	100%	N/A	Subsidiary	Not in the group
Cordia Project Development SPV2 SRL	Romania	100%	N/A	Subsidiary	Not in the group
Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Cordia Partner 3 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Cordia Partner 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group
Cordia Development 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	N/A	Subsidiary	Not in the group

Please also refer to Note 3(a) about critical judgments and significant accounting policies.

Cordia International Zrt. established the following entities in 2018:

Newly established entities
Cordia Global 12 Alap
Cordia Global 13 Alap
Cordia Global 14 Alap
Cordia Global 15 Alap
Cordia Global 16 Alap
Cordia Global 17 Alap
Cordia Global 18 Alap
Cordia Global 19 Alap
Cordia Global 20 Alap
CORDIA Munkavállalói Résztulajdonosi Program Szervezet
Cordia New Homes Kft
Finext Funds BP SICAV-SIF
Cordia Romania Holding One Kft.
Cordia Romania Holding Two Kft.
Cordia Development 3 Spółka z ograniczoną odpowiedzialnością
Cordia Development 4 Spółka z ograniczoną odpowiedzialnością
Cordia Development 5 Spółka z ograniczoną odpowiedzialnością
Cordia Development 1 Spółka z ograniczoną odpowiedzialnością
Projekt Warszawa 5 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością
Projekt Kraków 2 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością
Projekt Kraków 3 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością
Cordia Dante Project SRL
Cordia Navigatorilor Project SRL
Cordia Corarilor Development SRL
Cordia Project Services SPV3 SRL
Cordia Project Development SPV2 SRL
Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością
Cordia Partner 3 Spółka z ograniczoną odpowiedzialnością
Cordia Partner 4 Spółka z ograniczoną odpowiedzialnością
Cordia Development 2 Spółka z ograniczoną odpowiedzialnością

Cordia International Zrt. acquired the following entities in 2018:

Newly acquired entities
Cordia New Times Ingatlanfejlesztő Kft.
Cordia FM Társasházkezelő Kft
CDS-Cordia Development Services Srl
Cordia Parcului Residential Project Srl
Cordia Belváros Ingatlanfejlesztő Kft.

(b) Interests in joint-ventures

Set out below is the joint venture of the group as at 31 December 2018 (as of 31 December 2017 there were no such investment). The entity listed below have share capital consisting solely of ordinary shares, which are held directly by the group.

Entity name	Nature of relationship	Measurement method
Cordia Global 6 alap	Joint-venture	Equity method

Cordia Global 6 alap entity consists projects named Marina Life 1 and 2. The entity is jointly controlled with a partner which is another Hungarian legal entity operating in the real estate industry.

31.12.2018 *In thousands of Hungarian Forints (HUF)*	**Cordia Global 6 Alap**
Net assets	**1,459,600**
Group'share in %	50
Group's share in THUF	729,800
Carrying amount	**729,800**

2018 *In thousands of Hungarian Forints (HUF)*	**Cordia Global 6 Alap**
Revenue	12
Profit as subsidiary	(849)
Profit as joint-venture	(205,512)
Other comprehensive income	0
Total comprehensive income	(206,361)

Reconciliation to carrying amounts:

2018 *In thousands of Hungarian Forints (HUF)*	**Cordia Global 6 Alap**
Opening	0
Change in investments	832,556
Profit attributable to Group	(102,756)
Closing carrying amount	**729,800**

(c) Net assets attributable to non-controlling investment unit holders Non-controlling interests

As described previously, the Group has controlling investment in two investment funds as of 31 December 2018, namely Finext Real Estate Opportunities One SICAV-SIF Sub-Fund and Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund. Besides the Group, there are other non-controlling investors as owners of these two funds.

The two sub-funds operate under a similar scheme in which, the funds' life is limited and pre-determined upon establishment. The funds issue two classes of investment notes in form of shares, Class C is owned by the Group, Class P is purchased by the non-controlling investors. The two share classes provide different rights and they have different risk profile. Based on the funds' prospectus, repayment of the original investments and distributions of profits and losses are to be made as follows:

- First, original investments into Class P and Class C shares shall be returned pro-rata and pari passu. Potential losses are therefore suffered pro-rata, based on the invested capital.
- After distributions equal to the invested capital to all unit holders, the potential profits are not distributed on pro-rata basis but in different proportions, with such proportions changing based on IRR achieved by the Class P unitholders versus pre-agreed IRR hurdles.

The Group does not provide any guarantee on the return on the capital invested by the non-controlling party. In case the projects in the fund generate losses, the losses are shared between the Group and the non-controlling investment unit holders on a pro-rata basis up to the amount of the capital invested. Each parties' liability is limited to the amount of capital invested in the fund.

The Group has no unconditional obligation to pay back any amount invested by the non-controlling investment unit holders, however – after the completion of any project in the fund – the generated free cash shall be returned to the investors and the Group has no sole right to decide about potential reinvestments into potential new projects. Therefore the Management believes that presenting these balances among general liabilities or among the Group equity would be misleading and it would not provide a fair picture about the financial position of the Group. Based on the above, and based on the industry practice, net asset attributable to non-controlling investment unit holders are disclosed on a separate line in the consolidated statement of financial position.

Please also refer to Note 23 about change in previous year's presentation for these balances.

Please see below the movements in the balances during the period.

In thousands of Hungarian Forints (HUF)	
Opening balance 31 December 2016	**0**
Investment made by non-controlling parties	7,500,000
Change in net assets attributable to non-controlling parties	(31,545)
Balance 31 December 2017	**7,468,455**
Investment made by non-controlling parties	10,200,000
Redemption	(1,500,000)
Change in net assets attributable non-controlling parties	(80,660)
Profit distribution to be paid out	198,837
Closing balance 31 December 2018	**16,286,632**

At each period end, the Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance among net assets attributable to non-controlling investment unit holders non-controlling interests.

Please see below the most important financial information regarding these two funds. Please note, that these figures are based on the funds' stand-alone statutory financial statements, therefore consolidation adjustments are not included. In their stand-alone statutory financial statements, the funds measure their investments in other entities within the Group at fair value with gains and losses recognized through the P&L.

31.12.2018 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**	**Finext Funds One SICAV-SIF**
Current assets	253,997	182,825
Current liabilities	9,519	11,621
Current net assets	244,478	171,204
Non-current assets	13,182,705	17,940,976
Non-current liabilities	0	0
Non-current net assets	13,182,705	17,940,976
Net assets	**13,427,183**	**18,112,180**
Accumulated net assets attributable to non-controlling Class P investment unit holders	**10,165,064**	**5,922,731**
Accumulated net assets attributable to controlling, Class C investment unit holders (i.e. the Group)	**3 262 119**	**12 189 449**

2018 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**	**Finext Funds One SICAV-SIF**
Revenue	0	0
Profit for period	1,877,183	8,289,370
Other comprehensive income	0	0
Total comprehensive income	1,877,183	8,289,370
Profit allocated	(34,936)	(45,724)
Dividends paid	0	0

2018 *In thousands of Hungarian Forints (HUF)*	**Finext Funds BP SICAV-SIF**	**Finext Funds One SICAV-SIF**
Cash flow from operating activities	19,819	(49,345)
Cash flow from investing activities	(11,265,822)	960,616
Cash flow from financing activities	11,500,000	(2,000,000)
Net change in cash and equivalents	**253,997**	**(1,088,729)**

31.12.2017 *In thousands of Hungarian Forints (HUF)*	**Finext Funds One SICAV-SIF**
Current assets	1,271,554
Current liabilities	0
Current net assets	1,271,554
Non-current assets	10,551,257
Non-current liabilities	0
Non-current net assets	10,551,257
Net assets	11,822,811
Accumulated net assets attributable to non-controlling investment unit holders	7,468,455

2017 *In thousands of Hungarian Forints (HUF)*	**Finext Funds One SICAV-SIF**
Revenue	1,864,872
Profit for period	1,822,511
Other comprehensive income	0
Total comprehensive income	1,822,511
Profit allocated	(31,546)
Dividends paid	0

2017 *In thousands of Hungarian Forints (HUF)*	**Finext Funds One SICAV-SIF**
Cash flow from operating activities	42,061
Cash flow from investing activities	8,686,385
Cash flow from financing activities	(10,000,000)
Net change in cash and equivalents	(1,271,554)

(d) Non-controlling interests

Movements in non-controlling interests during the year ended 31 December 2018 are as follows:

In thousands of Hungarian Forints (HUF)	**2018**
Opening balance	**111,305**
Comprehensive income/(loss) attributable to non-controlling interests	9,938
Non-controlling interest arising on acquisition	40,551
Redemption of shares owned by non-controlling interest	(74,971)
Closing balance	**86,823**

3. Basis of preparation and measurement

(a) Basis of preparation and statement of compliance

The consolidated financial statements of Cordia International Group have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union (EU) and interpretations issued by the IFRS Interpretations Committee (IFRIC). The financial statements are for the group consisting of Cordia International Plc and its subsidiaries.

The consolidated financial statements have been prepared on a going concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. The consolidated financial statements were authorized by the Boards of Directors of Cordia International on 17 June 2019.

The parent company and the subsidiaries operating in Hungary prepare their separate financial statements according to the Hungarian Accounting Standards 2000. C. (the HAS), the subsidiaries operating in Poland prepare their separate financial statements in accordance with accounting policies specified in the Polish Accounting Act dated 29 September 1994 with subsequent amendments and the regulations issued based on that Act (all together: 'Polish Accounting Standards'). The subsidiaries operating in Romania prepare their separate financial statements in accordance with accounting policies specified in Accounting Law no. 82/1991 with subsequent amendments and the regulations issued based on that Act (all together: 'Romanian Accounting Standards'). Some of the regulations in the Hungarian, Polish or Romanian accounting standards are different from IFRS. These consolidated financial statements include a number of adjustments not included in the books of account of the Group entities, which were made in order to bring the financial statements of those entities to conformity with IFRSs as adopted by EU.

The preparation of consolidated financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. Changes in assumptions may have a significant impact on the consolidated financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3.

(b) Basis of measurement

The consolidated financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of those financial assets that have been measured at fair value through profit or loss.
The methods used to measure fair values for the purpose to prepare the consolidated financial statements are discussed further in Note 18.

(c) Functional and presentation currency

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in thousands of Hungarian Forint, which is the parent company's functional currency and the Group's presentation currency.

(d) Basis of consolidation

These Consolidated Financial Statements comprise the financial statements of the Company and its subsidiaries as at 31 December 2018. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if, and only if, the Group has:

- power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee);
- exposure, or rights, to variable returns from its involvement with the investee;
- the ability to use its power over the investee to affect its returns.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income (OCI) are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance.

All the Group companies have 31 December as their year-end. Consolidated financial statements are prepared using uniform accounting policies for similar transactions. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group. Inter-company transactions, balances and unrealized gains or losses on transactions between Group companies are fully eliminated, except where there are indications for impairment.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it derecognizes the related assets (including goodwill), liabilities, non-controlling interest and other components of equity while any resultant gain or loss is recognized in profit or loss. Any investment retained is recognized at fair value.

Where property is acquired, via corporate acquisitions or otherwise, management considers the substance of the assets and activities of the acquired entity in determining whether the acquisition represents the acquisition of a business. Where such acquisitions are not judged to be an acquisition of a business, they are not treated as business combinations. Rather, the cost to acquire the corporate entity is allocated between the identifiable assets and liabilities of the entity based on their relative fair values at the acquisition date. Such transactions or events do not give rise to goodwill. As these transactions meet the exception definition as of IAS 12.15.b deferred tax related to the acquisition is not recognized at the transaction date. In case the transaction is between parties under common control the difference between the fair value of the assets and liabilities acquired and the consideration paid is accounted for in the other capital if it arose from a transaction with owners in their capacity as owners based on the analysis of the substance.

Otherwise, in case an acquired subsidiary or group of assets meets the definition of "business" as defined by IFRS 3 the Group applies the acquisition method to account for business combinations. In this case the consideration transferred is the fair values of the assets transferred, the liabilities incurred to the former owners of the acquiree and the equity interests issued by the Group. The consideration transferred includes the fair value of any asset or liability resulting from a contingent consideration arrangement. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The Group recognizes any non-controlling interest in the acquiree on an acquisition-by-acquisition basis, either at fair value or at the non-controlling interest's proportionate share of the recognized amounts of acquiree's identifiable net assets. Acquisition-related costs are expensed as incurred.

If the business combination is achieved in stages, the acquisition date carrying value of the acquirer's previously held equity interest in the acquiree is re-measured to fair value at the acquisition date; any gains or losses arising from such re-measurement are recognized in profit or loss.

Any contingent consideration to be transferred by the Group is recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration that is deemed to be an asset or liability is recognized in profit or loss. Contingent consideration that is classified as equity is not re-measured, and its subsequent settlement is accounted for within equity.

(e) Use of estimates and critical judgments

The Group estimates and judgements are continually evaluated and are based on historical experience as adjusted for current market conditions and other factors.

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

Revenue recognition

IFRS 15, Revenue from Contracts with Customers (issued in May 2014 and effective for the periods beginning on or after 1 January 2018)Management analyzed impact of initial application of IFRS 15 and identified the following topics, where difference between IAS 18 and IFRS 15 might arise. Cordia applied modified retrospective approach upon transition to IFRS 15. Based on the analysis, Management concluded that transition to IFRS 15 does not have a material impact on the Cordia Group's financial statements.:

(i) Capitalization of incremental costs to obtain a contract

- Cordia Group has already (before the adaptation of IFRS 15) capitalized variable sales commission of real estate agents in case those commissions can be directly linked to the specific sales contract in the previous year's consolidated financial statements. Capitalized sales commission is recognized as other asset and reversed to selling and marketing expenses upon transferring the control of property to the customer and recording the revenue.

(ii) Recognizing revenue

- IFRS 15 changed the indicators required to be assessed in order to determine, when revenue shall be recognized. In case of Cordia Group, based on IFRS 15.35 revenue shall be recognized at a point time. This is the point, when control over the property is transferred to the customer.

Based on IFRS 15.38, there are five indicators that a customer has obtained control of an asset:

- The entity has a present right to payment.
- The customer has legal title.
- The customer has physical possession.
- The customer has the significant risks and rewards of ownership.
- The customer has accepted the asset.

(iii) Significant financing component

Notwithstanding the provisions of IFRS 15 para 61, a contract with a customer would not have a significant financing component if the difference between the promised consideration and the cash selling price of the good or service arises for reasons other than the provision of finance to either the customer or the entity, and the difference between those amounts is proportional to the reason for the difference.

Cordia Group believes that the customer pays in advance to ensure purchase of the apartment. This is the market practice and significant majority of the apartments are sold before completion of the projects.

Selling price in case of paying in advance is not lower than the price that would be paid upon completion. Cordia Group believes that based on these arguments, payments are not made in advance to provide financing, therefore no significant financing component exists. Therefore transition to IFRS 15 had no impact on the financial statements.

Subsidiaries with less than 50% ownership held by the Group

As of 31 December 2018, in Finext Funds BP SICAV-SIF, Finext Funds One SICAV-SIF the Group owns less than 50% of the investment units, but it is capable of controlling the entities through the rights provided by its shares. This means that funds issued two classes of investment units, where the ones owned by the Group allow it to control the entities as required by IFRS 10 (i.e. all the major decisions are to be decided by Cordia International). Please also refer to Note 2 (d) about net assets attributable to non-controlling investment unit holders of these two funds.

4. Significant accounting policies

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

(a) Foreign currency

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 recognized in the profit or loss for the year except for the exchange gains and losses related to cash flow hedges or hedges for qualified investments which shown in other comprehensive income. Foreign exchange gains and losses that relate to borrowings and cash and cash equivalents are presented net in the income statement within finance costs and finance income respectively, unless they are capitalized as explained in Note 4(i) ("Borrowing costs"). All other foreign exchange gains and losses are presented net also in the income statement within finance costs and finance income respectively.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

(b) Revenue

Revenue is recorded based on IFRS 15 from 1 January 2018. Management assessed the difference between IAS 18 and IFRS 15 and identified that transition to IFRS 15 had no impact on the consolidated financial statements.

Below the accounting policy for IFRS 15 is described based on the 5-step model.

Identifying the contract

An agreement between two or more parties that creates enforceable rights and obligations meets the definition of a contract in the revenue standard. A contract can be written, oral, or implied by Cordia Group's customary business practices.

Cordia Group's customary business practices is to have always written contracts with customers.

The following criteria should be met before Cordia Group accounts for a contract with a customer:
a. the contract has been approved (in writing, orally, or in accordance with other customary business practices) and the parties are committed to perform their respective obligations,
b. the entity can identify each party's rights;
c. the entity can identify the payment terms;
d. the contract has commercial substance; and
e. it is probable that the entity will collect the consideration to which it is entitled for transferring the goods and services to the customer.

Cordia Group believes that the criteria above is met in case of all its written customer contracts.

Identify the performance obligations

Performance obligations are the unit of account for the purposes of applying the revenue standard, and they therefore determine when and how revenue is recognised.

A performance obligation is a promise to provide a distinct good or service or a series of distinct goods or services. At contract inception, Cordia Group assesses the goods or services promised to a customer, and identifies each promise to transfer as either:
a. a good or service (or a bundle of goods or services) that is distinct; or
b. a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

Promises in a contract can be explicit, or implicit if they create a valid expectation that the entity will provide a good or service based on the entity's customary business practices, published policies or specific statements.

A series of distinct goods or services provided over a period of time is a single performance obligation if the distinct goods or services are substantially the same and have the same pattern of transfer to the customer. A series of distinct goods or services has the 'same pattern of transfer' if both of the following criteria are met:
a. each distinct good or service meets the criteria to be a performance obligation satisfied over time; and
b. the same measure of progress towards complete satisfaction of the performance obligation is used.

A good or service that is promised to a customer is distinct if:
a. the customer can benefit from the good or service, either on its own or together with other resources that are readily available to the customer (that is, the good or service is capable of being distinct); and
b. the entity's promise to transfer the good or service to the customer is separately identifiable from other promises in the contract (that is, the promise to transfer the good or service is distinct within the context of the contract).

Cordia Group considers each property (i.e. apartment, parking lot, storage) as one performance obligation. Cordia Group transfers the control to the customer over the properties at the same time. Revenue for different property types is not reported separately. Services are not sold together with the properties. Based on this, Cordia Group treats properties in each customer contract as a single performance obligation, because separation would not have an impact on the financial statements.

Determining the transaction price

The transaction price in a contract reflects the amount of consideration that Cordia Group expects to be entitled to in exchange for goods or services transferred. The transaction price includes only those amounts to which the entity has rights under the present contract and excludes amounts collected on behalf of third parties. The consideration promised in a contract with a customer might include fixed amounts, variable amounts, or both. Contractually stated prices for goods or services might not represent the amount of consideration that Cordia Group expects to be entitled to as a result of its customary business practices with customers.

Allocating the transaction price to separate performance obligations

The transaction price should be allocated to each separate performance obligation, or distinct good or service, so that revenue is recorded at an amount that depicts the amount of consideration that the entity expects to be entitled to in exchange for transferring the promised goods or services.
The transaction price should be allocated to each performance obligation based on the relative stand-alone selling prices of the goods or services being provided to the customer.

Recognizing revenue

Revenue is recognised when or as performance obligations are satisfied by transferring control of a promised good or service to a customer.

Control either transfers over time or at a point in time. Management needs to determine, at contract inception, whether control of a good or service transfers to a customer over time or at a point in time. If the performance obligation is not satisfied over time, it is satisfied at a point in time.

Revenue is recognised over time if any of the following three criteria are met:
a. the customer simultaneously receives and consumes the benefits provided by the entity's performance as the entity performs;
b. the entity's performance creates or enhances an asset that the customer controls as the asset is created or enhanced; or
c. the entity's performance does not create an asset with an alternative use to the entity, and the entity has an enforceable right to payment for performance completed to date.

A performance obligation is satisfied at a point in time if none of the criteria for satisfying a performance obligation over time are met. The guidance on control should be considered, to determine when the performance obligation is satisfied by transferring control of the good or service to the customer. In addition, there are five indicators that a customer has obtained control of an asset:

- The entity has a present right to payment.
- The customer has legal title.
- The customer has physical possession.
- The customer has the significant risks and rewards of ownership.
- The customer has accepted the asset. [IFRS 15 para 38]

Based on the indicators above, Cordia Group recognizes revenue based on date of transferring the control of the properties to the customers. Please see the detailed accounting policy in Note 3 (e) about critical judgments.

Other considerations

Cordia Group capitalises the incremental costs of obtaining a contract with a customer if it expects to recover those costs. However, costs to obtain a customer do not include payments to customers.

Cordia Group capitalizes variable sales commission of real estate agents in case those commissions can be directly linked to the specific sales contract. Capitalized sales commission is recognized as other asset and reversed to selling and marketing expenses upon transferring the property to the customer and recording the revenue.

Advances received related to pre-sales of residential units, which represent deferred income, are deferred when they do not meet the criteria to be recognized as revenue. When they subsequently meet these criteria, they are recognized as revenue.

Other revenues include rental income, service charges and management charges from properties. Revenue from service and management charges is measured at the fair value of the consideration received or receivable, and amounts disclosed as net of rebates and VAT.

Rental income from operating leases is recognized on a straight-line basis over the lease term. When the Group provides incentives to its tenants, the cost of incentives is recognized over the lease term, on a straight-line basis, as a reduction of rental income. Revenues from the early termination of operating leases recognized at the date of occurrence.

(c) Financial instruments

As described previously, the Group applies IFRS 9 for accounting of financial instruments from 1 January 2018. Management assessed the differences between IAS 39 and IFRS 9 and identified that transition to IFRS 9 had no significant impact on the consolidated financial statements.

Classification and measurement

Financial assets

All financial assets under IFRS 9 are to be initially recognised at fair value, plus or minus (in the case of a financial asset not at FVTPL) transaction costs that are directly attributable to the acquisition of the financial instrument.

IFRS 9 has two measurement categories: amortised cost and fair value. Movements in fair value are presented in either profit or loss or other comprehensive income (OCI), subject to certain criteria being met, as described below.

If the financial asset is a debt instrument (or does not meet the definition of an equity instrument in its entirety), management should consider the following assessments in determining its classification:

- The entity's business model for managing the financial asset.
- The contractual cash flows characteristics of the financial asset.

A financial asset should be subsequently measured at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise, on specified dates, to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding; 'principal' and 'interest'.

A financial asset should be subsequently measured at FVOCI if both of the following conditions are met:

- the financial asset is held within a business model whose objective is achieved by both holding financial assets in order to collect contractual cash flows and selling financial assets; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are SPPI.

If the financial asset does not pass the business model assessment and SPPI criteria, or the fair value option is applied it is measured at FVTPL. This is the residual measurement category.

Cordia Group's business model refers to how an entity manages its financial assets in order to generate cash flows. IFRS 9 prescribes two business models: holding financial assets to collect contractual cash flows; and holding financial assets to collect contractual cash flows and selling. FVTPL is the residual category which is used for financial assets that are held for trading or if a financial asset does not fall into one of the two prescribed business models.

Investments in equity instruments are always measured at fair value. Equity instruments that are held for trading (including all equity derivative instruments, such as warrants and rights issues) are required to be classified at FVTPL, with dividend income recognised in profit or loss.

For all other equities within the scope of IFRS 9, management has the ability to make an irrevocable election on initial recognition, on an instrument-by-instrument basis, to present changes in fair value in OCI rather than profit or loss.

Cordia Group's financial assets are debt instruments that are measured at amortized cost because those are held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and contractual term of the financial asset gives rise to cash flows that pass the SPPI test.

Financial liabilities

Cordia Group recognises a financial liability when it first becomes a party to the contractual rights and obligations in the contract. It is, therefore, necessary to measure those contractual rights and obligations on initial recognition.

All financial liabilities in IFRS 9 are initially recognised at fair value, minus (in the case of a financial liability that is not at FVTPL) transaction costs that are directly attributable to issuing the financial liability.
There are two measurement categories for financial liabilities: fair value, and amortised cost. Financial liabilities are measured at amortised cost, unless they are required to be measured at FVTPL or an entity has opted to measure a liability at FVTPL.

Trade receivables that do not have a significant financing component are initially measured at their transaction price. A similar concept is commonly applied to short-term trade payables where the effect of discounting would be immaterial, consistent with the requirements of paragraph 8 of IAS 8.

Transaction costs are incremental costs that are directly attributable to the acquisition, issue or disposal of a financial asset or financial liability. An incremental cost is one that would not have been incurred if the entity had not acquired, issued or disposed of the financial instrument.

Transaction costs include fees and commissions paid to agents (including employees acting as selling agents), advisers, brokers and dealers, levies by regulatory agencies and securities exchanges, and transfer taxes and duties. Transaction costs do not include debt premiums or discounts, financing costs or internal administrative or holding costs.

The amortised cost of a financial asset or financial liability is defined as the amount at which the financial asset or financial liability is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortisation using the effective interest method of any difference between that initial amount and the maturity amount and, for financial assets, adjusted for any loss allowance.

All the financial liabilities of the Group are kept at amortized cost.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and presented in the statement of financial position as a net amount when the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets

Cordia Group applies IFRS 9 impairment model to:

- investments in debt instruments measured at amortised cost;
- investments in debt instruments measured at fair value through other comprehensive income (FVOCI);
- all loan commitments not measured at fair value through profit or loss;
- financial guarantee contracts to which IFRS 9 is applied and that are not accounted for at fair value through profit or loss; and
- lease receivables that are within the scope of IAS 17, 'Leases', trade receivables and contract assets within the scope of IFRS 15 that give rise to a conditional right to consideration.

The model does not apply to investments in equity instruments.

The entity follows the rules of IFRS 9 outlines a 'three-stage' model ('general model') for impairment based on changes in credit quality since initial recognition:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the entity) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

Many of the Group's financial assets are inter-company loans within the scope of IFRS 9 might not require a material impairment provision to be recognised, because:

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material.

Where inter-company loans do not meet any of the three criteria above, lifetime expected credit losses will need to be calculated, which are more likely to give rise to a material impairment provision.
For trade receivables, contract assets and lease receivables Cordia Group applies simplifications eliminate the need to calculate 12-month ECL and to assess when a significant increase in credit risk has occurred.
For trade receivables or contract assets that do not contain a significant financing component, the loss allowance should be measured at initial recognition and throughout its life at an amount equal to lifetime ECL. As a practical expedient, a provision matrix is be used to estimate ECL for these financial instruments

(d) Trade and other receivables

Financial assets recognized in the consolidated statement of financial position as trade receivables are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment.

(e) Receivables from related parties

Financial assets recognized in the consolidated statement of financial position as receivables from related parties consist of contract amount receivable in the normal business activity for goods and services, as well as loans granted to affiliates. Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

(f) Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, except for collateralized deposits.

The overdrafts are shown in current liabilities in borrowings line.

(g) Trade and other payables

Trade payables are contract amount payable in the normal business activity for goods and services. Trade payables are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

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

(h) Liabilities to related parties

Liabilities to related parties are contract amount payable in the normal business activity for goods and services, as well as loans payable to affiliates. Liabilities to related parties are classified as current liabilities if the payment term is less than 12 months, in any other cases they are classified as non-current liability.

Liabilities to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

(i) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortized cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognized as finance cost over the period of the borrowings using the effective interest method.

Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down (and should be calculated with in the effective interest calculation and the amortized cost of the loan). In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(j) Property and equipment

i. Recognition and measurement

Items of property and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located.

When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognizes such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of comprehensive income as incurred.

ii. Depreciation

Depreciation is calculated on the straight-line basis over the estimated useful life of each component of an item of property and equipment.

Depreciation, based on a component approach, is calculated using the straight-line method to allocate the cost over the assets' estimated useful lives, as follows:

· Buildings: 50 years;
· Equipment's: 7 years;
· Fixtures and fittings: 7 years.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at least at each financial year-end. Leased assets are depreciated over the shorter of the lease term and their useful lives. Land is not depreciated.

When parts of an item of property and equipment have different useful lives, they are accounted for as separate items (major components) of property and equipment.

Depreciation methods, useful lives and residual values are reassessed at the reporting date, and adjusted prospectively since the beginning of the following year, if appropriate.

(k) Leases

Leases in which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition, the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments.

(l) Inventories of residential units

Inventories consist of multi-family residential real estate projects to individual customers.

Inventories are measured at the lower of cost and net realizable value. The cost of inventories includes expenditure incurred relating to the construction of a project. Costs relating to the construction of a project are included in inventories of residential units as follows: costs incurred relating to projects or a phase of a project which are not available for sale (work in progress), costs incurred relating to units unsold associated with a project.

Project construction costs include:

- land or leasehold rights for land;
- construction costs paid to the general contractor building the residential project;
- planning and design costs;
- perpetual usufruct fees and real estate taxes incurred during the period of construction;
- borrowing costs to the extent they are directly attributable to the development of the project (see accounting policy (q));
- professional fees attributable to the development of the project;
- construction overheads and other directly related costs.

Inventory is recognized as a cost of sales in the statement of comprehensive income when the sale of residential units is recognized.

(n) Impairment of non-financial assets

The carrying amounts of the Group's non-financial assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists then the asset's or a cash generating unit's recoverable amount is estimated.

An impairment loss is recognized if the carrying amount of an asset or a cash generating unit exceeds its recoverable amount.

The recoverable amount of an asset or a cash generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(o) Equity

i. Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

ii. Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

(p) Dividend distribution

Dividend distribution to the parent company's shareholders is recognized as a liability in the Group's consolidated financial statements in the period in which the dividends are approved.

(q) Borrowing costs

Borrowing costs directly attributable to the inventory of properties which necessarily take a substantial period of time to get ready for their intended use or sale, are capitalized as part of the cost of the respective assets.

The interest capitalized is calculated using the Group's weighted average cost of borrowings after adjusting for borrowings associated with specific developments. Where borrowings are associated with specific developments, the amount capitalized equals the gross interest incurred on those borrowings. Interest is capitalized as from the commencement of the development work until the date of completion. The capitalization of borrowing costs is suspended if there are prolonged periods when development activity is interrupted.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

(r) Interest income and expense

Interest income and expense are recognized within 'finance income' and 'finance expense' in profit or loss using the effective interest rate method, except for borrowing costs relating to qualifying assets, which are capitalized as part of the cost of that asset. The Group has chosen to capitalize borrowing costs on all qualifying assets irrespective of whether they are measured at fair value or not. Properties built in residential property development projects are considered to be qualifying assets for the Group.

The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability and of allocating the interest income or interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts throughout the expected life of the financial instrument, or a shorter period where appropriate, to the net carrying amount of the financial asset or financial liability. When calculating the effective interest rate, the Group estimates cash flows considering all contractual terms of the financial instrument (for example, pre-payment options) but does not consider future credit losses. The calculation includes all fees and points paid or received between parties to the contract that are an integral part of the effective interest rate, transaction costs and all other premiums or discounts.

(s) Current and deferred income tax

The tax expense for the period comprises current and deferred tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized directly in other comprehensive income or equity - in which case, the tax is also recognized in other comprehensive income or equity.

The Group based on the operation of the mother company considers the following taxes as income tax defined by IAS 12:

- corporate income tax;
- local trade tax;
- innovation duty.

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income 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 consolidated financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the date of the statement of financial position and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

Deferred income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income taxes assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

The Group established a tax-efficient legal structure, as the SPVs (property development funds) are not obliged to pay income taxes under the current laws and regulations, therefore the Group's effective tax rate is low (please see effective tax reconciliation in Note 14).

(t) Fair Value

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- in the principal market for the asset or liability, or
- in the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices);

- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

5. Adoption of new and revised Standards

A) New and amended standards adopted by the group

- IFRS 9 "Financial Instruments: Classification and Measurement" (amended in July 2014 and effective for annual periods beginning on or after 1 January 2018). Key features of the new standard are:
    - Financial assets are required to be classified into three measurement categories: those to be measured subsequently at amortized cost, those to be measured subsequently at fair value through other comprehensive income (FVOCI) and those to be measured subsequently at fair value through profit or loss (FVPL).
    - Classification for debt instruments is driven by the entity's business model for managing the financial assets and whether the contractual cash flows represent solely payments of principal and interest (SPPI). If a debt instrument is held to collect, it may be carried at amortized cost if it also meets the SPPI requirement. Debt instruments that meet the SPPI requirement that are held in a portfolio where an entity both holds to collect assets' cash flows and sells assets may be classified as FVOCI. Financial assets that do not contain cash flows that are SPPI must be measured at FVPL (for example, derivatives). Embedded derivatives are no longer separated from financial assets but will be included in assessing the SPPI condition.
    - Investments in equity instruments are always measured at fair value. However, management can make an irrevocable election to present changes in fair value in other comprehensive income, provided the instrument is not held for trading. If the equity instrument is held for trading, changes in fair value are presented in profit or loss.
    - Most of the requirements in IAS 39 for classification and measurement of financial liabilities were carried forward unchanged to IFRS 9. The key change is that an entity will be required to present the effects of changes in own credit risk of financial liabilities designated at fair value through profit or loss in other comprehensive income.
    - IFRS 9 introduces a new model for the recognition of impairment losses – the expected credit losses (ECL) model. There is a 'three stage' approach which is based on the change in credit quality of financial assets since initial recognition. In practice, the new rules mean that entities will have to record an immediate loss equal to the 12-month ECL on initial recognition of financial assets that are not credit impaired (or lifetime ECL for trade receivables). Where there has been a significant increase in credit risk, impairment is measured using lifetime ECL rather than 12-month ECL. The model includes operational simplifications for lease and trade receivables.

The adoption of IFRS 9 has no significant impact on the consolidated financial statements, because:

- All the financial assets and financial liabilities will continue to be recorded at amortized cost using the effective interest rate method. Therefore there will be no difference arising regarding classification and measurement of financial instruments.
- Entities within group does not have material third-party receivables. Financial assets consist mainly of cash and cash equivalents; restricted deposits at banks and related party loans. Management believes that expected credit loss arising on these items is immaterial, therefore no adjustment is made as a result of transition to IFRS 9.
- The group does not have any derivatives.

In accordance with the transitional provisions in IFRS 9(7.2.15) and (7.2.26), comparative figures have not been restated.

	Measurement category		Carrying amount		
01.01.2018	**Original (IAS 39)**	**New (IFRS 9)**	**Original**	**New**	**Difference**
Non-current financial asset					
Long-term receivables from related parties	Amortized cost	Amortized cost	1,050,379	1,050,379	0
Loans receivables from third parties	Amortized cost	Amortized cost	11,493	11,493	0
Restricted Cash	Amortized cost	Amortized cost	5,483,415	5,483,415	0
Current financial assets					
Securities	Fair value through profit or loss	Fair value through profit or loss	30,119	30,119	0
Restricted Cash	Amortized cost	Amortized cost	2,720,115	2,720,115	0
Short-term receivables from related parties	Amortized cost	Amortized cost	1,807,482	1,807,482	0
Trade and other receivables	Amortized cost	Amortized cost	332,278	332,278	0
Cash and cash equivalents	Amortized cost	Amortized cost	9,971,253	9,971,253	0
Non-Current financial liabilities					
Loans and borrowings	Amortized cost	Amortized cost	5,746,281	5,746,281	0
Long-term liabilities to related parties	Amortized cost	Amortized cost	2,441,517	2,441,517	0
Current financial liabilities					
Trade and other payables	Amortized cost	Amortized cost	2,837,287	2,837,287	0
Loans and borrowings	Amortized cost	Amortized cost	735,812	735,812	0
Short-term liabilities to related parties	Amortized cost	Amortized cost	3,284,215	3,284,215	0

- IFRS 15 “Revenue from customers”: Please refer to Note 3 (e)

- IFRIC 22 - Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016, the EU has endorsed the interpretation on 1 January 2018). The interpretation addresses how to determine the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) on the derecognition of a non-monetary asset or non-monetary liability arising from an advance consideration in a foreign currency. Under IAS 21, the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income (or part thereof) is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the date of the transaction for each payment or receipt of advance consideration. IFRIC 22 only applies in circumstances in which an entity recognizes a non-monetary asset or non-monetary liability arising from an advance consideration. IFRIC 22 does not provide application guidance on the definition of monetary and non-monetary items. An advance payment or receipt of consideration generally gives rise to the recognition of a non-monetary asset or non-monetary liability, however, it may also give rise to a monetary asset or liability. An entity may need to apply judgment in determining whether an item is monetary or non-monetary.

  Some projects have been completed, so the relating revenues are recognized in compliance with the new methodology. Since the majority of the invoicing has the same currency as the functional currency of the entities, the application of IFRIC 22 has no significant impact on the financial statements.

B) Impact of standards issued but not yet applied by the Group

- IFRS 16, Leases (issued in January 2016 and effective for annual periods beginning on or after 1 January 2019). The new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases.

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Lessees will be required to recognise: (a) assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and (b) depreciation of lease assets separately from interest on lease liabilities in the income statement. IFRS 16 substantially carries forward the lessor accounting requirements in IAS 17. Accordingly, a lessor continues to classify its leases as operating leases or finance leases, and to account for those two types of leases differently.

It will result in almost all leases being recognised on the balance sheet, as the distinction between operating and finance leases is removed. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term and low-value leases. The accounting for lessors will not significantly change.

The standard will affect primarily the accounting for the group's operating leases (The Group is presenting operating lease commitments according to IAS 17 in Note 19.) As at the reporting date, the group has non-cancellable operating lease commitments of approximately HUF 1 800 000 thousand. However, this is just an estimation and the group has not yet determined to what extent these commitments will result concretely in the recognition of an asset and a liability for future payments and how this will affect factually the group's profit and classification of cash flows.

6. Revenue

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Revenue from sale of real estate	16,885,450	3,658,871
Other revenue	2,968,556	3,259,270
Total revenue	**19,854,006**	**6,918,141**

Revenue from sales of real estate is recognized at point in time and consists of sale of residential units and related parking lots and storage, while other revenue includes revenues from rental and service charge, as well as assignment fees for the purchase right of a land plot, which – in majority – are recognized over time.

The Group finished three projects in Hungary and one in Poland and started to hand over the apartments to its customers in 2018. The Group has not completed, nor delivered to its clients, any residential projects during 2017.

Please refer also to note 20 about related party transactions.

For the period ended 31 December 2018 *In thousands of Hungarian Forints (THUF)*	**2018**
Opening balance of capitalized variable sales commissions	**306,495**
Increase in contract assets	281,269
Amortization of contract assets	(161,591)
Closing balance of capitalized variable sales commissions	**426,173**

Please refer also to note 15(e) about contract liabilities, note 19 about the contracted sales and note 26 about the sales breakdown by segment.

7. Cost of sales

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Cost of sales of main activities	11,920,952	2,660,741
Cost of sales of other revenue	228,703	278,370
Total cost of sales	**12,149,655**	**2,939,111**

Cost of sales of other revenue consists of service charge costs and depreciation of the investment properties. Selling investment property was a one-off item in the previous year, which contributed most of the cost of sales of other revenue balance. No such transaction occurred during 2018.

8. Selling and marketing expenses

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Advertising	1,245,256	704,853
Sales and other	711,535	436,682
Total selling and marketing expenses	**1,956,791**	**1,141,535**

The majority of selling and marketing expenses is related to advertising residential properties under construction. Sales and other costs includes all the sales costs not directly related and not incremental to a specific customer contract. Incremental sales bonuses are capitalized as "Other long-term assets" in an amount of THUF 426,173 as of 31 December 2018 (THUF 306,495 as of 31 December 2017).

9. Administrative expenses

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Personnel expenses and external services	1,366,235	1,522,148
Materials and energy	46,579	35,385
Depreciation	154,930	124,108
Bank fees and other charges	61,516	178,456
Total administrative expenses	**1,629,260**	**1,860,097**

Personnel expenses are related to staff of the Hungarian, Polish and the Romanian management companies (Cordia Management Szolgáltató Kft., Futureal Management Poland Sp. Z.o.o. and Cordia Development Services Srl.). This does not include construction and engineering staff costs, which are capitalized as inventory.

10. Breakdown of expenses by nature

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Employee benefits expenses	481,838	1,317,088
Material type expenditures	2,949,283	1,560,436
Depreciation and amortization	154,930	124,108
Total	**3,586,051**	**3,001,632**

11. Other expenses

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Taxes	152,182	106,752
Fines, penalties, default interest and compensation	189,189	0
Other	268,613	5,937
Total other expense	**609,984**	**112,689**

12. Other income

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Net gain (loss) on non-current asset held for sale and investment property sold	0	1,140,694
Other	19,570	9,011
Total other income	**19,570**	**1,149,705**

13. Finance income and expense

For the year ended 31 December 2018 *In thousands of Hungarian Forints (THUF)*	**Total amount**
Interest income	294,912
Other finance income	961,613
Finance income	**1,256,525**
Interest expense	35,531
Other finance expense	1,101,313
Finance expense	**1,356,844**
Net finance income / (expense)	**119,681**

For the year ended 31 December 2017 *In thousands of Hungarian Forints (THUF)*	**Total amount**
Interest income	115,292
Other finance income	820,377
Finance income	**935,669**
Interest expense	214,517
Other finance expense	619,285
Finance expense	**833,802**
Net finance income / (expense)	**101,867**

Other finance income and cost is mainly related to realized foreign exchange differences on borrowing and trade payables.

Please refer to Note 16(a) about loans granted to related parties, which generates most of the interest income. Interest expense is recognized mainly for bank and related party loans. Please also refer to Note 16(d) about loans and Note 16(e) about liabilities to related parties.

14. Income tax

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Current tax		
Current period	245,489	91,640
Taxation in respect of previous periods	0	0
Total current tax expense / (benefit)	**245,489**	**91,640**
Deferred tax		
Origination and (reversal) of temporary differences	21,227	103,644
Tax losses utilized / (recognized)	0	8,747
Total deferred tax expense / (benefit)	**21,227**	**112,391**
Total income tax expense / (benefit)	**266,616**	**204,031**

Reconciliation of effective tax rate

For the year ended 31 December *In thousands of Hungarian Forints (THUF)*	**2018**	**2017**
Profit / (loss) for the year	3,389,536	1,912,250
Total income tax expense / (benefit)	266,616	204,031
Profit / (loss) before income tax	**3,656,152**	**2,116,281**
Expected income tax using the Hungarian tax rate (9%)	**305,058**	**190,465**
Tax effect of:		
Impact of other income taxes[2]	49,466	44,621
Non-taxable profit[3]	(126,867)	(91,555)
Other differences[4]	38,959	60,500
Tax expense for the period	**266,616**	**204,031**
Effective tax rate	7%	10%

[2] This line mainly includes the impact of Hungarian local business tax, which is also classified as income tax based on IAS 12.

[3] Hungarian investments funds are not subject to income tax.

[4] Other differences contain non deductible expenses, impacts of different tax rates used at foreign entities, change in tax rate in Hungary in 2017 and foreign exchange differences. None of these items are material separately.

15. Non-financial assets and liabilities

This note provides information about the group's non-financial assets and liabilities, including specific information about each type of non-financial asset and non-financial liability:

- Intangible assets (note 15(a))
- Property, plant and equipment (note 15(b))
- Inventories (note 15(c))
- Other assets (note 15(d))
- Customer advances (note 15(e))
- Other tax receivables (note 15(f))
- Other long-term liabilities (note 15(g)).

15.(a) Intangible assets

For the year ended 31 December 2018 *In thousands of Hungarian Forints (THUF)*	**Software**	**Intellectual property and rights**	**Total**
Cost or deemed cost			
Balance at 1 January	15,502	142,963	158,465
Additions	9,117	96,717	105,834
Sales and disposals	(5,186)	(2,329)	(7,515)
Closing balance	**19,433**	**237,351**	**256,784**
Depreciation and impairment losses			
Balance at 1 January	3,930	17,547	21,477
Depreciation for the period	7,347	42,510	49,857
Sales and disposals	(1,293)	(1,113)	(2,406)
Closing balance	**9,984**	**58,944**	**68,928**
Carrying amounts			
At 1 January	11,572	125,416	136,988
Closing balance	**9,449**	**178,407**	**187,856**

The increase in intangible assets consists of the normal office software and the implementation of IT systems.. All intangible assets has finite useful lives and they are amortized using the straight-line method. Average useful life is 3 years.

15.(b) Property and equipment

For the year ended 31 December 2018 *In thousands of Hungarian Forints (THUF)*	**Buildings**	**Machinery and vehicles**	**Furniture, fittings and equipment**	**Assets under construction**	**Total**
Cost or deemed cost					
Balance at 1 January	264,320	45,983	373,218	0	683,521
Additions	84,027	6,837	112,916	210,797	414,577
Sales and disposals	0	0	(6,705)	0	(6,705)
Capitalization	0	0	0	(203,780)	(203,780)
Closing balance	**348,347**	**52,820**	**479,429**	**7,017**	**887,613**
Depreciation and impairment losses					
Balance at 1 January	8,073	12,210	99,249	0	119,532
Depreciation for the period	17,460	3,064	80,766	0	101,290
Sales and disposals	0	0	(3)	0	(3)
Closing balance	**25,533**	**15,274**	**180,022**	**0**	**220,829**
Carrying amounts					
At 1 January	256,247	33,773	273,969	0	563,989
Closing balance	**322,814**	**37,546**	**299,407**	**7,017**	**666,784**

Impairment loss

In the years ended 31 December 2018 and 31 December 2017, the Group did not recognize any impairment loss with respect to property and equipment.

15.(c). Inventory

For the year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	**Opening balance 01.01.2018**	**Closing balance 31.12.2018**
Borrowing costs	768,622	802,936
Construction costs	13,843,132	21,486,689
Acquisition	11,898,011	11,058,613
Lands	7,453,253	12,789,776
Engineering and construction fees	1,380,158	3,359,331
Planning	1,521,792	2,094,340
Other	260,239	629,647
Work in progress	**37,125,207**	**52,221,332**

In thousands of Hungarian Forints (HUF)	**Opening balance 01.01.2018**	**Closing balance 31.12.2018**
Finished goods	**236,773**	**6,424,014**

In thousands of Hungarian Forints (HUF)	**Opening balance 01.01.2018**	**Closing balance 31.12.2018**
Goods for resale	**0**	**67,960**

In thousands of Hungarian Forints (HUF)	**Opening balance 01.01.2018**	**Closing balance 31.12.2018**
Advances for delivery of goods	**174,724**	**0**

In thousands of Hungarian Forints (HUF)	**Opening balance 01.01.2018**	**Closing balance 31.12.2018**
Write-down	**0**	**0**

In thousands of Hungarian Forints (HUF)	**Opening balance 01.01.2018**	**Closing balance 31.12.2018**
Total inventories at the lower of cost or net realizable value	**37,536,704**	**58,713,306**

Write-down revaluating the inventory:

The company internally assessed the net realizable value of the inventory and decreased the value when the net realizable value was lower than the cost amount. In view of the situation in the Hungarian, Polish and Romanian property market in which the Group operates, during the year ended 31 December 2018 and 31 December 2017 the Group performed an inventory review with regard to its valuation to net realizable value based on the valuation report issued by the independent property valuation expert. As a result, during the years ended 31 December 2018 and 31 December 2017, the Group did not made any write-down adjustment. The Group examined a possible write-down on inventory for each project separately, according to the projection of revenues net of cost of sales.

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale. The valuation of inventory is as follows:

As at 31 December *In thousands of Hungarian Forints (HUF)*	**31.12.2018**	**31.12.2017**
Net realizable value exceeding cost	58,713,306	37,536,704
Valued at net realizable value*	0	0
Total inventory	**58,713,306**	**37,536,704**

*These inventories had to be impaired to net realizable value since their costs exceeded their net realizable value.

For information about future commitments to the general contractor for construction services related to inventory construction, see Note 19.

Inventory is pledged and used to secure bank loans. Please refer to note 16(d) about the pledging.

15.(d) Other assets

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
VAT receivables related customer advances	242,616	1,505,296
Advances and prepayments made for inventories	0	277,809
Advances and prepayments made for services	33,985	2,272
Prepaid expenses	844,590	497,104
Total closing balance	**1,121,191**	**2,282,481**
Closing balance includes:		
Other long-term assets	819,992	1,859,010
Other short-term assets	301,199	423,471
Total closing balance	**1,121,191**	**2,282,481**

Based on the Hungarian legislation, in case advances from customers, VAT[5] shall be paid by the Company upon receiving the advance from the customer. This amount is shown as other asset and it is deductible from the VAT payable upon invoicing the final invoice to the customer (i.e. upon handing over the finished apartments). Since finalizing the construction projects takes more than one year, the VAT related to project to be completed after 31 December 2018 is classified as non-current. Balances presented as other assets are not a financial assets based on IFRS 9.

[5] generally VAT is 5% for these type of properties in Hungary

15.(e) Customer advances received

The table below presents the breakdown of customer advances received by projects:

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
Villena	28,865	1,694,189
Cordia Development 1 Alap	1,718,788	5,223,591
Cordia Development 2 Alap	2,217,585	3,342,709
Cordia Global 1 Alap	3,272,616	3,392,945
Cordia Global 2 Alap -	6,754,793	4,006,884
Cordia Global 3 Alap	2,998,061	2,018,063
Cordia Global 4 Alap	4,059,227	1,915,267
Cordia Global 5 Alap	696,197	119,950
Cordia Global 7 Alap	5,515,641	2,212,259
Cordia Global 8 Alap	2,164,264	1,431,875
Cordia Global 9 Alap	317,684	117,173
Cordia Global 10 Alap	362,959	0
Cordia Global 11 Alap	1,353,576	0
Cordia Global 12 Alap	397,942	0
Cordia Global 17 Alap	184,279	0
Cordia Global 18 Alap	145,137	0
Cordia FM Társasházkezelő Kft	37,459	0
Cordia Corarilor Development SRL	15,546	0
Cordia Wroclaw I Sp. Z o.o.	2,347,030	45,963
Projekt Warszawa 1 Cordia Poland GP One	1,176,157	7,065
Total closing balance	**35,763,806**	**25,527,933**

Closing balance includes:		
Current liabilities	28,127,855	20,190,907
Non-current liabilities	7,635,951	5,337,026
Total closing balance	**35,763,806**	**25,527,933**

For the year ended *In thousands of Hungarian Forints (THUF)*	**2018**
Opening balance of customer advances	**25,527,933**
Increase in contract liabilities from customer advances received for not completed performance obligations	16,651,453
Revenue recognised that was included in the contract liability balance at the beginning of the period	(6,415,580)
Closing balance of customer advances	**35,763,806**

15.(f) Other tax receivables

Other tax receivables contains each year the receivables coming from different non-income tax type of taxes. The majority is VAT, balances from other taxes are not material. Since the Companies paid significant input VAT for their purchases and currently output VAT is not significant,
VAT related to customer advances is presented separately under the line of "other current assets", please refer also to Note 15(d).

15.(g) Other long-term liabilities

Other long-term liabilities include trade payables due after one year from the balance sheet date. It is highly common in the construction industry, that suppliers assume warranty for their work for a certain period of time. Based on the contracts, certain payments are due only after the expiration of the warranty period. The general warranty period is between 1-2 years, therefore the time value of the money is considered to be highly immaterial.

16. Financial assets and financial liabilities

This note provides information about the group's financial instruments, including:

- an overview of all financial instruments held by the group
- specific information about each type of financial instrument.

The group holds the following financial instruments:

For the year ended 31 December 2018:

In thousands of Hungarian Forints (HUF)	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets			
Long-term receivables from related parties	0	1,150,746	**1,150,746**
Loans receivables from third parties	0	8,426	**8,426**
Restricted Cash	0	10,869,940	**10,869,940**
Current financial assets			
Securities	29,553	0	**29,553**
Restricted Cash	0	240,281	**240,281**
Short-term receivables from related parties	0	4,359,861	**4,359,861**
Trade and other receivables	0	192,521	**192,521**
Cash and cash equivalents	0	12,289,550	**12,289,550**
Total financial assets	29,553	**29,111,325**	**29,140,878**

For the year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	Financial liabilities at amortized cost	Total
Non-current financial liabilities		
Loans and borrowings	4,829,609	4,829,609
Long-term liabilities to related parties	2,691,668	2,691,668
Current financial liabilities		
Trade and other payables	4,670,744	4,671,734
Loans and borrowings	5,239,689	5,239,689
Short-term liabilities to related parties	4,862,043	4,862,043
Total financial liabilities	**22,293,753**	**22,293,753**

For the year ended 31 December 2017:

n thousands of Hungarian Forints (HUF)	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets			
Long-term receivables from related parties	0	1,050,379	1,050,379
Loans receivables from third parties	0	11,493	11,493
Restricted Cash	0	5,483,415	5,483,415
Current financial assets			
Securities	30,119	0	30,119
Restricted Cash	0	2,720,115	2,720,115
Short-term receivables from related parties	0	1,807,482	1,807,482
Trade and other receivables	0	332,278	332,278
Cash and cash equivalents	0	9,971,253	9,971,253
Total financial assets	**30,119**	**21,376,415**	**21,406,534**

For the year ended 31 December 2017

In thousands of Hungarian Forints (HUF)	Financial liabilities at amortized cost	Total
Non-current financial liabilities		
Loans and borrowings	5,746,281	5,746,281
Long-term liabilities to related parties	2,441,517	2,441,517
Current financial liabilities		
Trade and other payables	2,837,287	2,837,287
Loans and borrowings	735,812	735,812
Short-term liabilities to related parties	3,284,215	3,284,215
Total financial liabilities	**15,045,112**	**15,045,112**

16.(a) Receivables from related parties

The table below presents the breakdown of receivables from the related parties:

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
Trade receivables	36,448	72,752
Loan receivables	4,343,378	2,678,363
Accrued interest receivables	235,824	4,938
Accrued expenses	246,836	44,370
Accrued revenue	372,214	46,877
Other receivables	275,907	10,561
Total closing balance	**5,510,607**	**2,857,861**
Closing balance includes:		
Current assets	1,150,746	1,807,482
Non-current assets	4,359,861	1,050,379
Total closing balance	**5,510,607**	**2,857,861**

The table below presents the movement in loans granted to related parties:

In thousands of Hungarian Forints (HUF)	2018
Opening balance	**2,678,363**
Loans granted (short-term)	2,678,363
Loans granted (long-term)	1,924,511
Loans repaid	(3,078)
Impact of acquisition	(315,317)
Revaluation	(74,716)
Other	93,024
Total closing balance	**4,343,378**

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
HUF	380,331	140,859
EUR	604,322	1,399,397
PLN	4,525,898	1,317,605
RON	56	0
Total closing balance	5,510,607	**2,857,861**

The table below presents the conditions of the most significant related party loan agreements:

As of 31 December 2018

In thousands of Hungarian Forints (HUF)

Counterparty	Balance	Maturity	Interest rate	Currency
Related Party	1 084 815	2022.12.31	EURIBOR 3M + 3,2%	EUR
Related Party	3 258 563	on demand	WIBOR 1M +3,0%	PLN

As of 31 December 2017

In thousands of Hungarian Forints (HUF)

Counterparty	Balance	Maturity	Interest rate	Currency
Related Party	1 050 379	2022.12.31	EURIBOR 3M + 3,2%	EUR

16.(b) Trade and other receivables

The table below presents the breakdown of trade and other receivables:

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
Gross trade receivables	87,029	26,133
Decreased by impairment	(6,950)	0
Net trade receivables	**80,079**	**26,133**
Vendor overpayment	37,357	143,490
Accrued revenue	150	153,191
Other receivables	73,935	9,464
Total trade and other receivables	**191,521**	**332,278**

Classification as trade and other receivables

Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Loans and other receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. If collection of the amounts is expected in one year or less they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are generally due for settlement within 30 days and therefore are all classified as current. The group's impairment and other accounting policies for trade and other receivables are outlined in different notes respectively.

Other receivables

These amounts generally arise from transactions outside the usual operating activities of the group. Interest may be charged at commercial rates where the terms of repayment exceed six months. Collateral is not normally obtained. The non-current other receivables are due and payable within three years from the end of the reporting period.

The following tables presents the maturity of trade receivables:

In thousands of Hungarian Forints (HUF)			**31.12.2017**
Trade receivables			
Overdue	Not	5,100	19,52 %
	1-30 days	8,079	30,91 %
	31-90 days	2,503	9,58 %
	91-364 days	9,741	37,27 %
	365+ day	710	2,72 %
Total closing balance		**26,133**	**100 %**

In thousands of Hungarian Forints (HUF)		**31.12.2018**
Trade receivables		
Overdue	Not	80,079
	1-30 days	0
	31-90 days	0
	91-364 days	0
	365+ day	6,950
Total closing balance		87,029

As at 31 December

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
Opening	**0**	653
Impairment loss	6,950	0
Reversal of impairment	0	(653)
Closing impairment balance	6,950	**0**

As at 31 December 2018 the Group has allowance for doubtful debts in the amount of HUF 6,950 thousand. As at 31 December 2017 the Group had no allowance for doubtful debts.
During the year ended 31 December 2018, the Group wrote down an amount of HUF 6,950 thousand, respectively as irrecoverable debts included in trade and other receivables.

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
HUF	140,872	300,136
EUR	11,642	304
PLN	38,630	31,838
RON	647	0
Total closing balance	**191,521**	**332,278**

16.(c) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand and short-term deposits freely available for the Group. Cash at bank earns interest at floating rates based on daily bank deposit rates. Short-term deposits have a duration varying between one day and three months depending on the immediate cash requirements of the Group. As at 31 December 2018 and 31 December 2017, they earn interest at the respective short-term deposit rates.

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
Cash at bank and in hand	12,289,550	9,941,859
Short-term deposit	0	29,394
Total cash and cash equivalents	**12,289,550**	**9,971,253**

The total amount of cash and cash equivalents was denominated in the following currencies:

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
EUR	1,630,604	1,736,136
USD	4,898	102
PLN	1,650,138	1,037,033
HUF	8,994,679	7,197,753
RON	9,231	74
ILS	0	155
Total cash and cash equivalents	**12,289,550**	**9,971,253**

The Group minimizes its credit risks by holding its funds in financial institutions with high credit ratings as follows*:

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
A	4,982,613	5,512,268
A-	1,101,760	1,970
AA-	436,822	1,271,554
BBB+	413,901	870,454
BBB	1,063,601	648,892
BBB-	2,010,981	1,465,430
BB+	2,255,312	196,654
Cash at hand	24,560	4,031
Total cash and cash equivalents	**12,289,550**	**9,971,253**

*The presented credit ratings are based on S&P's long-term ratings

For information about the fair value of cash and cash equivalents see Note 17.

There is no pledge over cash and cash equivalents see.

16.(d) Loans and borrowings

The table below presents the movement in loans and borrowings from third parties:

For the year ended 31 December *In thousands of Hungarian Forints (HUF)*	**2018**
Opening balance	**6,482,075**
Acquisitions	0
New bank loan drawdown	16,108,315
Loan repayments	(12,584,290)
Other changing (FX, other correction)	63,198
Total closing balance	**10,069,298**

	31.12.2018	**31.12.2017**
Closing balance includes:		
Current liabilities	5,239,689	735,812
Non-current liabilities	4,829,609	5,746,263
Total closing balance	**10,069,298**	**6,482,075**

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
HUF	7,668,640	3,937,634
EUR	669,315	1,292,022
PLN	1,731,343	1,252,419
Total closing balance	**10,069,298**	**6,482,075**

Conditions of significant loans and borrowings:

Loans related to the Hungarian entities:

As of 31 December 2018

	Bank	Loan currency	Maturity	Interest %	31.12.2018 Withdrawn	Real estate property mortgage	Covenant breached?
Cordia Development 2 Fund	Takarék Bank	HUF	2020.10.08	1 month BUBOR + margin	1,152,186	Yes	NO
Cordia Development 2 Fund	Takarék Bank	HUF	2020.10.08	1 month BUBOR + margin	50,114		
Cordia Global 3 Fund	Takarék Bank	HUF	2019,.12.21	1 month BUBOR + margin	2,006,176	Yes	NO
Cordia Global 3 Fund	Takarék Bank	HUF	2019.12.21	1 month BUBOR + margin	33,863		
Cordia Global 4 Fund	Unicredit	HUF	2020.05.29	3 month BUBOR + margin	2,246,007	Yes	NO
Cordia Global 4 Fund	Unicredit	HUF	2020.05.29	3 month BUBOR + margin	231,819		
Cordia Global 5 Fund	Takarék Bank	HUF	2020.11.26	1 month BUBOR + margin	211,414	Yes	NO
Cordia Global 5 Fund	Takarék Bank	HUF	2020.11.26	1 month BUBOR + margin	2,394		
Cordia Global 7 Fund	OTP Bank	HUF	2020.03.20	1 month BUBOR + margin	422,116	Yes	NO
Cordia Global 8 Fund	OTP Bank	HUF	2020.03.20	1 month BUBOR + margin	1,312,550	Yes	NO
Cordia Global 8 Fund	OTP Bank	HUF	2020.03.20	1 month BUBOR + margin	0	Yes	NO
Sasad Resort 2	Hungarian Real Estate Financing Zrt	EUR	2019.06.30	1 month BUBOR + margin	669,315	Yes	NO

As of 31 December 2017

Company	Bank	Loan currency	Maturity	Interest %	31.12.2017 Withdrawn	Real estate property mortgage	Covenant breached?
Cordia Development 1 Fund	FHB	HUF	2019.09.19	1 month BUBOR + margin	261,423	Yes	NO
Cordia Development 1 Fund	FHB	HUF			0		
Cordia Development 2 Fund	FHB	HUF	2019.09 19	1 month BUBOR + margin	1,169,142	Yes	NO
Cordia Development 2 Fund	FHB	HUF			4,496		
Cordia Development 2 Fund	FHB	HUF	2020.10.08	1 month BUBOR + margin	0	Yes	NO
Cordia Development 2 Fund	FHB	HUF			0		
Cordia Global 2 Fund	OTP	HUF	2019.08.31	1 month BUBOR + margin	1,883,394	Yes	NO
Cordia Global 2 Fund	OTP	HUF			44,858		
Cordia Global 3 Fund	FHB	HUF	2019.12.21	1 month BUBOR + margin	260,482	Yes	NO
Cordia Global 3 Fund	FHB	HUF			40,753		
Cordia Global 3 Fund	FHB	HUF	2019.12.21	1 month BUBOR + margin	305,341	Yes	NO
Cordia Global 3 Fund	FHB	HUF			54 000		
Cordia Global 4 Fund	UniCredit	HUF	2020.05.29	1 month BUBOR + margin	0	Yes	NO
Cordia Global 4 Fund	UniCredit	HUF			0		
Cordia Global 8 Fund	OTP	HUF	2020.03.30	1 month BUBOR + margin	0	Yes	NO
Cordia Global 8 Fund	OTP	HUF			0		

Loans related to the Polish entities:

As of 31 December 2018

Company	Bank	Currency	Withdrawn	Maturity	Interest rate	Collateral on property?	Covenant breached?
Cordia Supernova Sp. z o.o.	Alior Bank S.A.	PLN	69,955	2020-04-30 for construction facility ; 2019-12-31 for VAT loan	WIBOR 3M + margin	Yes	No
Projekt Warszawa 1 Cordia Poland GP One Sp. z o.o. Sp. k.	Santander Bank Polska S.A.	PLN	1,661,388	2020-12-19 for Phase I Tranche; 2022-06-19 for Phase II Tranche; 2020-12-19 for VAT loan; 2022-06-19 for VAT loan if Phase II Tranche is paid out	WIBOR 1M + margin	Yes	No

Company	Bank	Currency	Withdrawn	Maturity	Interest rate	Collateral on property?	Covenant breached?
Villena Sp. z o.o.	Santander Bank Polska S.A.	PLN	1,184,050	2019.12.31	WIBOR 1M + margin	Yes	No
Cordia Supernova Sp. z o.o.	Alior Bank S.A.	PLN	36,498	2020-04-30 for construction facility ; 2019-12-31 for VAT loan	WIBOR 3M + margin	Yes	No
Projekt Warszawa 1 Cordia Poland GP One Sp. z o.o. Sp. k.	Santander Bank Polska S.A.	PLN	0	2020-12-19 for Phase I Tranche; 2022-06-19 for Phase II Tranche; 2020-12-19 for VAT loan; 2022-06-19 for VAT loan if Phase II Tranche is paid out	WIBOR 1M + margin	Yes	No

16.(e) Liabilities to related parties

The table below presents the breakdown of liabilities to the related parties:

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
Trade payables	0	141,674
Loan	7,028,529	5,236,325
Accrued expenses payables	525,182	347,077
Other liabilities	0	673
Total closing balance	**7,553,711**	**5,725,749**
Closing balance includes:		
Current assets	3,124,653	3,450,854
Non-current assets	4,429,058	2,274,895
Total closing balance	**7,553,711**	**5,725,749**

The table below presents the movement in loans and borrowings:

In thousands of Hungarian Forints (HUF)	**2018**
Opening balance	**5,236,325**
New loan drawdown	12,534,304
Loan repayments	(10,718,107)
Other changing (revaluation, other correction)	(23,993)
Total closing balance	**7,028,529**

The tables below present the most important conditions of the significant related party loans of the Group:

31-Dec-18

Entity	**Counterparty**	**Balance (in THUF)**	**Maturity**	**Currency**
HU entity	Related Party	2,660,497	Current	EUR
PO Entity	Related Party	4,368,032	Non-Current	EUR
Total		**7,028,529**		

31-Dec-17

Entity	**Counterparty**	**Balance (in THUF)**	**Maturity**	**Currency**
HU entity	Related Party	2,990,887	Current	EUR
PO Entity	Related Party	2,025,264	Non-Current	PLN
PO Entity	Related Party	220,174	Non-Current	EUR
Total		5,236,325		

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
HUF	1,354,907	385,613
EUR	6,183,412	3,314,872
PLN	12,286	2,025,264
RON	3,106	0
Total closing balance	**7,553,711**	**5,725,749**

16.(f) Trade and other payables

The table below presents the breakdown of trade and other payables:

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
Trade payables	3,976,604	2,517,382
Accrued expenses	112,783	229,901
Other payables	382,520	201,735
Closing balance	**4,471,907**	**2,949,018**

Trade payables are unsecured and are usually paid within 30 days of recognition.

The carrying amounts of trade and other payables are considered to be the same as their fair values, due to their short-term nature.

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
HUF	3,163,959	1,517,875
EUR	71,091	67,990
PLN	797,778	1,363,153
RON	438,573	0
GBP	506	0
Total closing balance	**4,471,907**	**2,949,018**

17. Shareholders' equity

17.(a) Share capital

The parent company's share capital is EUR 30,000,000 (9,252,912 thousands HUF) consisting of ordinary shares with nominal value of EUR 1 in the number of 30,000,000. All shares are fully paid. Ordinary shares provide the rights to the holders on a pro-rata basis.

	31.12.2018			
Company	**Nominal value of shares (THUF)**	**Ownership percentage**	**Nominal value of shares (THUF)**	**Ownership percentage**
Sparks Limited	9,252,912	100.00%	**9,252,912**	**100.00%**
Total	**9,252,912**	**100.00%**	**9,252,912**	**100.00%**

	31.12.2017			
Company	**Nominal value of shares (THUF)**	**Ownership percentage**	**Nominal value of shares (THUF)**	**Ownership percentage**
Futureal Property Group Ingatlanforgalmazó Kft.	37,322	0.40%	37,322	0.40%
Sparks Limited	5,773,623	62.40%	5,773,623	62.40%
FutInvest Hungary Kft.	2,886,811	31.20%	2,886,811	31.20%
Futureal Real Estate Holding Ltd.	555,156	6.00%	555,156	6.00%
Total	**9,252,912**	**100.00%**	**9,252,912**	**100.00%**

17.(b) Share premium

In thousands of Hungarian Forints (HUF)	**2018**
Opening balance	**592,166**
Proceeds from capital increase	0
Closing balance	**592,166**

17.(c) Other reserves

In thousands of Hungarian Forints (HUF)	**2018**
Opening balance	**(189,439)**
Other capital contribution	(44,943)
Closing balance	**(234,382)**

The effect of the mergers accounted for using the predecessor method is recorded in other reserves. Please refer to Note 2 (a) for the details about current year's transactions.

17.(d) Retained earnings

In thousands of Hungarian Forints (HUF)	**2018**
Opening balance	**3,768,631**
Profit of the year	3,348,916
Closing balance	**7,117,547**

18. Fair value estimation of financial assets and liabilities

The solely financial asset that is measured at fair value through profit or loss in the consolidated financial statements is an other investment, that is not material in neither reporting period (the fair value of the listed investment is HUF 29,553 thousands in 2018 and HUF 30,118 thousands in 2017 respectively). All other financial assets and liabilities are measured at amortized cost.. Furthermore, there are no non-financial assets or liabilities that are measured at fair value.
The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are loans and receivables either with variable interest rate (e.g. in case of borrowings) or short-term receivables and liabilities, where the time value of money is not material (e.g. in case of related party loans).

19. Commitments and contingencies

Investment commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

In thousands of Hungarian Forints (HUF)	31.12.2018	31.12.2017
Cordia Development 1 Alap	119,489	1,319,738
Cordia Development 2 Alap	2,810,954	1,242,899
Cordia Globál 1 Alap	0	1,015,032
Cordia Globál 2 Alap	228,970	2,665,287
Cordia Globál 3 Alap	3,093,534	1,299,951
Cordia Globál 4 Alap	682,971	2,468,391
Cordia Globál 5 Alap	4,466,720	3,320,982
Cordia Globál 6 Alap	10,017,708	0
Cordia Globál 7 Alap	3,175,671	1,456,965
Cordia Globál 8 Alap	2,920,853	1,755,810
Cordia Globál 9 Alap	6,005,825	0
Cordia Globál 10 Alap	1,313,702	0
Cordia Globál 11 Alap	3,716,726	0
Cordia Globál 12 Alap	7,819,627	0
Cordia Globál 17 Alap	225,504	0
Cordia Globál 18 Alap	7,200,000	0
Cordia Wroclaw I Sp. Z o.o	579,127	1,831,591
Projekt Warszawa 1	617,740	2,015,917
Villena Sp. z o.o.	0	317,974
Closing balance	**54,995,121**	**20,710,537**

Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Company arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Company:

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
Cordia Development 1 Alap	0	1,617,461
Cordia Development 2 Alap	3,512,712	967,676
Cordia Development 2 Alap	49,886	5,620,000
Villena Sp. z o.o.	0	1,140,761
Projekt Warszawa 1	4,639,890	5,903,815
Cordia Globál 2 Alap	0	2,451,985
Cordia Globál 3 Alap	3,639,967	1,928,057
Cordia Globál 3 Alap	166,137	3,846,650
Cordia Global 4 Fund	597,993	0
Cordia Global 4 Fund	52,181	0
Cordia Global 5 Fund	2,636,086	0
Cordia Global 5 Fund	97,606	0
Cordia Global 7 Fund	1,577,884	0
Cordia Global 8 Fund	3,442,408	0
Cordia Global 8 Fund	200,000	0
Cordia Wroclaw I Sp. Z o.o	6,279,308	2,909,375
Closing balance	**26,892,058**	**26,385,780**

Operating lease commitments:

The table below presents the operating lease fee payable by the Group for the non-cancellable lease-term as of 31 December 2018:

In thousands of Hungarian Forints (HUF)	Within 1 year	Between 1 and 3 years	After 3 years	Total
Office rental contracts	244,128	689,264	814,245	**1,747,637**
Car leases	17,220	35,699	9,207	**62,126**
Total closing balance	261,348	724,963	823,452	**1,809,764**

The table below presents the operating lease fee payable by the Group for the non-cancellable lease-term as of 31 December 2017:

In thousands of Hungarian Forints (HUF)	Within 1 year	Between 1 and 3 years	After 3 years	Total
Office lease	162,423	328,432	960,317	**1,451,172**
Car lease	17,635	28,907	0	**46,272**
Total closing balance	**180,058**	**357,339**	**960,317**	**1,497,444**

Contingent liabilities:

In a sales agreement the company made a commitment to renting of all available spaces. If Cordia breaches the contract, the company will be obliged to make amends for it in amount of THUF 94,120. The Group's Management is not aware of any other contingent liability.

Contingent receivables - contracted sales not yet recognized:

The table below presents amounts to be received from the customers having bought apartments from Cordia and its subsidiary companies and which are based on the value of the sale and purchase agreements signed with the clients until 31 December 2018 after deduction of payments received at reporting date (such payments being presented in the Consolidated Statement of Financial Position as customer advances):

In thousands of Hungarian Forints (HUF)	**31.12.2018**	**31.12.2017**
Cordia Development 1 Alap	3,596,340	5,703,938
Cordia Globál 2 Alap	4,202,352	5,455,356
Cordia Globál 6 Alap	3,400,102	556,735
Cordia Globál 5 Alap	2,555,958	1,581,931
Cordia Globál 1 Alap	2,082,483	2,368,055
Cordia Globál 7 Alap	4,896,054	6,517,014
Cordia Globál 4 Alap	2,643,242	3,476,382
Cordia Globál 8 Alap	3,039,785	4,274,060
Cordia Globál 8 Alap	2,773,479	0
Cordia Globál 9 Alap	1,382,800	0
Cordia Globál 10 Alap	1,521,405	0
Cordia Globál 11 Alap	5,155,482	0
Cordia Globál 12 Alap	3,031,060	0
Cordia Globál 14 Alap	2,005,988	0
Cordia Globál 17 Alap	1,173,017	0
Cordia Development 2 Alap	906,721	5,286,089
Cordia Development 2 Alap	3,720,859	1,721,740
Cordia Globál 3 Alap	3,073,001	3,054,459
Cordia Globál 3 Alap	4,392,593	2,616,532
Cordia Wroclaw I Sp. Z o.o	1,271,685	0
Project Warszawa 1	1,536,889	0
Closing balance	**58,361,295**	**42,612,291**

20. Related parties

Parent company

Please refer to Note 16(e) about loan received from the parent company. Besides this, there were no transactions with the parent company.

For a list of subsidiaries reference is made to Note 2.

The main related parties' transactions arise on:

(a) Property plant and equipment

In thousands of Hungarian Forints (HUF)	2018	2017
Sister company	42,799	201,299
Closing balance	**42,799**	**201,299**

Property, plant and equipment from related parties are mainly purchasing of office equipment.

(b) Semi-finished products and work in progress

In thousands of Hungarian Forints (HUF)	2018	2017
Sister company	528,665	1,760,249
Closing balance	**528,665**	**1,760,249**

Semi-finished products and work in progress from related parties are mainly land plot and related costs, predevelopment works, technical project management fee and design cost.

(c) Other balances

Please refer to Note 16 for detailed description about balances with related parties.

(d) Sales revenue

In thousands of Hungarian Forints (HUF)	2018	2017
Sister company	988,127	3,994,739
Closing balance	**988,127**	**3,994,739**

Sales revenue from related parties is mainly coming from administration, marketing and management fee. Furthermore, the sales revenue contains a land plot assignor fee and its related costs in the amount of 700,322 THUF (2,274,858 THUF in 2017). In 2017 there was an additonal one-off item, the sale of casino property in the amount of 1,132,000 THUF.

(e) Services rendered

In thousands of Hungarian Forints (HUF)	2018	2017
Sister company	397,106	894,995
Closing balance	**397,106**	**894,995**

Services rendered from related parties are mainly utilities and rental costs, shared service center costs, recharged development costs, marketing and sales costs.

(f) Other

In thousands of Hungarian Forints (HUF)	2018	2017
Sister company	120,632	46,535
Closing balance	**120,632**	**46,535**

The row contains interest income.

Transactions with key management personnel

There was no transaction with key management personnel.

Key Management Board personnel compensation

Apart from the compensation listed below, there were no further benefits, including share based payments granted to key management personnel that were granted during 2018. Key management personnel compensation can be presented as follows:

As at 31 December *In thousands of Hungarian Forints (HUF)*	**2018**	**2017**
Salary and other short time benefit	24,993	65,788
Incentive plan linked to financial results	188,252	111,731
Total	**213,245**	**177,519**

Loans to directors

As at 31 December 2018 and 31 December 2017, there were no loans granted to directors.

21. Financial risk management, objectives and policies

Financial risks are risks arising from financial instruments to which the Group is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.
The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Group financial activities.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks in close co-operation with the Group's operating units.

(a) Market risk

(i) Foreign exchange risk

The Group operates in foreign currencies too and therefore is exposed to foreign exchange risk, primarily with respect to Euro and Polish Zloty. Foreign exchange risk arises in respect of those recognized monetary financial assets and liabilities that are not in the functional currency of the respective Group entity.

Management has set up a policy to require Group companies to manage their foreign exchange risk against their functional currency

The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. In addition, the Group manages foreign currency risk by matching its principal cash outflows to the currency in which the principal cash inflows (such as residential sales revenue) are denominated. This is generally achieved by obtaining loan finance in the relevant currency.

The functional currency of the Company is the Hungarian forint and its subsidiaries have different functional currencies depending on the place of activity. The Company and each of its subsidiaries are exposed to currency risk arising from financial instruments held in currencies other than their individual functional currencies. At 31 December 2018 if the Hungarian forint weakened/strengthened by 5% against the euro the post-tax profit for the year would have been 63,326 THUF higher (31 December 2017: 304,262 THUF), which caused mainly by the exchange gain on trade payables and loans denominated in HUF.

(ii) Price risk

The Group has no significant exposure to price risk as it does not hold any equity securities or commodities.

The Group is exposed to price risk other than in respect of financial instruments, such as property price risk including property sales price risk.

The current sales price levels are in line with the market environments of the properties.

(iii) Cash flow and fair value interest rate risks

The Group's interest rate risk principally arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk, which is partially covered by the variable rate cash and cash equivalents. The Group has borrowings at fixed rates and therefore has exposure to fair value interest rate risk.
The Group's individual development loans financing the projects have and average duration of less than two years, therefore the interest rate changes on these loans would not have material effect on the Group's result.

Taking into consideration the current market environment the management expects no interest rate decrease, so only the effect of interest rate increase is shown in the following table:

Interest rate increase:	**Yearly effect on profit before tax (THUF)**
0,5 percentage point	50,346

Please also refer to Note 16(a), 16(d) and 16(e) for the main conditions of the loan agreements.

(b) 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 discharge an obligation. Credit risk arises from cash and cash equivalents held at banks, trade receivables and loan receivables. Credit is not material in case of cash, since it is held at major international banks. Trade receivables are not material. Loans are only granted for companies under common control and they are guaranteed by the parent company or the ultimate owner. Based on this, credit is considered to be minimal for the Group.

(c) Liquidity risk

The cash flow forecast is prepared by the operating units of the Group. The forecasts are summarized by the Group's finance department. The finance department monitors the rolling forecasts on the Group's required liquidity position in order to provide the necessary cash balance for the daily operation. The Group aims to maintain flexibility in funding by keeping committed credit lines available not to overdraw the credit lines and to meet the credit covenants. These forecasts take into consideration the Group's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

		As at 31 December 2018
In thousands of Hungarian Forints (HUF)	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	5,239,689	4,829,609
Trade and other payables	4,471,907	1,870,338
Liabilities to related parties	3,124,653	4,429,058
Net assets attributable to non-controlling investment unit holders	0	16,286,632
Total	**12,836,249**	**27,415,637**

		As at 31 December 2017
In thousands of Hungarian Forints (HUF)	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	1,107,984	6,701,012
Trade and other payables	2,949,018	651,154
Liabilities to related parties	3,450,854	2,302,646
Net assets attributable to non-controlling investment unit holders	0	7,468,455
Total	**7,507,856**	**17,123,267**

22. Capital management

When managing capital, it is the Group's objective to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the profit appropriation, return capital to shareholders, issue new shares or sell assets to reduce debt. Consistent with others in the industry, the Group monitors capital on the basis of the gearing ratio and leverage.

Banking covenants vary according to each loan agreement, but typically are not related directly to the gearing ratio of the Company but to the proportion of loan to value of the mortgage collateral which usually is required not to cross the limit of 70% or 80%.

During the period the Group did not breach any of its loan covenants, nor did it default on any other of its obligations under its loan agreements.

The gearing ratio is calculated as net debt divided by total equity. Net debt is calculated as total borrowings (including 'current and non-current borrowings' as shown in the consolidated Statement of Financial Position) less cash and cash equivalents. Leverage is calculated as net debt divided by total capital employed. Total capital employed is calculated as 'equity' as shown in the Consolidated Statement of Financial Position plus net debt financing assets in operation.

The gearing ratios and leverage at 31 December 2018 and 31 December 2017 were as follows:

As at 31 December

In thousands of Hungarian Forints (HUF)	**2018**	**2017**
Loan and borrowings, including current portion	10,069,298	6,482,075
Less: cash and cash equivalents	12,289,550	9,971,253
Net debt	**(2,220,252)**	**(3,489,178)**
Total equity	16,871,412	13,677,447
Total capital employed	**14,651,160**	**10,188,269**
Gearing ratio	-13,16%	-25,51%
Leverage	-15,15%	-34,25%

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. There were no changes in the Groups approach to capital management during the year.

23. Adjustment in connection with Consolidated Financial Statements as of 31 December 2017

The Group has controlling interest in two investment funds (Finext Real Estate Opportunities Budapest SICAV-SIF Sub-Fund and Finext Real Estate Opportunities One SICAV-SIF Sub-Fund) as of 31 December 2018 (in Finext Real Estate Opportunities One SICAV-SIF Sub-Fund as of 31 December 2017). Please see also Note 2 (c) for more details.

Management of the Group has reviewed the classification and presentation of those investment notes, which are owned by the non-controlling investors. The review discovered that the investment notes owned by the non-controlling investors were not properly presented and will be more fairly and transparently presented if are not classified in equity together with the non-controlling interests of other companies in the group.

Therefore, despite as of 31 December 2017 these balances were presented in equity, as of 31 December 2018, they are presented in the statement of financial position on a separate line called „Net assets attributable to non-controlling investment unit holders". Comparative period has been restated accordingly.

Management believes that this presentation is also more in line with the industry practice and ensures increased comparability with other similar groups.

The restatement did not have an impact on the profit for the year or the cash-flow statement. Since the funds were established in 2017, the change did not have an impact on periods ending before 2017.

Changes in the consolidated statement of financial position and statement of changes in equity are presented below:

Consolidated statement of financial position

In THUF	**31.12.2017 As previously presented**	**Change**	**31.12.2017 Restated**
Shareholders' equity			
Share capital	9,252,912	0	9,252,912
Share premium	592,166	0	592,166
Currency translation reserve	141,872	0	141,872
Other reserves	(189,439)	0	(189,439)
Retained earnings	3,768,631	0	3,768,631
Equity attributable to equity holders of the parent	**13,566,142**	0	**13,566,142**
Non-controlling interests	7,579,760	(7,468,455)	111,305
Total equity	**21,145,902**	(7,468,455)	**13,677,447**
Net assets attributable to non-controlling investment unit holders	**0**	7,468,455	**7,468,455**

Consolidated statement of changes in equity

In THUF	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests	Total equity
	Attributable to the equity holders of the parent							
Balance at 1 January 2018 as previously presented	**9,252,912**	**592,166**	**141,872**	**(189,439)**	**3,768,631**	**13,566,142**	**7,579,760**	**21,145,902**
Change							(7,468,455)	
Balance at 1 January 2018 as restated	**9,252,912**	**592,166**	**141,872**	**(189,439)**	**3,768,631**	**13,566,142**	**111,305**	**13,677,447**

24. Subsequent events

Change of the leading shareholder:

Sparks Investments Ltd., the sole shareholder of Cordia International Zrt. sold in May 2019 its entire holding in the Company to QED Investments Ltd., with registered seat in Cyprus. QED Investments Ltd. is also the sole shareholder of Sparks Investments Ltd.

Capital increase:

The new sole shareholder – QED Investments Ltd. – has declared the capital increase of the Company by EUR 27m. Relevant resolution of the Company's shareholders was taken in May. The newly issued shares have been fully paid up already.

Commencement of operations in new market (Spain):

Cordia Group commenced its operations in Spain by purchasing in April (via fully owned and controlled subsidiary) a plot of land in Marbella which is dedicated for development of the residential project comprising potentially up to 120 apartments. The Company plans its development in the Spanish market very carefully with rather opportunistic approach searching for unique opportunities in selected attractive and promising urban areas.

Acquisition of new plots:

The Company's subsidiary has purchased plots of land located in Cracow, in district Podgórze. The purchase agreement was signed in February. The plots are dedicated for development of the residential project comprising over 150 apartments.

A land plot in Bucharest was purchased by Company's subsidiary from a private individual in February 2019.The plot is dedicated for development of the residential project comprising 450 apartments.

A land plot in Bucharest was purchased by Company's subsidiary from a private individual in March 2019. The plot is dedicated for development of the residential project comprising nearly 400 apartments.

In May 2019 the Company's subsidiary purchased a plot of land in Warsaw, district Ursynów. The plot is dedicated for development of the residential project comprising 260 apartments.

In May 2019 the Company's subsidiary entered into the purchase agreement related to plot of land in Budapest, district VIII. The plot is dedicated for development of the residential project comprising approximately 100 apartments.

In June 2019 the Company's subsidiary entered into final sale-purchase agreement related to a plot of land in Sopot, Poland. The plot is dedicated for development of the residential project comprising 120 apartments.

Commencements of new projects:

The Company's subsidiary involved in development of the residential project Lotniczówka (comprising 65 apartments) in Cracow obtained the valid building permit in January 2019 and commenced its realization. The construction works are performed by general contractor Zakład Budowlano-Montażowy Grimbud Sp. z o.o.

The Company's subsidiary involved in development of the residential project Zielone Bemowo in Warsaw (I stage comprising 118 apartments and II stage comprising 200 units) commenced realization of the second stage of this project in February 2019. Construction works are performed by general contractor Fundamental Group S.A.

The Company's subsidiary involved in development of the residential project Parcului20 in Bucharest (I stage comprising 260 apartments and II stage comprising 209 apartments) commenced realization of the first stage of this project in April 2019. Construction works are performed by general contractor Concelex s.r.l.

The Company has commenced also realization of two projects in Budapest: Universo (260 apartments) in District IX and Grand Corvin Phase 2 (360 apartments) in District VIII.

Financing:

Cordia Global Subfund 18: The Fund signed a project construction facility loan with OTP bank in an amount of 7.260.000.000 HUF, the maturity of the loan is December 31st, 2021.

Cordia Global Subfund 10: The Fund signed a project construction facility loan with Sberbank in an amount of 4.610.000.000 HUF, the maturity of the loan is March 31st, 2022.

25. Segment report

Segment information

The Board of Directors is the Group's chief operating decision-maker body. The Group's operating segments are defined as separate entities developing particular residential projects,
which for the reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations.

The Board of Directors considers the business from a geographic perspective. Geographically, management considers the performance in Hungary, Poland and Romania. The segments derive their revenue primarily from the sales of residential properties to individual customers. According to the assessment of the Board of Directors, the operating segments identified have similar economic characteristics.

The Board of Directors monitors the budgeted and forecasted financial results of the operating segments for the purpose of making decisions about resource allocation and performance assessment..

Revenue

Management believe, that revenue is currently not the most descriptive factor, since the projects are mostly in the development phase. There are no significant sales transactions between the segments. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.

Year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**
Hungary	13,629,907	7,367	13,622,540
Poland	5,821,889	81,501	5,740,388
Romania	2,671	0	2,671
Other	0	0	0
Total	**19,454,467**	**88,868**	**19,365,599**

Year ended 31 December 2017

In thousands of Hungarian Forints (HUF)	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**
Hungary	3,060,487	0	3,060,487
Poland	3,943,591	85,937	3,857,654
Romania	0	0	0
Other	0	0	0
Total	**7,004,078**	**85,937**	**6,918,141**

Gross profit

Year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	**2018**
Hungary	5,752,657
Poland	1,594,951
Romania	2,608
Other	0
Total	**7,350,216**

Year ended 31 December 2017

In thousands of Hungarian Forints (HUF)	**2017**
Hungary	2,990,457
Poland	988,573
Romania	0
Other	0
Total	**3,979,030**

Net profit

Year ended 31 December 2018

In thousands of Hungarian Forints (HUF)	**2018**
Hungary	3,626,881
Poland	333,080
Romania	(75,916)
Other	(605,850)
Total	**3,278,195**

Year ended 31 December 2017

In thousands of Hungarian Forints (HUF)	**2017**
Hungary	2,115,646
Poland	98,042
Romania	0
Other	(301,438)
Total	**1,912,250**

Assets as 31.12.2018

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Assets				
Non-current assets				
Intangible assets	179,384	4,202	4,270	0
Investment properties	0	0	0	0
Property, plant and equipment	533,982	108,815	23,987	0
Long-term receivables from third parties	8,426	-	-	0
Long-term receivables from related parties	-	1,150,746	-	0
Investments accounted for using equity method	729,800	-	-	0
Deferred tax assets	49,986	74,953	-	0
Other long-term financial assets	8,891,957	1,976,351	1,632	0
Other long-term assets	819,992	0	0	0
Total non-current assets	**11,213,527**	**3,315,067**	**29,889**	**0**
Current assets				
Inventory	44,585,333	12,144,751	1,983,222	-
Trade and other receivables	152,514	38,360	647	-
Short-term receivables from related parties	4,354,457	5,348	56	-
Other short-term assets	245,865	21,337	33,985	12
Income tax receivable	25,785	4,255	-	-
Other tax receivables	2,533,615	461,553	62,679	-
Loan receivables	-	-	-	-
Other financial assets	161,291	-	78,990	29,553
Cash and cash equivalents	10,807,184	549,590	14,161	918,615
Total current assets	**62,886,044**	**13,225,194**	**2,173,740**	**948,180**
Total assets	**74,079,571**	**16,540,261**	**2,203,629**	**948,180**
Fair value difference on inventories*	12,104,048			
Adjusted total assets	**86,183,619**	**16,540,261**	**2,203,629**	**948,180**

* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local GAAP for these entities as of 31 December 2018. In line with IFRS, this fair valuation is eliminated from the consolidated financial statements.

Liabilities as of 31.12.2018

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Non-current liabilities				
Loans and borrowings	3,098,266	1,731,343	0	-
Bonds	0	0	0	-
Long-term liabilities to related parties	0	4,429,058	0	-
Deferred tax liabilities	33,712	10,838	0	-
Customer advances	7,635,951	0	0	-
Other long-term liabilities	1,774,106	96,232	0	-
Total non-current liabilities	**12,542,035**	**6,267,471**	**0**	**0**
Current liabilities				
Trade and other payables	3,590,736	796,650	49,423	233,935
Bonds	0	0	0	0
Short-term liabilities to related parties	2,984,491	2,822	2,547	134,793
Loans and borrowings	5,239,689	0	0	0
Customer advances	24,560,257	3,639,145	15,546	0
Other tax liabilities	665,394	32,818	8,975	0
Income tax liabilities	20,438	6,827	1,063	16,941
Total current liabilities	**37,061,005**	**4,391,169**	**77,554**	**385,669**
Total liabilities	**49,603,040**	**10,658,640**	**77,554**	**385,669**

Assets as 31.12.2017

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Assets				
Non-current assets				
Intangible assets	126,786	10,202	0	0
Investment properties	508,500	55,489	0	0
Property, plant and equipment	11,494	0	0	0
Long-term receivables from third parties	0	1,050,379	0	0
Long-term receivables from related parties	0	0	0	0
Deferred tax assets	60,608	74,482	0	0
Other long-term financial assets	4,893,499	589,916	0	0
Other long-term assets	1,713,199	145,811	0	0
Total non-current assets	**7,314,086**	**1,926,279**	**0**	**0**
Current assets				
Inventory	32,353,776	5,182,928	0	0
Trade and other receivables	302,489	32,142	0	(2,353)
Short-term receivables from related parties	1,888,403	(85,889)	0	4,968
Other short-term assets	190,801	232,670	0	0
Income tax receivable	4,125	18,929	0	0
Other tax receivables	394,597	424,983	0	0
Loan receivables	0	0	0	0
Other financial assets	2,719,665	450	0	30,119
Cash and cash equivalents	8,073,357	595,774	0	1,302,122
Total current assets	**45,927,213**	**6,401,987**	**0**	**1,334,856**
Total assets	**53,241,299**	**8,328,266**	**0**	**1,334,856**
Fair value difference on inventories*	**4,377,597**			
Adjusted total assets	**57,618,896**	**8,328,266**	**0**	**1,334,856**

* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local GAAP for these entities as of 31 December 2017.

Liabilities as of 31.12.2017

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Non-current liabilities				
Loans and borrowings	4,493,115	1,253,148	0	0
Bonds	0	0	0	0
Long-term liabilities to related parties	0	2,274,896	0	0
Deferred tax liabilities	22,878	143,108	0	0
Customer advances	0	0	0	0
Other long-term liabilities	5,337,026	0	0	0
Total non-current liabilities	**10,420,578**	**3,754,747**	**0**	**0**
Current liabilities				
Trade and other payables	1,974,481	967,656	0	6,881
Bonds	0	0	0	0
Short-term liabilities to related parties	3,449,543	1,311	0	0
Loans and borrowings	735,812	0	0	0
Customer advances	18,705,207	1,485,700	0	0
Other tax liabilities	155,439	12,848	0	0
Income tax liabilities	67,695	10,771	0	9,850
Total current liabilities	**25,088,177**	**2,478,286**	**0**	**16,731**
Total liabilities	**35,508,755**	**6,233,033**	**0**	**16,731**

ANNEX 6

INTERIM SEPARATE FINANCIAL STATEMENT

CORDIA INTERNATIONAL ZRT.

IFRS INTERIM SEPARATE FINANCIAL STATEMENTS

30 JUNE 2019

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Cordia International Zrt.

Opinion

We have audited the accompanying interim financial statements of Cordia International Zrt. ("the Company") which comprise the statement of financial position as at 30 June 2019, the related statement of profit or loss and other comprehensive income, the statement of changes in equity, the statement of cash flows for the six-month period then ended and the notes to the interim financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying interim financial statements have been prepared, in all material respects, in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU.

Basis for opinion

We conducted our audit in accordance with International Standards of Auditing ("ISA"). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the interim financial statements" section of our report.

We are independent of the Company in accordance with the applicable laws of Hungary, with the Hungarian Chamber of Auditors' Rules on ethics and professional conduct of auditors and on disciplinary process and, for matters not regulated in the Rules, with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board (IESBA Code of Ethics) and we also comply with further ethical requirements set out in these.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the interim Financial Statements

Management is responsible for the preparation of the interim financial statements in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU, and for such internal control as management determines is necessary to enable the preparation of interim financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the interim financial statements, management 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 in preparation of the interim financial statements. Management has to apply the going concern basis of accounting in the interim financial statements unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the interim financial statements

Our objectives are to obtain reasonable assurance about whether the interim 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 ISA 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 interim financial statements.

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

- Identify and assess the risks of material misstatement of the interim 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 in the interim financial statements 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 interim 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 interim financial statements, including the disclosures, and whether the interim financial statements represent the underlying transactions and events, in all material respects, in accordance with IAS 34 "Interim Financial Reporting", as adopted by the EU.

We communicate with those charged with governance 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.

Budapest, 26 September 2019

László Radványi
Partner
PricewaterhouseCoopers Könyvvizsgáló Kft.

Cordia International Zrt.

IFRS interim separate financial statements 30 June 2019

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Statement of Profit or Loss and Other Comprehensive Income

In thousands of Hungarian Forints (THUF)	*Notes*	Six months ending as of 30 June 2019	Six months ending as of 30 June 2018
Interest income		364 149	161 974
Dividend income	7	24 194 422	-
Total investment income		**24 558 571**	**161 974**
Administrative and other expenses		2 989	33 915
Interest expense		26 106	-
Total operating expenses		**29 095**	**33 915**
Foreign exchange gain		91 106	829 445
Foreign exchange loss		58 282	78 645
Foreign exchange - net	8	**32 824**	**750 800**
Profit before taxation		**24 562 300**	**878 859**
Income tax expense		**49 185**	-
Profit for the period		**24 513 115**	**878 859**
Total comprehensive income for the period, net of tax		**24 513 115**	**878 859**

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements

Statement of Financial Position

In thousands of Hungarian Forints (THUF)	*Note*	30.06.2019	31.12.2018	01.01.2018
Assets				
Non-current assets				
Intangible assets		5 092	5 386	2 120
Investment in subsidiaries	6	24 391 920	1 726 277	1 677 955
Total non-current assets		**24 397 012**	**1 731 663**	**1 680 075**
Current assets				
Short-term receivables - related parties	5	26 091 662	18 060 423	17 448 696
Other current assets		18 166	47 662	1 551
Income tax receivable		1 032	1 032	688
Cash and cash equivalents	5	6 118 442	1 175 031	515 169
Total current assets		**32 229 302**	**19 284 148**	**17 966 104**
Total		**56 626 314**	**21 015 811**	**19 646 179**
Equity and liabilities				
Shareholders' equity				
Share capital	7	9 897 492	9 252 912	9 252 912
Share premium	7	8 690 521	592 166	592 166
Retained earnings		32 113 989	7 600 874	6 895 913
Total equity		**50 702 002**	**17 445 952**	**16 740 991**
Total non-current liabilities		-	-	-
Current liabilities				
Trade and other payables (current)		3 460	13 671	946
Related party liabilities	5	5 878 132	3 537 915	2 893 229
Income tax liabilities		42 720	18 273	11 013
Total current liabilities		**5 924 312**	**3 569 859**	**2 905 188**
Total liabilities		**5 924 312**	**3 569 859**	**2 905 188**
Total equity and liabilities		**56 626 314**	**21 015 811**	**19 646 179**

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements

Statement of Changes in Equity

For the period ended 30 June 2019 *In thousands of Hungarian Forints (THUF)*	**Share capital**	**Share premium**	**Retained earnings**	**Total equity**
Balance at 01 January 2018	**9 252 912**	**592 166**	**6 895 913**	**16 740 991**
Profit for the period	0	0	878 859	**878 859**
Balance as at 30 June 2018	**9 252 912**	**592 166**	**7 774 772**	**17 619 850**
Balance as at 31 December 2018	**9 252 912**	**592 166**	**7 600 874**	**17 445 952**
Proceeds from capital increase	644 580	8 098 355	0	**8 742 935**
Profit for the period	0	0	24 513 115	**24 513 115**
Balance at 30 June 2019	**9 897 492**	**8 690 521**	**32 113 989**	**50 702 002**

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements

Statement of Cash Flows

In thousands of Hungarian Forints (THUF)		Six months ending as of 30 June 2019	Six months ending as of 30 June 2018
Profit before tax		**24 562 300**	**878 859**
Adjustments to reconcile profit for the period to net cash used in operating activities:			
Depreciation		294	0
Net interest income		-338 043	-161 974
Dividend income	8	-24 194 422	0
Decrease/(increase) in trade and other receivables		268 057	-1 833 229
(Decrease)/increase in liabilities from related parties	5	2 340 217	278 410
Increase/(decrease) in trade and other payables		-10 211	29 891
(Increase)/decrease of related party receivables	5	-8 031 239	2 016 002
Interest paid		-26 106	0
Interest received		125 588	175 413
Income tax paid		-24 738	-11 357
Net cash from/(used in) operating activities		**-5 328 597**	**1 372 015**
Consideration paid for investment in subsidiaries	6	-22 665 643	-202 425
Consideration received from sale or redemption of investments		3 298	0
Acquisitions of tangible and intangible assets		0	-1 601
Dividend received	8	24 194 422	0
Net cash from/(used in) investing activities		**1 532 371**	**-204 026**
Capital increase received	7	8 742 935	0
Net cash from financing activities		**8 742 935**	**0**
Net change in cash and cash equivalents		**4 943 411**	**1 167 989**
Cash and cash equivalents at beginning of the year		1 175 031	515 169
Cash and cash equivalents at end of the year		**6 118 442**	**1 683 158**

The notes on pages 7 to 29 are an integral part of these Interim Separate Financial Statements

Notes to the Financial Statements

1. Background and business of the Company

(a) **Company name:** Cordia International Private Limited Company ('Cordia International Zrt.')
Headquarter: 7th floor, 47-53 Futó street, 1082 Budapest
Company registration number: 01-10-048844
Statistical number: 25558098-6810-114-01
Tax registration number: 25558098-2-42

Cordia International Private Limited Company ('the Company'), a Hungarian private limited company with its statutory seat in Budapest, Hungary, was incorporated on 17 April 2016.

The Company is a holding company focused on managing its subsidiaries. The core business of the subsidiaries is to develop residential properties and then sale residential units. The Company is not involved in development of other real estate projects.

The registered office is located at 47-53 Futó street, Budapest, Hungary. The Company (together with its Hungarian Polish, Spanish and Romanian subsidiaries 'the Group'), is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Hungary, in Poland, in Spain and in Romania.
Cordia International Zrt. (the 'Parent') was established as of 27 April 2016 by Futureal Property Group Kft.

As of 30 June 2019 the Company has the following owner:

- QED Investments Limited 100% (place of business: Brewery Street, Mriehel, BKR3000, Malta)

Direct controlling party of the Company was Sparks Ltd. as of 31 December 2018. Sparks Ltd., the sole shareholder of Cordia International Zrt. sold in May 2019 its entire holding in the Company to QED Investments Ltd., with registered seat in Malta. QED Investments Ltd. is also the sole shareholder of Sparks Ltd., therefore the ultimate controlling party has not been changed as a result of this transaction. The direct controlling party company does not prepare consolidated financial statements and there is no consolidated financial statement available into which the Company is consolidated.

The ultimate controlling parties are Futó Gábor and Futó Péter.

Cordia International Zrt. also prepares IFRS consolidated financial statements. Accounting policies applied in those financial statements are in line with the accounting policies used for preparation of IFRS consolidated financial statements.

Preparation of separate IFRS financial statements is not mandatory for the Company. Separate IFRS financial statements are prepared on a voluntary basis, to provide useful information for the potential investors within the Company's initiatives related to third-party corporate debt financing.

A list of the companies from which the financial data are included in these Consolidated Financial Statements and the extent of ownership and control are presented in Note 2.

2. Interests in other entities

Group structure

The details of the Hungarian, Polish, Romanian and Spanish subsidiaries are presented in the table.
The projects managed by the companies are in various stages of development ranging from being in the process of acquiring land for development to projects which are completed or near to completion.

		Share of ownership & voting rights at			Nature of relationship		
Entity name	**Place of operation**	**06.30.2019**	**12.31.2018**	**01.01.2018**	**06.30.2019**	**12.31.2018**	**01.01.2018**
Villena Sp. z o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Wroclaw I Sp. Z o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Zyrardów Sp.z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Futureal Management Poland Sp. Z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
CORDIA Polska SP. Z.o.o..	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cereman Vagyonkezelő Zrt.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Lands Investment Ltd.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Property Management Kft.	Hungary	N/A	N/A	100%	Not in the group	Not in the group	Subsidiary
Cordia Development 1 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Development 2 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 1 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 2 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 3 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 4 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 5 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Ingatlanbefektetési Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Management Szolgáltató Kft.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
CM-HoldCo Kft	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Sasad Resort 2 Kft	Hungary	72,50%	72,50%	72,5%	Subsidiary	Subsidiary	Subsidiary
IPOPEMA 146 Alapusz Inwestycyjny Zamkniety Aktywow Niepublicznych	Poland	N/A	N/A	100%	Not in the group	Not in the group	Subsidiary
Cordia Poland GP One Spólka Z	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Project Holding Cordia Poland GP One Spk.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Warszawa 1 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Warszawa 2 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Warszawa 3 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary

Entity name	Place of operation	Share of ownership & voting rights at 06.30.2019	12.31.2018	01.01.2018	Nature of relationship 06.30.2019	12.31.2018	01.01.2018
Projekt Warszawa 4 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Projekt Kraków 1 Cordia Poland GP One Spólka z.o.o.	Poland	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Central Ingatlanfejlesztő Kft.	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Finext Funds One SICAV-SIF	Luxembourg	25%	25%	25%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 6 Alap	Hungary	50%	50%	100%	Joint-venture	Joint-venture	Subsidiary
Cordia Global 7 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 8 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 9 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 10 Alap	Hungary	100%	100%	4,71%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 11 Alap	Hungary	100%	100%	100%	Subsidiary	Subsidiary	Subsidiary
Cordia Global 12 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 13 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 14 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 15 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 16 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 17 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 18 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 19 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Global 20 Alap	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
CORDIA Munkavállalói Résztulajdonosi Program Szervezet	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
CDS-Cordia Development Services Srl	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Parcului Residential Project Srl	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Belváros Ingatlanfejlesztő Kft.	Hungary	70%	70%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia FM Társasházkezelő Kft	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia New Times Ingatlanfejlesztő Kft.	Hungary	70%	70%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia New Homes Kft	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Finext Funds BP SICAV-SIF	Luxembourg	20%	20%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Romania Holding One Kft.	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Romania Holding Two Kft.	Hungary	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 3 Spółka z	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group

Entity name	Place of operation	Share of ownership & voting rights at			Nature of relationship		
		06.30.2019	12.31.2018	01.01.2018	06.30.2019	12.31.2018	01.01.2018
Cordia Development 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 5 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 1 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Projekt Warszawa 5 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Projekt Kraków 2 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Projekt Kraków 3 Cordia Partner 2 spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Dante Project SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Navigatorilor Project SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Corarilor Development SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Project Services SPV3 SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Project Development SPV2 SRL	Romania	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Partner 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Partner 3 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Partner 4 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 2 Spółka z ograniczoną odpowiedzialnością	Poland	100%	100%	N/A	Subsidiary	Subsidiary	Not in the group
Cordia Development 10 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Development 6 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Development 7 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Development 8 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Development 9 Sp. z o.o	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Europe Holding Kft.	Hungary	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Global 21 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Global 22 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group

		Share of ownership & voting rights at			Nature of relationship		
Entity name	**Place of operation**	**06.30.2019**	**12.31.2018**	**01.01.2018**	**06.30.2019**	**12.31.2018**	**01.01.2018**
Cordia Global 23 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Global 24 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Global 25 Alap	Hungary	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Partner 5 Sp. z o.o.	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Partner 6 Sp. z o.o.	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Projekt Kraków 4 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Projekt Trójmiasto 1 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Projekt Warszawa 6 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Projekt Warszawa 7 Cordia Partner 2 Sp. z o.o. Sp.k	Poland	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Project Company Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
FUTUREAL DEVELOPMENT COMPANY Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Futureal Iberia Holding Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Futureal Project Company Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Development Company Sociedad Limitada	Spain	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group
Cordia Spain Holding Kft.	Hungary	100%	N/A	N/A	Subsidiary	Not in the roup	Not in the group

All the acquisitions were at market prices from entities under common control.

3. Basis of preparation and measurement

a. Basis of preparation and statement of compliance

This interim financial statement for the half-year reporting period ended 30 June 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. Since the Company has not yet prepared its first time IFRS financial statements (please see more details on this below), this interim financial statement is not a condensed financial statement.

Cordia International Zrt. prepares is statutory separate financial statements under local GAAP (i.e. based on the regulations of Act C of 2000 in Hungary, also referred as "HAR"). HAR financial statements are published and they serve also as the basis for taxation and for all other local regulatory purposes.

The financial statements have been prepared on a going concern basis, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the normal course of its operations. The financial statements were authorized by the Boards of Directors of Cordia International on 25 September 2019.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. Changes in assumptions may have a significant impact on the financial statements in the period the assumptions changed. Management believes that the underlying assumptions are appropriate. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in section "3.f." below.

b. First time adoption of IFRS

The separate IFRS financial statements to be prepared as at 31 December 2019 will be the Company's first annual separate financial statements that comply with IFRS. The Company's IFRS transition date is 1 January 2018. Subject to certain exceptions, IFRS 1 requires retrospective application of the version of standards and interpretations effective as of 31 December 2019 in preparing the opening IFRS separate statement of financial position at 1 January 2018 and throughout all periods presented in its first IFRS separate financial statements. In preparing these separate financial statements, the Company has applied the mandatory exceptions to the retrospective application of other IFRSs and has elected to apply the following optional exemptions:

(a) ***Fair value as deemed cost exemption.*** Based on IFRS 1.D17, when a parent entity that becomes a first-time adopter in its own separate financial statements at a different date from the one for its consolidated financial statements should use the same carrying amounts (except for consolidation adjustments) in both sets of financial statements. The transition date for the consolidated financial statements was 1 January 2016, therefore the amounts presented in this IFRS separate financial statements are in line with the consolidated financial statements.

(b) ***Investment in subsidiaries, joint ventures and associates.*** In line with IFRS 1.D14, Company elected to use deemed cost for determining cost of its investments as at 1 January 2018. Carrying amount under previous GAAP (i.e. HAR) was used as deemed cost on the opening IFRS balance sheet. Subsequently the Company records the investment using the cost method based on IAS 27.

(c) ***Business combinations.*** Based on IFRS 1.C1 an entity can choose not to restate any business combination that occurred prior to its transition to IFRS standards, and it can apply IFRS 3 prospectively from the date of transition. An entity might choose to restate earlier business combinations in accordance with IFRS 3 from any point in time prior to the date of transition. Company elected to apply this exemption for all business combinations occurred before the transition date (i.e. 1 January 2018) and did not restate those business combinations based on IFRS 3.

Exceptions to the retrospective application, which are mandatory under IFRS 1 are:

(a) ***Estimates exception.*** Estimates under IFRS at 1 January 2018 and 31 December 2018 should be consistent with estimates made for the same dates under the previous GAAP, unless there is evidence that those estimates were an error. This exception has no significant impact in case of the Company.

(b) ***Derecognition of financial assets and liabilities exception.*** Financial assets and liabilities derecognised before the transition to IFRS are not re-recognised under IFRS.

(c) ***Hedge accounting exception.*** The Company does not apply hedge accounting.

(d) ***Non-controlling interests exception.*** This is not relevant for this separate financial statements.

(e) ***Government loans.*** The Company does not have government loans.

The following reconciliations provide a quantification of the effect of the transition from Hungarian Accounting Regulations ("HAR") to IFRS at 1 January 2018, 31 December 2018 and for the year ended 31 December 2018. Company's most recent statutory financial statements under HAR are issued as at 31 December 2018. The Company does not prepare interim financial statements under HAR.

Since the Company is a holding entity there are no material differences between HAR and IFRS financial statements. The most significant difference is that under HAR it is permitted for the company to freely select EUR or USD as its functional currency, while under IFRS it should be the currency of the primary economic environment. The functional currency under IFRS is HUF, but for HAR purposes EUR is used. This means, the transactions recorded under HAR shall be converted to IFRS to reflect what would have been the situation, if HUF were be used as the functional currency. This mostly have an impact on equity and non-monetary items, however the difference is not material.

In the reconciliation below HAR figures are based on statutory local financial statements and they are translated to HUF using year-end foreign exchange rates as published by the Hungarian National Bank (321.51 HUF/EUR for 31 December 2018 and 310.14 HUF/EUR for 1 January 2018).

In thousands of Hungarian Forints	**31 December 2018**	**1 January 2018**
EQUITY UNDER HAR	**17,503,821**	**16,740,991**
Effects of changes in accounting policies:		
(i) Unrealized foreign exchange gain on subsidiaries	(60,660)	0
(ii) Impact of different functional currency	2,791	0
IFRS EQUITY	**17,445,952**	**16,740,991**

i) Under HAR, investment are treated monetary item, therefore year-end revaluation recorded under HAR shall be reversed to comply with IAS 21.

In thousands of Hungarian Forints	**01.01.2018-12.31.2018**
PROFIT UNDER HAR	**151,881**
Effects of changes in accounting policies:	
(i) Impact of different functional currency	553,079
TOTAL COMPREHENSIVE INCOME [LOSS] UNDER IFRS	**704,960**

The Company has significant assets and liabilities denominated in EUR and PLN (please also refer to Note 5 about loan and cash balances). This means that under HAR there was no foreign exchange gain/loss recorded for most of the assets and liabilities by using EUR as the functional currency. Upon transition to IFRS, being HUF the functional currency there was a significant increase in the foreign exchange result recorded in the P&L. Though, it should be noted – as presented above – that the impact on the total equity is wholly marginal.

Please see below the impact of transition to IFRS. In the reconciliation below HAR figures are based on statutory local financial statements and they are translated to HUF using year-end foreign exchange rates as published by the Hungarian National Bank (321.51 HUF/EUR for 31 December 2018).

As at 31 December 2018 *In thousands of Hungarian Forints*	**HAR**	**Transition adjustment**	**IFRS**
Share capital	9,645,300	(392,388)	9,252,912
Share premium	617,299	(25,133)	592,166
Retained earnings	7,241,222	359,652	7,600,874
IFRS EQUITY	**17,503,821**	(57,869)	**17,445,952**

This means that total impact on equity as of 31 December 2018 is only thHUF (57,869). This comes from two impacts:

- a financial gain of thHUF 553,079 recognized in the income statement

- a decrease of share capital, share premium and retained earnings, because of using the historical fx rates under IFRS, instead of year-end fx rates, as used for calculation of HAR balances (this cause a total decrease of thHUF 610,948).

The P&L impact was supported with the fact, that during 2018 the HUF weakened compared to EUR.

The Company's operating, investing and financing cash flows reported under HAR did not significantly differ from IFRS.

c. New and amended standards

As of 1 January 2019, IFRS 16 leases came into effect. Due to the nature of the company, holding entity, the adoption of IFRS 16 did not have an effect. The Company does not hold any leases.

There no other new or amended standards or interpretations that are expected to have a significant impact on the financial statements of the Company.

d. Basis of measurement

The financial statements have been prepared on a going concern basis, applying a historical cost convention, except for the measurement of those financial assets that have been measured at fair value through profit or loss.

e. Functional and presentation currency

The financial statements are presented in thousands of Hungarian Forint, which is the company's functional and presentation currency.

f. Use of estimates and critical judgments

The Company makes estimates and assumptions that affect the amounts recognised in the separate financial statements and the carrying amounts of assets and liabilities within the next financial year. Estimates and judgements are continually evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Management also makes certain judgements, apart from those involving estimations, in the process of applying the accounting policies. Judgements that have the most significant effect on the amounts recognised in the separate financial statements and estimates that can cause a significant adjustment to the carrying amount of assets and liabilities within the next financial year include:

Impairment of subsidiaries

Investment in subsidiaries are recognized at costs. The company assess at each balance sheet date whether there is objective evidence that an investment in subsidiary is impaired. If any such evidence exists, the impairment loss is determined and recognized in the income statement.

In considering whether any impairment triggers exist, the company considers, among other, the following factors:

- The performance of its subsidiaries
- Market conditions and economic developments
- In case of a dividend payment:
  - whether the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets,
  - if the dividend exceeds the total comprehensive income of the subsidiary.

In May 2019 the subsidiary Cordia Lands Investments Limited paid a dividend to the Company of a substantial amount compared to its equity as it was considered as an impairment trigger. As of 30 June 2019, the carrying value of investment in this subsidiary in the books of the Company is not significantly different from the equity recorded in the books of the subsidiary. Moreover Cordia Lands holds investments in several project entities, where the cost of its investments is significantly lower than the net asset value of these relevant project entities, which confirms that the fair value of Cordia Lands significantly exceeds the carrying value of its net assets. Therefore no impairment was recognized.

Please see below a comparison of the carrying value of the investment in Cordia Lands Ltd. and the subsidiary's net assets:

Calculated in thHUF	**30-06-2019**
Carrying value of Cordia Lands Investments Limited	24,298,382
Net assets of Cordia Lands Investments Limited	23,907,932

If the impairment on the investments would be 1 percentage point higher, the Company had to recognize an additional impairment decreasing the equity by thHUF 243,919 as at 30 June 2019.

Impairment of receivables

The outstanding receivables of the company are loans granted to subsidiaries. They are initially valued at fair value and subsequently measured at amortized cost. In accordance with IFRS 9, the receivables are subject to the expected credit loss impairment model. Given that all recorded receivables are inter-company loans, the company considers them low-risk and estimated an impairment provision of nil, due to the following reasons:

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material;
- loans granted to the Company's subsidiaries are used to finance Cordia Group's activities related to development of its portfolio of residential assets and the assets purchased by the Company's subsidiaries increase in value and do not require impairment to be recognized.

If the bad debt rate on these receivables would be 1 percentage point higher, the Company had to recognize an additional impairment decreasing the equity by thHUF 260,917 as at 30 June 2019 (thHUF 180,604 as at 31 December 2018 and thHUF 174,487 as at 1 January 2018).

Determination of functional currency

The functional currency is determined by primary economic environment in which the Company operates. The Company is registered in Hungary however, a significant part of its transactions is done also in PLN and EUR. Management believes that indicators provided by IAS 21 show a mixed picture. Considering that the shareholder of the company is Hungarian, most of the construction projects are located in Hungary and the company's principal place of operations is in Hungary, management determined the functional currency to be the Hungarian Forint (HUF).

4. Significant accounting policies

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

a. Foreign currency

Foreign currency transactions are translated into the functional currency using the exchange rates – as published by the Hungarian National Bank - 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 recognized in the profit or loss for the year.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

b. Revenue

Cordia International Zrt. is a holding company that does not enter into contracts with customers. Income of the Company comprises dividend and interest income. Based on this, impact of IFRS 15 'Revenue from contracts with customers' is not considered to be relevant.

c. Financial instruments

Financial assets
In line with IFRS 9 , the Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss), and
- those to be measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Company has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Since the Company is a holding entity with mainly intercompany loans as financial instruments, it has only financial assets held at amortized cost. Investment in subsidiaries are measured at cost in line with IAS 27.

Recognition and derecognition
Regular way purchases and sales of financial assets are recognised on trade date, being the date on which the group commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

Measurement
At initial recognition, the group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss (FVPL), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVPL are expensed in profit or loss.

Currently the company only holds financial assets measured at amortized costs. Refer also to Note 5 for more information on financial assets.

Financial liabilities – loans and borrowings
Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using the effective interest method.

Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. The difference between the carrying amount of a financial liability that has been extinguished or transferred to another party and the consideration paid, including any noncash assets transferred or liabilities assumed, is recognised in profit or loss as financial income or finance costs.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and presented in the statement of financial position as a net amount when the Group currently has a legally enforceable right to offset the recognized amounts, and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

Impairment of financial assets
The IFRS 9 impairment model is applied to the receivables from related parties.

The entity follows the rules of IFRS 9 outlines a 'three-stage' model ('general model') for impairment based on changes in credit quality since initial recognition:

- Stage 1 includes financial instruments that have not had a significant increase in credit risk since initial recognition or that (at the option of the entity) have low credit risk at the reporting date. For these assets, 12-month expected credit losses ('ECL') are recognised and interest revenue is calculated on the gross carrying amount of the asset (that is, without deduction for credit allowance). 12-month ECL are the ECL that result from default events that are possible within 12 months after the reporting date. It is not the expected cash shortfalls over the 12-month period but the entire credit loss on an asset, weighted by the probability that the loss will occur in the next 12 months.
- Stage 2 includes financial instruments that have had a significant increase in credit risk since initial recognition (unless they have low credit risk at the reporting date and this option is taken by the entity) but that do not have objective evidence of impairment. For these assets, lifetime ECL are recognised, but interest revenue is still calculated on the gross carrying amount of the asset. Lifetime ECL are the ECL that result from all possible default events over the maximum contractual period during which the entity is exposed to credit risk. ECL are the weighted average credit losses, with the respective risks of a default occurring as the weights.
- Stage 3 includes financial assets that have objective evidence of impairment at the reporting date. For these assets, lifetime ECL are recognised and interest revenue is calculated on the net carrying amount (that is, net of credit allowance).

For intercompany loan receivables the Company applies practical expedient from IFRS 9 and measures impairment using lifetime ECL.

The Company's financial assets are inter-company loans within the scope of IFRS 9 might not require a material impairment provision to be recognised, because:

- they are repayable on demand and the lender expects to be able to recover the outstanding balance of the loan if demanded;
- they are low credit risk, so 12-month expected credit losses can be calculated, which might not be material; or
- they have not had a significant increase in credit risk since the loan was first recognised, or have a remaining life of less than 12 months, so 12-month expected credit losses are calculated, which, as noted above, might not be material;
- loans granted to the Company's subsidiaries are used to finance Cordia Group's activities related to development of its portfolio of residential assets and the assets purchased by the Company's subsidiaries increase in value and do not require impairment to be recognized.

Where inter-company loans do not meet any of the three criteria above, lifetime expected credit losses will need to be calculated, which are more likely to give rise to a material impairment provision.

d. Receivables from related parties

Financial assets recognized in the statement of financial position are loan receivables from related parties. Receivables from related parties are recognized initially at fair value and subsequently measured at amortized cost calculated with the effective interest rate less provision for impairment. Receivables from related parties are classified as current assets if the payment term is less than 12 months, in any other cases they are classified as non-current assets.

e. Cash and cash equivalents

Cash and cash equivalents in the statement of financial positions comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, except for collateralized deposits.

f. Liabilities to related parties

Financial liabilities to recognized in the statement of financial position are loans and borrowings obtained from related parties.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting period.

Liabilities to related parties are recognized initially at fair value and subsequently measured at amortized cost using the effective interest method.

g. Equity

i. Share capital

Share capital includes the proceeds received from the issue of ordinary shares on the nominal value in exchange for cash.

ii. Share premium

Share premium includes the excess of proceeds received from the issue of shares over the nominal value of shares. Shares issuance costs are deducted from the share premium.

h. Investment in subsidiaries

Subsidiaries are all entities over which the Company has direct or indirect control. The Company controls directly or indirectly an entity where the Company is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity.

Investment in subsidiaries are recognized at cost. Assets that qualify as impaired are measured at their impaired value, any impairment is recorded in the income statement.

i. Dividend income

Dividend income is recognised when the right to receive payment is established. The date when the right to receive is established might be different in case of certain subsidiaries, therefore the Company continuously assesses the changes in the local rules and regulations.

j. Current income tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the date of the statement of financial position. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation, and establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. Since dividend income is tax exempt, the Company has no significant income tax liability.

5. Financial assets and financial liabilities

This note provides information about the company's financial instruments, including

- an overview of all financial instruments held by the entity
- specific information about each type of financial instrument.

Financial assets at amortized costs

In thousands of Hungarian Forints (HUF)	*Notes*	30-06-2019	31-12-2018	01-01-2018
Current financial assets				
Short-term receivables from related parties	5(a)	26 091 662	18 060 423	17 448 696
Cash and cash equivalents	5(c)	6 118 442	1 175 031	515 169
Total financial assets		**32 210 104**	**19 235 454**	**17 963 865**

Financial liabilities at amortized costs

In thousands of Hungarian Forints (HUF)	*Notes*	30-06-2019	31-12-2018	01-01-2018
Current financial liabilities				
Trade and other payables		3 460	13 671	946
Short-term liabilities to related parties	5(b)	5 878 132	3 537 915	2 893 229
Total current liabilities		**5 881 592**	**3 551 586**	**2 894 175**

5(a) Receivables related parties

In thousands of Hungarian Forints (HUF)	*Notes*	30-06-2019	31-12-2018	01-01-2018
Loan receivables	(i)	25 489 288	17 432 888	11 039 882
Accrued interest receivables		474 385	235 824	77 546
Other receivables		9 667	27 465	0
Dividend receivable		118 321	364 246	6 331 268

Dividend receivable show the unpaid balance of dividend from subsidiaries. Please refer to Note 2 for more details about subsidiaries.

(i) Loans receivables from related parties

The table below presents the movement in loans granted to related parties:

In thousands of Hungarian Forints (HUF)	**01-01-2019 30-06-2019**	**01-01-2018 31-12-2018**
Opening balance	17 432 888	11 349 928
Loans granted	15 352 071	9 763 205
Loans repaid	-7 748 887	-3 718 707
Revaluation (FX difference)	453 216	38 462
Closing balance	**25 489 288**	**17 432 888**

All loans are provided to subsidiary companies of the group and are unsecured. The loans are denominated in different currencies and repayable on-demand. The Company is dynamically reacting to the financing needs of the subsidiaries and reallocates loan as necessary on a continuous basis. Based on this, Management considers all the related party loan to be current and expects to realize them within one year. Since the Company is a holding entity, Management believes that its operating acitvities include acting as a financial intermediator for its subsidiaries, cash flows related to these related party loan receivables are presented within cash flows from operating activities.

The table below presents the conditions of the most significant related party loan agreements:

As at 30-06-2019

Loan currency	**Balance in thHUF**	**Interest rate**
HUF	676 609	Interest free
EUR	9 183 702	Interest free
PLN	15 628 977	WIBOR + margin

As at 31-12-2018

Loan currency	**Balance in thHUF**	**Interest rate**
HUF	604 882	Interest free
EUR	4 959 621	Euribor + margin
EUR	6 912 034	Interest free
PLN	4 956 351	WIBOR + margin

As at 01-01-2018

Loan currency	**Balance in thHUF**	**Interest rate**
HUF	83 997	Interest free
EUR	7 996 797	Interest free
PLN	2 959 088	WIBOR + margin

Based on the nature of the relationship, the Company has the following related party balances at each balance sheet date:

As at 30-06-2019

Nature of relationship	**Partner**	**Balance in thHUF**
Loan receivable	Subsidiary	25,489,288

As at 31-12-2018

Nature of relationship	Partner	Balance in thHUF
Loan receivable	Sister company	3,258,186
Loan receivable	Subsidiary	14,174,702

As at 01-01-2018

Nature of relationship	Partner	Balance in thHUF
Loan receivable	Sister company	1,312,624
Loan receivable	Subsidiary	10,037,304

The intercompany loan receivables are repayable on demand, they have no maturity, all the amounts presented above are not due.

As at 30 June 2019, related party loan receivables represent 26,3 % of the total assets. From this balance thHUF 14,809,979 is due from a Polish subsidiary, Cordia Polska sp. z.o.o.. This represent 58% of al related party receivables as of 30 June 2019.

5 (b) Liabilities to related parties

In thousands of Hungarian Forints (HUF)	*Notes*	30-06-2019	31-12-2018	01-01-2018
Loans and borrowings	(i)	5 865 998	3 529 192	2 892 861
Accrued expenses payable		158 262	8 265	368

(i) Loans and borrowings
The loans and borrowings are obtained from subsidiaries in the group and are unsecured. All loans are repayable on-demand, therefore they are classified among current liabilities. Since the Company is a holding entity, Management believes that its operating acitvities include acting as a financial intermediator for its subsidiaries, cash flows related to these related party loan liabilities are presented within cash flows from operating activities.

The following table shows the conditions of the borrowings:

As at 30-06-2019

Loan currency	Balance in thHUF	Interest rate
PLN	68 490	WIBOR + margin
EUR	5 797 508	Interest free

As at 31-12-2018

Loan currency	Balance in thHUF	Interest rate
PLN	860 430	WIBOR + margin
EUR	2 668 762	Interest free

As at 01-01-2018

Loan currency	Balance in thHUF	Interest rate
HUF	15 093	Interest free
EUR	2 877 768	Interest free

The table below presents the movement in loans granted to related parties:

In thousands of Hungarian Forints (HUF)	**01-01-2019 30-06-2019**	**01-01-2018 31-12-2018**
Opening balance	**3 529 192**	**2 892 861**
Loans granted	12 566 810	11 268 150
Loans repaid	-10 274 017	-10 727 519
Revaluation (FX difference)	44 013	95 700
Closing balance	**5 865 998**	**3 529 192**

Based on the nature of the relationship, the Company has the following related party balances at each balance sheet date:

As at 30-06-2019

Nature of relationship	Partner	Balance in thHUF
Loan payable	Sister company	5,797,508
Loan payable	Subsidiary	68,490

As at 31-12-2018

Nature of relationship	Partner	Balance in thHUF
Loan payable	Sister company	2,668,762
Loan payable	Subsidiary	860,430

As at 01-01-2018

Nature of relationship	Partner	Balance in thHUF
Loan payable	Sister company	2,877,768
Loan payable	Subsidiary	15,093

5 (c) Cash and Cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. Cash at bank earns interest at floating rates based on daily bank deposit rates.

In thousands of Hungarian Forints (HUF)	**30-06-2019**	**31-12-2018**	**01-01-2018**
Cash at hand	109	109	24
Cash at banks	6 118 333	1 174 922	515 145
Total cash and cash equivalents	**6 118 442**	**1 175 031**	**515 169**

The total amount of cash and cash equivalents was denominated in the following currencies:

In thousands of Hungarian Forints (HUF)	30-06-2019	31-12-2018	01-01-2018
EUR	4 034 158	26 052	2 095
PLN	2 078 152	1 103 148	507 085
HUF	6 132	45 824	5 965
Total cash and cash equivalents	**6 118 442**	**1 175 024**	**515 145**

The Company minimizes its credit risks by holding its funds in financial institutions with high credit ratings as follows*:

In thousands of Hungarian Forints (HUF)	30-06-2019	31-12-2018	01-01-2018
A	127	0	0
AA	2 075 871	1,098 678	0
BBB+	28 871	52 837	515 145
BBB	4 013 464	23 407	0
Cash at hand	109	109	24
Total cash and cash equivalents	**6 118 442**	**1 175 031**	**515 169**

*The presented credit ratings are based on S&P's long-term ratings

6. Investments in subsidiaries

The investments in subsidiaries comprises the investment in equity shares of group companies and are measured at cost.

The Company's principal subsidiaries at 30 June 2019 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Company, and the proportion of ownership interests held equals the voting rights held by the Company. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/Country of incorporation	Ownership interest held by the Company (direct interest)	
		30-06-2019	31-12-2018
Cordia Lands Investment Ltd.	Nicosia, Cyprus	100%	100%
Cordia New Times Ingatlanfejlesztő Kft.	Hungary, Budapest	70%	67%
Cordia Spain Holding Kft	Hungary, Budapest	100%	n.a.
Cordia Romania Holding One Kft.	Hungary, Budapest	100%	100%
Cordia Romania Holding Two Kft.	Hungary, Budapest	100%	100%
CORDIA Central Ingatlanfejlesztő Kft.	Hungary, Budapest	100%	100%
Cordia New Ages Ingatlanfejlesztő Kft.	Hungary, Budapest	2,75%	3,33%
Cordia Management Szolgáltató Kft.	Hungary, Budapest	1%	1%

Due to indirect interest through different group companies, the investments in Cordia New Ages Ingatlanfejlesztő Kft. and Cordia Management Szolgáltató Kft. are considered subsidiaries. The company has control over these entities as defined in IFRS 10 'Consolidated financial statements' and are therefore accounted at cost in accordance with IAS 27 'separate financial statements'.

The below table shows the movement in investment in subsidiaries:

In thousands of Hungarian Forints (HUF)		**Cost**
As at 01-01-2018		1 677 955
New purchases (investments)		889 877
Consideration received for sale or redemption	-	829 821
Gain/(loss) on sale or redemption	-	11 733
As at 31-12-2018		**1 726 277**
New purchases (Cordia Lands Ltd.)		22 647 800
New purchases (Other)		21 140
Consideration received for sale or redemption	-	3 298
Gain/(loss) on sale or redemption		-
As at 30-06-2019		**24 391 920**

In June of 2019, the Company significantly increased its investment in Cordia Lands Investment Limited. In May 2019, Cordia Lands Investment Limited declared dividend to the Company in the amount of EUR 70 million, while in the same time the Company has decided to increase Cordia Lands Investment Limited's share capital with 70 shares each with a par value of EUR 1 and premium of EUR 999,999 – issued to the Company.

The shares purchased by Cordia International Zrt. resulted in an increase of THUF 22,668,940 in investment in subsidiaries. The increase of the investment was recognized by Cordia International Zrt. as 28 June 2019. The shares newly issued by Cordia Lands Investment Limited to the Company can be redeemed anytime against payment by Cordia Lands Investment Limited payable from the profit, profit reserves, and share premium account.

7. Equity

7(a) Share capital

The Company's share capital is EUR 32,000,000 (9,897,492 thousands HUF) consisting of ordinary shares with nominal value of EUR 1 in the number of 32,000,000. All shares are fully paid. Ordinary shares provide the rights to the holders on a pro-rata basis.

(i) Movement in ordinary shares

	Number of shares (thousand)	**Par value (THUF)**	**Share premium**	**Total**
Opening balance 01-01-2018	30 000	9 252 912	592 166	9 845 078
Closing balance 31-12-2018	**30 000**	**9 252 912**	**592 166**	**9 845 078**
Capital increase	2000	644 580	8 098 355	8 742 935
Closing balance 30-06-2019	**32 000**	**9 897 492**	**8 690 521**	**18 588 013**

The new direct shareholder of the Company, QED Investments Limited, following purchase of 100% of the Company from Sparks Ltd. (May 2019), decided about capital increase of the Company. Out of total EUR 27m, EUR 2m was declared as new share capital, while EUR 25m have been contributed to the Company as share premium. All contributions were declared in May 2019 and were fully paid until end of June 2019.

	30-06-2019	
Company	**Nominal value of shares (THUF)**	**Ownership percentage**
QED Limited	9 897 492	100.00%
Total	**9 897 492**	**100.00%**

	31.12.2018	
Company	**Nominal value of shares (THUF)**	**Ownership percentage**
Sparks Ltd.	9 252 912	100.00%
Total	**9 252 912**	**100.00%**

	01.01.2018	
Company	**Nominal value of shares (THUF)**	**Ownership percentage**
Futureal Property Group Ingatlanforgalmazó Kft.	37 322	0,40%
Sparks Ltd.	5 773 623	62,40%
FutInvest Hungary Kft.	2 886 811	31,20%
Futureal Real Estate Holding Ltd.	555 156	6,00%
Total	**9 252 912**	**100,00%**

8. Dividend Income

During the first half of 2019 (2018: zero) two dividend payments were received from subsidiaries:

Name of the subsidiary	**Date of payment**	**Amount 2019 (THUF)**	**Amount 2018 (THUF)**
Cordia Lands Investment Ltd.*	28-05-2019	22 848 000	-
Villena sp. z o.o.	17-06-2019	1 346 422	-
Total		**24 194 422**	-

**for more details please see also Note 6 (Investments in Subsidiaries)*

9. Foreign exchange gain/(loss)

During 2019 the company incurred a net foreign exchange gain of THUF 32,824 (2018: THUF 750,800). This is a significant decrease compared to last year. The decrease is due to the fact that the HUF weakened significantly compared to the EUR and the PLN during 2018. Since the Company has significantly more EUR and PLN denominated asset, than liabilities, weak HUF caused a significant foreign exchange gain as at 30 June 2018. HUF/EUR and HUF/PLN exchange rates have not changed significant in 2019, this caused a significantly lower net foreign exchange gain than in the comparative period.

10. Related parties

All transactions with related parties are in relation to loans provided and received. The loans and conditions are set out in note 5 above. No other transactions with related parties occurred. For a list of subsidiaries reference is made to Note 2.

Part of the loans issued/received to/from related parties bear no interest. If these loans were entered into at 1% rates the interest paid/received would have been higher as follows:

Period ended 30 June **Interest**	**2018**	**2019**
Interest paid	21,166	13,866
Interest received	38,784	43,443

Transactions with key management personnel

There were no such transactions.

Key Management Board personnel compensation

There was no such compensation paid directly by the Company. For more details on the compensation received by the key personnel please refer to the IFRS consolidated financial statements of Cordia Group prepared as of 31 December 2018.

11. Fair value estimation of financial assets and liabilities

There is no financial asset that is measured at fair value through profit or loss in the financial statements. Financial assets and liabilities are measured at amortized cost.
The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are related party short-term loans where the time value of money is not material.

12. Financial risk management, objectives and policies

Financial risks are risks arising from financial instruments to which the Company is exposed during or at the end of the reporting period. Financial risk comprises market risk (including currency risk, interest rate risk, cash flow interest rate risk and other price risk), credit risk and liquidity risk.

The primary objectives of the financial risk management program are to minimize the potential negative effect of the unexpected changes on financial markets on the Company financial activities.

Risk management is carried out by a central treasury department (Group Treasury). Group Treasury identifies and evaluates financial risks. Being a holding, financial risks related to the Company are limited.

A. Market risk

(i) Foreign exchange risk

The Company is impacted by the following risks related to foreign exchange rates:

- The Company has significant investment in foreign subsidiaries. A significant deterioration of the relevant foreign currencies could have an impact on the impairment to be recorded on investment in subsidiaries. Company has not identified any impairment indicator and Management sees the risk of EUR and PLN significantly weakening against HUF to be remote. Based on this, this risk is considered to be not significant.

- Foreign currency denominated assets and liabilities. Most of the assets and liabilities denominated in foreign currency are from related party loan and receivables. Since the Company is managing fx risk on a group level, related risk is not addressed. Besides loans, the only significant foreign currency denominated items are the cash balances. Management sees the risk of EUR and PLN significantly weakening against HUF to be remote. Based on this, this risk is considered to be not significant.

(ii) Price risk

The Company has no significant exposure to price risk as it does not hold any equity securities or commodities.

(iii) Cash flow and fair value interest rate risks

The Company's interest rate risk principally arises from related party loans. Borrowings issued at variable rates expose the Company to cash flow interest rate risk, which is partially covered by the variable rate cash and cash equivalents. The Company has loans at fixed rates and therefore has exposure to fair value interest rate risk.
The Company's related party loans are all short-term and repayable on-demand, therefore the interest rate changes on these loans would not have material effect on the Company's result.

B. 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 discharge an obligation. Credit risk arises from cash and cash equivalents held at banks and related party loan receivables. Credit risk is not material in case of cash, since it is held at major international banks. Loans are only granted for companies under common control. Based on this, credit is considered to be minimal for the Company.

For concentration of credit risk please refer to Note 5 (a).

C. Liquidity risk

The cash flow forecast is based on the dividend and interest payments, because there are no other material transaction within the Company. The forecasts are summarized by the Company's finance department. These forecasts take into consideration the Company's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

The Company also minimizes its credit risks by holding its funds in financial institutions with high credit ratings. Please refer to note 5 for detailed information about credit ratings.

All the liabilities of the Company are classified as short-term and payable within one year. Liquidity needs of the Company can be flexibly financed through on-demand related party loan receivables and liabilities.

Since the Company is a holding entity, there are no significant commitments for future periods.

	As at 30 June 2019	
In thousands of Hungarian Forints (HUF)	**Repayable on-demand**	**Less than 1 year**
Related party liabilities	5,865,998	158,262
Trade and other payables	0	3,460
Total	**5,865,998**	**161,722**

	As at 31 December 2018	
In thousands of Hungarian Forints (HUF)	**Repayable on-demand**	**Less than 1 year**
Related party liabilities	3,529,192	8,265
Trade and other payables	0	13,671
Total	**3,529,192**	**21,936**

13. Capital management

When managing capital, it is the Company's objective to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the profit appropriation, return capital to shareholders, issue new shares or sell assets to reduce intercompany loans.

Currently the Company has no external financing and it is not subject to any financial covenants.

Net debt is calculated as loan liabilities less cash and cash equivalents and loan receivables. The net debt at 30 June 2019 and 31 December 2018 are presented in the below table.

In thousands of Hungarian Forints (HUF)	**30.06.2019**	**12.31.2018**
Loan liabilities	5,865,998	3,529,192
Less: cash and cash equivalents	(6,118,442)	(1,175,031)
Less: loan receivables	(25,489,288)	(17,432,888)
Net debt	(25,741,732)	(15,078,727)

Net Debt of the Company is negative mainly due to substantial balance of loan receivables from Company's subsidiaries. Please refer to Note 5 for detailed information about related party loan receivables.

Since net debt is negative, calculation of gearing or other equity ratios based on it would show negative figures, therefore it would not provide useful information.

Neither the Company nor its subsidiaries are subject to externally imposed capital requirements. There were no changes in the Company's approach to capital management during the year.

14. Subsequent events

Change of the leading shareholder:

QED Investments Ltd., the sole shareholder of Cordia International Zrt. sold in September 2019 its entire holding in the Company to Cordia Holding B.V. with registered seat in Amsterdam with no change in the ultimate controlling parties.

Related party financing:

As of 30 June 2019 The Company had a related party loan balance in the amount of 17.9 million EUR. Until the date of this report, the Group has repaid related party loans in the amount of EUR 17.0 million and the outstanding related party loan balance as of 25 September 2019 amounts to EUR 0.88 million. The Company intends to fully repay related party loan before end of 2019.

Acquisition of new plots:

The Company's subsidiary has purchased plots of land located in Cracow, in district Podgórze. The purchase agreement was signed in August. The plots are dedicated for development of the residential project comprising over 100 apartments.

Commencements of new projects:

The Company's subsidiary involved in development of the residential project Horyzont Praga (comprising 168 apartments) in Warsaw obtained the valid building permit and commenced its realization. The construction works are performed by general contractor Kalter Sp. z o.o.

The Company has commenced also realization of the project Akadémia (306 apartments) in Budapest, Distrixt IX.

Completions of residential projects:

The Company's subsidiary involved in development of the residential project Supernova in Cracow obtained the valid permit for occupancy of this project (comprising 185 apartments) and commenced in August delivery of the finished apartments to its customers.

The Company's subsidiary involved in development of the residential project Zielone Bemowo I and Zielone Bemowo II in Warsaw obtained the valid permit for occupancy of the I stage of this project (comprising 118 apartments) and commenced in September delivery of the finished apartments to its customers.

The Management Board

Tibor Földi Chief Executive Officer	Tomasz Łapiński Chief Financial Officer	Pál Darida

Budapest, 25 September 2019

ANNEX 7

CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

CORDIA INTERNATIONAL ZRT.

IFRS CONDENSED INTERIM CONSOLIDATED FINANCIAL INFORMATION

30 JUNE 2019

Report on review of condensed interim consolidated financial information

To the shareholders of Cordia International Zrt.

Introduction

We have reviewed the accompanying condensed interim consolidated financial information of Cordia International Zrt. ("the Company") and its subsidiaries (together the "Group") which comprise the consolidated statement of financial position as at 30 June 2019, the related consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity, the consolidated statement of cash flows for the six-month period then ended and the notes to the condensed interim consolidated financial information.

Management is responsible for the preparation and presentation of these condensed consolidated interim financial information in accordance with IAS 34 "Interim Financial Reporting" as adopted by the EU. Our responsibility is to express a conclusion on these condensed interim consolidated financial information based on our review.

Scope of review

We conducted our review in accordance with International Standard on Review Engagements 2410, 'Review of interim financial information performed by the independent auditor of the entity'. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed interim consolidated financial information is not prepared, in all material respect, in accordance with IAS 34, "Interim Financial Reporting" as adopted by the EU.

Budapest, 26 September 2019

László Radványi
Partner
PricewaterhouseCoopers Könyvvizsgáló Kft.

Cordia International Zrt.

IFRS condensed interim consolidated financial information 30 June 2019

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Interim Consolidated Statement of Profit or Loss and Other Comprehensive Income

For the period ended 30 June *In thousands of Hungarian Forints (THUF)*	*Note*	**Six months ending 30 June 2019**	**Six months ending 30 June 2018**
Revenue	5	**7,831,397**	**4,349,350**
Cost of sales	6	**4,210,879**	**2,835,276**
Gross profit		**3,620,518**	**1,514,074**
Selling and marketing expenses		775,255	626,087
Administrative expenses	7	1,670,134	1,160,213
Other expenses		485,222	202,932
Other income		23,034	8,704
Operating profit		**712,941**	**(466,454)**
Interest income		59,945	53,118
Other financial income	10	1,611,515	902,230
Finance income		**1,671,461**	**955,348**
Interest expense		242,449	18,738
Other financial expense	10	1,169,181	409,068
Finance expense		**1,411,630**	**427,806**
Net finance income/(expense)		**259,831**	**527,542**
Share of loss in joint venture	2(b)	(11,308)	(40,463)
Profit before taxation		**961,463**	**20,445**
Current income tax		75,459	166,998
Deferred income tax		13,127	63,276
Income tax expense		**88,586**	**230,274**
Profit/(loss) for the period		**872,877**	**(209,829)**
Items that may be reclassified to profit or loss			
Exchange differences on translating foreign operations		(474,534)	(250,682)
Other comprehensive loss		**(474,534)**	**(250,682)**
Total comprehensive income/(loss) for the period, net of tax		**398,343**	**(460,511)**
Total profit/(loss) for the year attributable to:			
owners of the parent		917,017	(144,591)
non-controlling interests		(44,140)*	(65,238)
Total profit/(loss) for the period		**872,877**	**(209,829)**
Total comprehensive income attributable to:			
owners of the parent		442,483	(395,273)
non-controlling interests		(44,140)*	(65,238)
Total comprehensive income for the period, net of tax		**398,343**	**(460,511)**

* Please refer to Note 2 (d) for reconciliation of total comprehensive income attributable to non-controlling interests.

The notes on pages 8 to 41 are an integral part of these condensed interim consolidated financial information.

Interim Consolidated Statement of Financial Position

In thousands of Hungarian Forints (THUF)	*Note*	30.06.2019	31.12.2018 Restated Note 20	01.01.2018 Restated Note 20
Assets				
Non-current assets				
Intangible assets		220,795	187,856	136,988
Property, plant and equipment	*3*	1,645,569	666,784	0
Long-term receivables from third parties		9,846	8,426	563,989
Long-term receivables from related parties	*11*	0	1,150,746	11,493
Investments accounted for using equity method	*2(b)*	1,298,144	729,800	1,050,379
Deferred tax assets		126,222	124,939	135,090
Restricted cash	*10*	0	10,869,940	5,483,415
Long-term VAT receivables		0	242,616	1,505,296
Other long-term assets		426,275	577,376	353,714
Total non-current assets		**3,726,851**	**14,558,483**	**9,240,364**
Current assets				
Inventory	*3,8*	80,807,924	58,713,306	37,536,704
Trade and other receivables		639,637	191,521	332,278
Short-term receivables from related parties	*11*	861,416	4,359,861	1,807,482
Income tax receivable		32,834	30,040	23,054
Short-term VAT receivables		4,848,745	3,057,847	819,580
Restricted cash	*10*	13,947,655	240,281	2,720,115
Other financial assets	*10*	156,381	29,553	30,119
Other short-term assets		1,335,772	301,199	423,471
Cash and cash equivalents		12,080,318	12,289,550	9,971,253
Total current assets		**114,710,682**	**79,213,158**	**53,664,056**
Total		**118,437,533**	**93,771,641**	**62,904,420**

The notes on pages 8 to 41 are an integral part of these condensed interim consolidated financial information.

Interim Consolidated Statement of Financial Position (cont'd)

In thousands of Hungarian Forints (THUF)	*Note*	**30.06.2019**	**31.12.2018 Restated Note 20**	**01.01.2018 Restated Note 20**
Equity[1]				
Shareholders' equity				
Share capital	*15(a)*	9,897,492	9,252,912	9,252,912
Share premium	*15(b)*	8,690,521	592,166	592,166
Currency translation reserve		(330,657)	143,877	141,872
Other reserves		(286,680)	(234,382)	(189,439)
Retained earnings		8,034,564	7,117,547	3,768,631
Equity attributable to equity holders of the parent		**26,005,240**	**16,872,120**	**13,566,142**
Non-controlling interests	*2(d)*	84,973	86,823	111,305
Total equity		**26,090,213**	**16,958,943**	**13,677,447**
Net assets attributable to non-controlling investment unit holders	*2(c)*	**18,745,739**	**16,286,632**	**7,468,455**
Liabilities[1]				
Non-current liabilities				
Loans and borrowings	*12*	6,259,146	4,829,609	5,746,263
Long-term liabilities to related parties	*13*	49,441	4,429,058	2,274,895
Deferred tax liabilities		56,900	44,550	165,986
Customer advances	*9*	22,333,872	7,635,951	5,337,026
Lease liabilities	*3*	609,124	0	0
Amounts withheld for guarantees	*4,10*	1,890,252	1,733,237	648,677
Other long-term liabilities		146,502	137,101	2,477
Total non-current liabilities		**31,345,237**	**18,809,506**	**14,175,324**
Current liabilities				
Trade and other payables	*14*	7,561,367	4,471,907	2,949,018
Short-term liabilities to related parties	*13*	6,349,640	3,124,653	3,450,854
Loans and borrowings	*12*	6,266,134	5,239,689	735,812
Customer advances	*9*	19,805,143	28,127,855	20,190,907
Lease liabilities	*3*	1,673,900	0	0
Other tax liabilities		496,250	707,187	168,287
Income tax liabilities		53,677	45,269	88,316
Other provision		50,223	0	0
Total current liabilities		**42,256,344**	**41,716,560**	**27,583,194**
Total liabilities		**73,601,581**	**60,526,066**	**41,758,518**
Total		**118,437,533**	**93,771,641**	**62,904,420**

The notes on pages 8 to 41 are an integral part of these condensed interim consolidated financial information..

[1] excluding net assets attributable to non-controlling investment unit holders

Interim Consolidated Statement of Changes in Equity

For the period ended 30 June 2019

In thousands of Hungarian Forints (THUF)	Attributable to the equity holders of the parent							
	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests*	Total equity
Balance at 31 December 2018	9,252,912	592,166	143,887	(234,382)	7,117,547	16,872,120	86,823	16,958,943
Profit/(loss) for the period	0	0	0	0	917,017	917,017	(1,850)	915,167
Other comprehensive loss	0	0	(474,534)	0	0	(474,534)	0	(474,534)
Proceeds from capital increase	644,580	8,098,355	0	0	0	8,742,935	0	8,742,935
Other equity contributions	0	0	0	(52,298)	0	(52,298)	0	(52,298)
Transactions with owners	644,580	8,098,355	0	(52,298)	0	8,690,637	0	8,690,637
Balance at 30 June 2019	9,897,492	8,690,521	(330,657)	(286,680)	8,034,564	26,005,240	84,973	26,090,213

The significant movements in the equity items presented above are explained in details in Note 15.
*Please also refer to Note 2 (c) about Net assets attributable to non-controlling investment unit holders and Note 2 (d) for reconciliation of total comprehensive income attributable to non-controlling interests.

The notes on pages 8 to 41 are an integral part of these condensed interim consolidated financial information.

Interim Consolidated Statement of Changes in Equity

For the period ended 30 June 2018

In thousands of Hungarian Forints (THUF)	Attributable to the equity holders of the parent							
	Share capital	Share premium	Currency translation reserve	Other reserves	Retained earnings	Total	Non-controlling interests*	Total equity
Balance at 31 December 2017	9,252,912	592,166	141,872	(189,439)	3,768,631	13,566,142	111,305	13,667,447
Loss for the period	0	0	0	0	(144,591)	(144,591)	(36,335)	(180,926)
Other comprehensive loss	0	0	(250,682)	0	0	(250,682)	0	(250,682)
Other equity contributions	0	0	0	(87,442)	0	(87,442)	0	(87,442)
Non-controlling interests arising on acquisition	0	0	0	0	0	0	5,000	5,000
Redemption of non-controlling interests							(74,970)	(74,970)
Transactions with owners	0	0	0	(87,442)	0	(87 442)	(69,970)	(157,412)
Balance at 30 June 2018	9,252,912	592 166	(108,810)	(276,881)	3,624,040	13,083,427	5,000	13,088,427

The significant movements in the equity items presented above are explained in details in Note 15.
*Please also refer to Note 2 (c) about Net assets attributable to non-controlling investment unit holders.

The notes on pages 8 to 41 are an integral part of these condensed interim consolidated financial information.

Interim Consolidated Statement of Cash Flows

In thousands of Hungarian Forints (THUF)	*Note*	**Six months ending 30 June 2019**	**Six months ending 30 June 2019s**
Cash flows from/(used in) operating activities			
Profit/(loss) before taxation for the period		961,463	20,455
Adjustments to reconcile profit before for taxation to net cash used in operating activities:			
Depreciation		241,386	76,708
Other non-cash movements*		855,013	302,268
(Profit)/loss on sale of tangible and intangible assets		(41,381)	(3,932)
Net finance income/expense		(259,381)	(527,542)
Increase in inventory	*8*	(20,591,792)	(10,806,258)
Share of loss in joint venture	*2(b)*	11,308	40,643
Decrease/(increase) in trade and other receivables		(8,560,606)	(1,055,659)
(Decrease)/increase in liabilities from related parties	*11, 13*	1,780,458	(1,590,490)
Increase in trade and other payables		2,845,477	(2,693,756)
Increase in provision		50,223	0
Increase in advances received	*9*	6,375,209	9,528,783
Interest paid		(431,490)	(371,092)
Income tax paid		(71,905)	(229,678)
Net cash from/(used in) operating activities		**(16,836,458)**	**(7,309,560)**
Cash flows from/(used in) investing activities			
Cash paid for acquisition of subsidiaries	*2(a)*	(15,000)	(137,924)
Cash of acquired subsidiaries	*2(a)*	1,510,746	241,104
Acquisitions of tangible and intangible assets		(118,129)	(102,947)
Investing in other long-term financial assets		(431,142)	(5,162,459)
Increase of long-term loan receivables		0	(39,545)
Repayment of long-term loan receivables	*11*	1,150,746	783
Repayment of short-term loan receivables	*11*	3,159,575	0
Interest received		59,945	0
Purchase of investments in joint ventures	*2(b)*	(579,652)	(355,385)
Net cash from/(used in) investing activities		***4,737,089***	***(5,556,373)***
Cash flows from/(used in) financing activities			
Proceeds from loans and borrowings	*12,13*	20,521,503	17,628,716
Repayment of loans and borrowings	*12,13*	(19,478,930)	(9,443,069)
Capital increase	*15(a)*	8,742,935	0
Issuance of non controlling shares and investment notes	*2(c),2(d)*	5,000,000	10,198,849
Redemption of non controlling shares and investment notes	*2(c),2(d)*	(2,700,000)	(74,970)
Repayment of lease liability		(195,371)	0
Net cash from financing activities		**11,890,137**	**18,309,526**
Net change in cash and cash equivalents		(209,232)	5,443,593
Cash and cash equivalents at beginning of the year		12,289,550	9,971,253
Cash and cash equivalents at end of the period		**12,080,318**	**15,414,846**

*Other non-cash movements mainly include unrealized foreign exchange differences.

The notes on pages 8 to 41 are an integral part of these condensed interim consolidated financial information.

Notes to condensed interim the Consolidated Financial Information

1. Background and business of the Company

Company name: Cordia International Private Limited Company ('Cordia International Zrt.')
Headquarter: 7th floor, 47-53 Futó street, 1082 Budapest
Company registration number: 01-10-048844
Statistical number: 25558098-6810-114-01
Tax registration number: 25558098-2-42

Cordia International Private Limited Company ('the Company'), a Hungarian private limited company with its statutory seat in Budapest, Hungary, was incorporated on 17 April 2016.
The core business of the company is to develop residential properties and then sale residential units. The Company is not involved in development of other real estate projects.
The registered office is located at 47-53 Futó street, Budapest, Hungary. The Company (together with its Hungarian Polish and Romanian subsidiaries 'the Group'), is active in the development and sale of units, primarily apartments, in multi-family residential real-estate projects to individual customers in Hungary, in Poland, in Spain and in Romania.
Cordia International Zrt. (the 'Parent') was established as of 27 April 2016 by Futureal Property Group Kft.

As of 30 June 2019 the Company has the following owner:

- QED Investments Limited 100% (place of business: Brewery Street, Mriehel, BKR3000, Malta)

Direct controlling party of the Company was Sparks Ltd. as of 31 December 2018. Sparks Ltd., the sole shareholder of Cordia International Zrt. sold in May 2019 its entire holding in the Company to QED Investments Ltd., with registered seat in Malta. QED Investments Ltd. is also the sole shareholder of Sparks Ltd., therefore the ultimate controlling party has not been changed as a result of this transaction. The direct controlling party does not prepare consolidated financial statements and there is no consolidated financial statement available into which the Company is consolidated.

The ultimate controlling parties are Futó Gábor and Futó Péter.

2. Basis of preparation and measurement

This condensed interim consolidated interim financial information for the half-year reporting period ended 30 June 2019 has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU. The condensed interim consolidated financial statements were authorized by the Boards of Directors of Cordia International on 25 September 2019.
The interim report does not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the annual report for the year ended 31 December 2018 and any public announcements made by Cordia International Zrt. during the interim reporting period.

The accounting policies adopted are consistent with those of the previous financial year and corresponding interim reporting period, except change in presentation as disclosed in note 20. A number of new or amended standards became applicable for the current reporting period, and the group had to change its accounting policies and make retrospective adjustments as a result of adopting IFRS 16 Leases. The impact of the adoption of the leasing standard are disclosed in note 3 below. The other standards did not have any impact on the group's accounting policies and did not require retrospective adjustments.

Seasonality of operations has no significant impact on the interim condensed consolidated financial information.

Interests in other entities

(a) Changes in group structure

In comparison to 31 December 2018, there were only few minor changes in group structure by establishing and acquiring new subsidiaries.

Cordia International Zrt. established the following entities in 2019:

Newly established entities
Cordia Development 10 Sp. z o.o
Cordia Development 6 Sp. z o.o
Cordia Development 7 Sp. z o.o
Cordia Development 8 Sp. z o.o
Cordia Development 9 Sp. z o.o
Cordia Europe Holding Kft.
Cordia Global 21 Alap
Cordia Global 22 Alap
Cordia Global 23 Alap
Cordia Global 24 Alap
Cordia Global 25 Alap
Cordia Partner 5 Sp. z o.o.
Cordia Partner 6 Sp. z o.o.
Projekt Kraków 4 Cordia Partner 2 Sp. z o.o. Sp.k
Projekt Trójmiasto 1 Cordia Partner 2 Sp. z o.o. Sp.k
Projekt Warszawa 6 Cordia Partner 2 Sp. z o.o. Sp.k
Projekt Warszawa 7 Cordia Partner 2 Sp. z o.o. Sp.k

Cordia International Zrt. acquired the following entities in 2019. All of the acquisitions were at market prices from entities under common control. In line with the accounting policy of the Group, the acquisitions were recorded by using the predecessor method. Since there was no consolidated financial information where these entities were consolidated, assets and liabilities were recognized at the amount recognized in the separate financial statements of the acquired entities. No goodwill was recognized as a result of the transaction.

Newly acquired entities
Cordia Project Company Sociedad Limitada
FUTUREAL DEVELOPMENT COMPANY Sociedad Limitada
Futureal Iberia Holding Sociedad Limitada
Futureal Project Company Sociedad Limitada
Cordia Development Company Sociedad Limitada
Cordia Spain Holding Kft.

As a result of the acquisitions, the Group acquired the following assets and liabilities. The total consideration was THUF 15,000. Difference between the consideration and the net assets acquired was recorded in other reserves in 2019.

Balance sheet line item	Amount (THUF)
Cash and cash equivalents	1,510,746
Other current asset	202,989
Related party liabilities	1,717,987
Other current liabilities	33,046

(b) Interests in joint-ventures

The investment in its joint-venture increased (proportionally with the other investor) in 2019 as below. There were no other changes compared to the 31 December 2018 consolidated financial statements.

2019 *In thousands of Hungarian Forints (HUF)*	**Cordia Global 6 Alap**
Opening	729,800
Purchase of investments	579,652
Profit attributable to Group	(11,308)
Closing carrying amount	**1,298,144**

(c) Net assets attributable to non-controlling investment unit holders

Just as in the previous period, this line represents the investment of the non-controlling investment unit holders in two subsidiaries (Finext Funds BP SICAV-SIF and Finext Funds One SICAV-SIF). The change in the balance is due to mainly the new investments and the redemptions made to the non-controlling investment unit holders.

Please see below the movements in the balances during the period.

In thousands of Hungarian Forints (HUF)	
Opening balance 31 December 2018	**16,286,632**
Investment made by non-controlling investment unit holders	5,000,000
Change in net assets attributable to non-controlling investment unit holders*	(42,290)
Redemption of investment units of non-controlling investment unit holders	(2,700,000)
Profit distribution to be paid out	201,397
Closing balance 30 June 2019	**18,745,739**

At each period end, the Group calculates the profit distribution to be paid out on finished projects to non-controlling investment unit holders and presents the balance in the statement of financial position among net assets attributable to non-controlling investment unit holders instead of non-controlling interests.

*Please refer also to Note 2(d) below for reconciliation of total comprehensive income attributable to non-controlling interests.

(d) Non-controlling interests

Movements in non-controlling interests during the period ended 30 June 2019 are as follows:

In thousands of Hungarian Forints (HUF)	2019
Opening balance	**86,823**
Comprehensive income/(loss) attributable to non-controlling interests	(1,850)
Closing balance	**84,973**

Reconciliation of total comprehensive income attributable to non-controlling interests for ther period ending as of 30 June 2019:

Net assets attributable to non-controlling investment unit holders (Note 2 c)	(42,290)
Comprehensive income/(loss) attributable to non-controlling interests (Note 2 d)	(1,850)
Total comprehensive income attributable to non-controlling interests	**(44,140)**

3. Adoption of new and revised Standards

(A) Adjustments recognised on adoption of IFRS 16

This note explains the impact of the adoption of IFRS 16 Leases on the group's financial information and discloses the new accounting policies that have been applied from 1 January 2019. The group has adopted IFRS 16 simplified method retrospectively from 1 January 2019, but has not restated comparatives for the 2018 reporting period, as permitted under the specific transitional provisions in the standard. The reclassifications and the adjustments arising from the new leasing rules are therefore recognised in the opening balance sheet on 1 January 2019.

On adoption of IFRS 16, the group recognised lease liabilities in relation to leases which had previously been classified as 'operating leases' under the principles of IAS 17 Leases. These liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate as of 1 January 2019. The weighted average lessee's incremental borrowing rate applied to the lease liabilities on 1 January 2019 was 2%.

The Group has not classified any leases as financial lease in 2018, so this not resulted adjustments in measurement.

In thousands of Hungarian Forints (THUF)		**01.01.2019**
Operating lease commitments disclosed as at 31 December 2018		1,809,764
Rights of perpetual usufruct of land	*a*	1,333,390
Discounted using the lessee's incremental borrowing rate at the date of initial application	*b*	(83,156)
Change in office rental extension option	*c*	(633,008)
(Less): short-term leases recognised on a straight-line basis as expense		0
(Less): low-value leases recognised on a straight-line basis as expense		0
Lease liability recognised as at 1 January 2019		**2,426,990**
Of which are		
Current lease liabilities		**1,817,866**
Non-current lease liabilities		**609,124**

"a" Perpetual usufruct fees payable by Polish subsidiaries were not disclosed as operating lease commitments as at 31 December 2018. Management reassessed the classification of perpetual usufruct fees based on IFRS 16 and considered them to be leases. This causes a difference between the IFRS 16 lease liability as of 1 January 2019 and the operating lease commitment presented in prior year's financial statements. Please see below more details about perpetual usufruct fees and their accounting under IFRS 16.

"b" Operating lease commitment were presented - in line with IAS 17 – using undiscounted amounts. IFRS 16 lease liabilities are discounted.

"c" Upon implementation of IFRS 16, Management analysed the lease contracts and the lease term based on IFRS 16 requirements and calculated lease liability accordingly. In case of certain office lease agreements, Management considers it to be reasonably certain to use termination options provided by the lease contracts for early termination. Amounts disclosed in IAS 17 operating lease commitment table were incorrectly calculated using the full contractual term, without considering termination options.

The associated right-of-use assets for property leases were measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised as of 1 January 2019, as permitted

by IFRS 16. There were no onerous lease contracts that would have required an adjustment to the right-of-use assets at the date of initial application.
The Group has decided to present right-of-use assets within the same item in which the relevant underlying assets would be presented if they were owned by the Group (as lessee).

In thousands of Hungarian Forints (THUF)	**30.06.2019**	**01.01.2019**
Buildings	915,088	1,045,718
Machinery and vehicles	29,989	47,882
Rights of perpetual usufruct of land (inventory)	1,333,390	1,333,390
Total right of use asset	**2,278,467**	**2,426,990**

The change in accounting policy affected the following items in the balance sheet on 1 January 2019:

- property, plant and equipment – increase by 1,093,600
- inventory – increase by 1,333,390
- lease liabilities – increase by 2,283,024

The net impact on retained earnings on 1 January 2019 was 0.

(i) Impact on segment disclosures

Segment assets and segment liabilities for June 2019 all increased as a result of the change in accounting policy. Lease liabilities are now included in segment liabilities. The following segments were affected by the change in policy:

In thousands of Hungarian Forints (THUF)	**Segment asset**	**Segment liability**
Hungary	504,980	507,579
Poland	1,746,207	1,748,022
Romania	27,280	27,423
Spain	0	0
Total	**2,278,467**	**2,283,024**

(ii) Practical expedients applied

In applying IFRS 16 for the first time, the group has used the following practical expedients permitted by the standard:

- the use of a single discount rate to a portfolio of leases with reasonably similar characteristics
- reliance on previous assessments on whether leases are onerous
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial
- application, and
- the use of hindsight in determining the lease term where the contract contains options to extend or terminate the lease.

(B) The Group leasing activities and how these are accounted for

This section summarizes the new accounting policies by reason of adaption of IFRS 16 Leases. The group leases various offices, parking places and cars. Rental contracts are typically made for fixed periods of 4 to 10 years but may have extension options. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose any covenants, but leased assets may not be used as security for borrowing purposes.

Until the 2018 financial year, leases of property, plant and equipment were classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) were charged to profit or loss on a straight-line basis over the period of the lease.

From 1 January 2019, leases are recognised as a right-of-use asset and a corresponding liability at the date at which the leased asset is available for use by the group. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The right-of-use asset is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- variable lease payment that are based on an index or a rate
- amounts expected to be payable by the lessee under residual value guarantees
- the exercise price of a purchase option if the lessee is reasonably certain to exercise that option,
- payments of penalties for terminating the lease, if the lease term reflects the lessee exercising that option .

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be determined, the lessee's incremental borrowing rate is used, being the rate that the lessee would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions.

Right-of-use assets are measured at cost comprising the following:

- the amount of the initial measurement of lease liability
- any lease payments made at or before the commencement date less any lease incentives received
- any initial direct costs, and
- restoration costs.

Payments associated with short-term leases and leases of low-value assets are wholly immaterial.

Extension and termination options are included in a number of property and equipment leases across the group. These terms are used to maximise operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the group and not by the respective lessor.

The Group separates lease components and service components of a contract, and applies the lease accounting requirements only to the lease components.

The group does not provide residual value guarantees in relation to equipment leases.

Rights of perpetual usufruct of land (Poland)

On 20 July 2018, the Act on the transformation of perpetual usufruct of land developed for residential purposes into ownership of that land came into force. In respect of land on which as of 1 January residential buildings were built for which an occupancy permit had been issued prior to that date, the perpetual usufruct of that land shall be transformed into ownership of that land. As regards land developed with multi-family residential buildings that have not been commissioned before 1 January 2019, the conversion date for such properties will be the day on which the decision permitting the occupancy of the building becomes final.

The Group is legally released from the debt arising from the obligation to pay perpetual usufruct fees or transformation fees only upon the legal (notarised) transfer to the buyer of the interest in the land appurtenant to the unit sold.

From 1 January 2019, costs related to lease of perpetual usufruct of land are recognized as inventories for the duration of the property project development. Before implementation of IFRS 16, these fees were expensed as incurred. Since these fees related to the land, no depreciation is recorded on these right-of-use assets.
The related lease liability is recognised under short-term liabilities.

Until the time of transfer of the above mentioned ownership, land-related lease liabilities remain on the balance sheet of the Group. At the time of handover of the unit (which is also the time of recognition of the revenue from the sale of the unit), the portion of the asset related to the lease is transferred from Inventory to Receivables from the customer, in the amount corresponding to the recognised land-related lease liability.
Until the time of transfer of the ownership to the customer, both the receivable and the liability are recognised as a short-term receivable or liability, because they will be settled through the transfer to the customer within the "operating cycle".
At the date of ownership transfer to the buyer, land-related lease liability and the related receivables from the buyer of the unit are reversed from the accounting records.

30.06.2019 *In thousands of Hungarian Forints (HUF)*	**30 June 2019**	**Impact of IFRS 16**	**30 June 2019 as presented**
Current assets	104,842,068	1,333,390	114,710,682
Current liabilities	40,582,444	1,673,900	42,256,344
Current net assets	72,794,848	(340,510)	72,454,338
Non-current assets	2,781,774	945,077	3,726,851
Non-current liabilities	30,736,113	609,124	31,345,237
Non-current net assets	(27,954,339)	335,953	(27,618,386)
Net assets	**44,840,509**	**(4,557)**	**44,835,952**

01.01.2019-30.06.2019 *In thousands of Hungarian Forints (HUF)*	**30 June 2019**	**Impact of IFRS 16**	**30 June 2019 as presented**
Operating profit	661,086	51,405	712,491
Finance cost	1,355,669	55,961	1,411,630
Profit before tax	966,020	(4,557)	961,463
Income tax expense	88,586	0	88,586
Profit for the year	**877,434**	**(4,557)**	**872,877**

01.01.2019-30.06.2019 *In thousands of Hungarian Forints (HUF)*	**30 June 2019**	**Impact of IFRS 16**	**30 June 2019 as presented**
Cash flow from operating activities	(17,031,829)	195,371	(16,836,458)
Cash flow from investing activities	4,737,089	0	4,737,089
Cash flow from financing activities	12,085,508	(195,371)	11,890,137
Net change in cash and equivalents	**(209,232)**	**0**	**(209,232)**

01.01.2019

In thousands of Hungarian Forints (HUF)	31 December 2018 as presented	Impact of IFRS 16	1 January 2019
Current assets	79,213,158	1,333,390	80,546,548
Current liabilities	41,716,560	1,817,866	43,534,426
Current net assets	37,496,598	(484,476)	37,012,122
Non-current assets	14,558,483	1,093,600	15,652,083
Non-current liabilities	18,809,506	609,124	19,418,630
Non-current net assets	(4,251,023)	484,476	(3,766,547)
Net assets	**33,245,575**	**0**	**33,245,575**

4. New significant accounting policies

Amounts withheld for guarantees

As of 31 June 2019, the Group presents seperately the amounts witheld for guaranteees in its statement of financial position. Please refer to Note 20 for the impact on change in presentation.

Amounts withheld for guarantees is the conractual amount that the Group witholds from the vendor's final invoice at the time of delivery. The remaining amount serves as a security for the Cordia Group's warranty rights. At the end of the warranty period , the remaining amount is paid to the contractor, provided that it has not been used up previously to cover the warranty claims of the developer due to non-contractual delivery. Amounts, where the expected payment date is after the balance sheet date by more 1 year are presented among non-current liabilities. The Group believes, that – since the payment date is generally within 2 years – the impact of discounting would be wholly immaterial, therefore presents these balances using the contractual amounts.

IFRS 16

The Group has adopted IFRS 16 Leases from 1 January 2019. For further details (accounting policies) please refer to Note 3(b).

5. Revenue

For the period ended 30 June *In thousands of Hungarian Forints (THUF)*	**01.01.2019-30.06.2019**	**01.01.2018-30.06.2018**
Revenue from sale of real estate	7,190,775	3,773,068
Other revenue	640,622	576,282
Total revenue	**7,831,397**	**4,349,350**

The revenues from sale of real estate of the Group are driven mainly by value of apartments handed over to its clients. Despite the Group has not accomplished any new project during IH 2019, 160 apartments were delivered to the customers – mainly in three projects which were completed in Budapest in late 2018 (156), while during IH of 2018 the Group delivered as many as 127 apartments – mainly in the second stage of project Cystersów Garden(119), which was the only project that was accomplished by the Group in IH 2018. In line with IFRS 15, revenue is recognized when control over the apartment is transferred and it is delivered to the customer.

Other revenue includes revenues from rental and service charge, as well as assignment fees for the purchase right of a land plot. Revenues from service and rental charges are recognized over time, other fees are recorded at a point in time.

For the period ended 30 June *In thousands of Hungarian Forints (THUF)*	**2019**
Opening balance of capitalized variable sales commissions	**426,173**
Increase in contract assets	229,296
Amortization of contract assets	(64,032)
Closing balance of capitalized variable sales commissions	**591,437**

Capitalized variable sales commission are presented among other long-term assets and other short-term assets based on the expected delivery date of the related construction project.

Please refer also to note 9 about contract liabilities and the contracted sales and note 19 about the sales breakdown by segment.

6. Cost of sales

For the period ended 30 June *In thousands of Hungarian Forints (THUF)*	**01.01.2019-30.06.2019**	**01.01.2018-30.06.2018**
Cost of sales of main activities	3,906,705	2,741,723
Cost of sales of other revenue	304,174	93,553
Total cost of sales	**4,210,879**	**2,835,276**

7. Administrative expenses

For the period ended 30 June *In thousands of Hungarian Forints (THUF)*	**01.01.2019-30.06.2019**	**01.01.2018-30.06.2018**
Personnel expenses and external services	1,381,761	1,018,967
Materials and energy	28,013	7,652
Depreciation	241,386	46,148
Bank fees and other charges	18,974	87,446
Total administrative expenses	**1,670,134**	**1,160,213**

Personnel expenses are related to staff of the Hungarian, Polish and the Romanian management companies (Cordia Management Szolgáltató Kft., Futureal Management Poland Sp. Z.o.o. and Cordia Development Services Srl.). This does not include construction and engineering staff costs, which are capitalized as inventory.
Comparison of the personnel expenses during IH 2018 and IH 2019 may suggest substantial dynamics, while the expenses evidenced during IH 2019 include also some part of additional remuneration to the Company's employees related to their performance in 2018 which was not planned earlier. Taking into account this one-off item would indicate a year over year increase of personnel expenses at 7%.

8. Inventory

In thousands of Hungarian Forints (HUF)	**Closing balance 30.06.2019**	**Opening balance 31.12.2018**
Borrowing costs	991,437	802,936
Construction costs	34,647,568	21,486,689
Acquisition	10,823,804	11,058,613
Lands	21,798,023	12,789,776
Engineering and construction fees	4,262,889	3,359,331
Planning	2,588,209	2,094,340
Other	882,525	629,647
Work in progress	**75,994,455**	**52,221,332**

In thousands of Hungarian Forints (HUF)	**Closing balance 30.06.2019**	**Opening balance 31.12.2018**
Finished goods	**3,055,734**	**6,424,014**

In thousands of Hungarian Forints (HUF)	**Closing balance 30.06.2019**	**Opening balance 31.12.2018**
Goods for resale	**214,308**	**67,960**

In thousands of Hungarian Forints (HUF)	**Closing balance 30.06.2019**	**Opening balance 31.12.2018**
Advances paid for delivery of goods	**210,037**	**0**

In thousands of Hungarian Forints (HUF)	**Closing balance 30.06.2019**	**Opening balance 31.12.2018**
Rights of perpetual usufruct of land (lease)	**1,333,390**	**0**

In thousands of Hungarian Forints (HUF)	**Closing balance 30.06.2019**	**Opening balance 31.12.2018**
Write-down	**0**	**0**

In thousands of Hungarian Forints (HUF)	**Closing balance 30.06.2019**	**Opening balance 31.12.2018**
Total inventories at the lower of cost or net realizable value	**80,807,924**	**58,713,306**

Write-down revaluating the inventory:

The company internally assessed the net realizable value of the inventory and decreased the value when the net realizable value was lower than the cost amount. In view of the situation in the Hungarian, Polish, Spain and Romanian property market in which the Group operates, during the period ended 30 June 2019 the Group performed an inventory review with regard to its valuation to net realizable value based on the valuation report issued by the independent property valuation expert. As a result, during the period ended 30 June 2019, the Group did not made any write-down adjustment. The Group examined a possible write-down on inventory for each project separately, according to the projection of revenues net of cost of sales.

Inventories are valued at the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

For information about future commitments to the general contractor for construction services related to inventory construction, see Note 16.

Majority of inventory is pledged and used to secure bank loans, there were no significant change compared to prior year.

9. Customer advances received

The table below presents the breakdown of customer advances received by projects. These are recorded as contract liabilities as required by IFRS 15.

In thousands of Hungarian Forints (HUF)	**Project name**	**30.06.2019**	**31.12.2018**
Cordia Development 1. Development Fund	Corvin Átrium	166,908	1,718,788
Cordia Development 2. Development Fund	Thermal Zugló 2	0	751,494
Cordia Development 2. Development Fund	Thermal Zugló 3	2,184,975	1,466,090
Cordia Global 1. Development Subfund	Kapás 21	728,441	3,272,616
Cordia Global 10. Development Subfund	Sasad Hilltop	1,002,823	362,959
Cordia Global 11. Development Subfund	Grand Corvin	2,228,723	1,353,576
Cordia Global 12. Development Subfund	Marina Portside	1,385,706	397,942
Cordia Global 13. Development Subfund	Universo	140,491	0
Cordia Global 14. Development Subfund	N/A	0	184,279
Cordia Global 17. Development Subfund	Young City 3	712,597	0
Cordia Global 18. Development Subfund	Akadémia Garden	986,731	145,137
Cordia Global 19. Development Subfund	Grand Corvin 2	126,593	0
Cordia Global 2. Development Subfund	Corvin Átrium 2	6,952,533	6,754,793
Cordia Global 3. Development Subfund	Young City	1,415,594	1,372,536
Cordia Global 3. Development Subfund	Young City 2	1,869,919	1,625,524
Cordia Global 4. Development Subfund	Rózsa55	4,360,098	4,059,227
Cordia Global 5. Development Subfund	Grand'Or	922,762	696,197
Cordia Global 7. Development Subfund	Marina Garden	7,600,913	5,515,641
Cordia Global 8. Development Subfund	Sasad Resort Hill	1,162,642	1,115,162
Cordia Global 8. Development Subfund	Sasad Resort Sun	1,076,051	1,049,102
Cordia Global 9. Development Subfund	Centropolitan	663,414	317,684
Cordia FM Társasházkezelő Kft	N/A	49,387	37,459
Cordia Parcului Residential project SRL	Parcului201	220,146	15,546
Projekt Krakow 1	Lotniczówka	6,469	0
Cordia Supernova Sp. Z o.o.	Supernova	3,593,666	2,347,030
Projekt Warszawa 1	Zielone Bemowo 1	2,432,222	1,176,157
Villena sp. z o.o.	Cystersów Garden 2	149,212	28,865
Total subsidiaries		**42,139,015**	**35,763,806**
Cordia Global 6. Development Subfund	Marina Life	1,760,401	1,104,495
Cordia Global 6. Development Subfund	Marina Life 2	259,957	0
Total including joint venture		**44,159,373**	**36,868,300**

For the period ended *In thousands of Hungarian Forints (THUF)*	**01.01.2019-30.06.2019**
Opening balance of customer advances	**35,763,806**
Increase in contract liabilities from customer advances received for not completed performance obligations	11,201,726
Revenue recognised that was included in the contract liability balance at the beginning of the period	(4,913,519)
Cumulative translation adjustment	87,002
Closing balance of customer advances	**42,139,015**

10. Financial assets and financial liabilities

The group holds the following financial instruments:

For the period ended 30 June 2019

In thousands of Hungarian Forints (HUF)	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets			
Long-term receivables from related parties	0	**0**	**0**
Loans receivables from third parties	0	9,846	**9,846**
Restricted Cash	0	**0**	**0**
Current financial assets			
Securities	156,381	0	**156,381**
Restricted Cash	0	13,947,655	**13,947,655**
Short-term receivables from related parties	0	861,416	**861,416**
Trade and other receivables	0	639,637	**639,637**
Cash and cash equivalents	0	12,080,318	**12,080,318**
Total financial assets	**156,381**	**27,538,872**	**27,695,253**

For the period ended 30 June 2019

In thousands of Hungarian Forints (HUF)	Financial liabilities at amortized cost	Total
Non-current financial liabilities		
Loans and borrowings	6,259,146	**6,259,146**
Long-term liabilities to related parties	49,441	**49,441**
Lease liabilities	609,124	**609,124**
Amount withheld for guarantees	1,890,252	**1,890,252**
Current financial liabilities		
Trade and other payables	7,561,369	**7,561,369**
Loans and borrowings	6,266,134	**6,266,134**
Lease liabilities	1,673,900	**1,673,900**
Short-term liabilities to related parties	6,349,640	**6,349,640**
Total financial liabilities	**30,659,006**	**30,659,006**

Other finance income and cost is mainly related to realized and non-realized foreign exchange differences arising on EUR denominated borrowings and trade payables.

For the period ended 31 December 2018 as restated

n thousands of Hungarian Forints (HUF)	Financial assets at FV through P/L	Financial assets at amortized cost	Total
Non-current financial assets			
Long-term receivables from related parties	0	1,150,746	**1,150,746**
Loans receivables from third parties	0	8,426	**8,426**
Restricted Cash	0	10,869,940	**10,869,940**
Current financial assets			
Securities	29,553	0	**29,553**
Restricted Cash	0	240,281	**240,281**
Short-term receivables from related parties	0	4,359,861	**4,359,861**
Trade and other receivables	0	192,521	**192,521**
Cash and cash equivalents	0	12,289,550	**12,289,550**
Total financial assets	**29,553**	**29,111,325**	**29,140,878**

For the period ended 31 December 2018 (as restated, please see Note 20)

In thousands of Hungarian Forints (HUF)	Financial liabilities at amortized cost	Total
Non-current financial liabilities		
Loans and borrowings	4,829,609	4,829,609
Long-term liabilities to related parties	2,691,668	2,691,668
Amount withheld for guarantees	1,733,237	1,733,237
Current financial liabilities		
Trade and other payables	4,671,734	4,671,734
Loans and borrowings	5,239,689	5,239,689
Short-term liabilities to related parties	4,862,043	4,862,043
Total financial liabilities	**24,027,980**	**24,027,980**

Restricted cash

Cordia's model of operations assumes that instead of using customer deposits for the development, most of it are deposited as restricted cash securing construction loans received. Despite all banks allow full or partial the use of such funds, (sometimes subject to utilization fees) these balances are presented as restricted cash in the financial information.

The control over the use of the deposited sums is always with Cordia based upon the agreement between the respective bank and Cordia and such action of unlocking deposited cash can take place in due time after such decision of Cordia management, i.e. without any unnecessary delay (but in any case not later than within a few banking days). This means, that the cash, which is restricted, can be fully and immediately exploited by the subsidiaries in order to net with the pre-agreed financial liabilities (e.g. bank loans).

Due to expected changes in financing and as a result of several projects turning into the delivery phase within the next 12 months, in 2019 Management implemented a new policy of more openly using these balances during the normal operating cycle. To reflect these changes and Management's expectation that these amounts may be realized within the normal operating cycle, all restricted cash balances are presented under current asset as at 30 June 2019.

VAT receivables

VAT receivables mainly contain VAT receivable relating to customer advance payments. Similarly to restricted cash, now Management's expectation is that these amounts may be realized within the normal operating cycle, therefore these balances are presented under current asset as at 30 June 2019.

11. Receivables from related parties

The table below presents the breakdown of receivables from the related parties:

In thousands of Hungarian Forints (HUF)	30.06.2019	31.12.2018
Trade receivables	272,972	36,448
Loan receivables	0	4,343,378
Accrued interest receivables	0	235,824
Accrued expenses	0	246,836
Accrued revenue	586,599	372,214
Other receivables	1,845	275,907
Total closing balance	**861,416**	**5,510,607**
Closing balance includes:		
Non-current assets	0	1,150,746
Current assets	861,416	4,359,861
Total closing balance	**861,416**	**5,510,607**

Following earlier initiatives aimed at separation of Cordia Group from Futureal Group (affiliated due to involvement of the joint leading shareholder), all loans granted by Cordia subsidiary companies to the companies within the Futureal Group (in total amount of HUF 4.34 bn) have been repaid during IH 2019. As a result of this operation the total loan balances between Cordia Group and Futureal Group has been substantially decreased.

The table below presents the movement in loans granted to related parties:

In thousands of Hungarian Forints (HUF)	01.01.2019-30.06.2019
Opening balance	**4,343,378**
Loans repaid	(4,310,321)
Foreign exchange difference	(33,057)
Total closing balance	**0**

In thousands of Hungarian Forints (HUF)	30.06.2019	31.12.2018
HUF	117,992	380,331
EUR	624,776	604,322
PLN	117,881	4,525,898
RON	767	56
Total closing balance	**861,416**	**5,510,607**

12. Loans and borrowings

The table below presents the movement in loans and borrowings from third parties:

In thousands of Hungarian Forints (HUF)	**01.01.2019-30.06.2019**
Opening balance	**10,069,298**
New bank loan drawdown	4,426,420
Loan repayments	(1,919,735)
Other (non-cash changes)	(50,703)
Total closing balance	**12,525,280**

	30.06.2019	**31.12.2018**
Closing balance includes:		
Current liabilities	6,266,134	5,239,689
Non-current liabilities	6,259,146	4,829,609
Total closing balance	**12,525,280**	**10,069,298**

In thousands of Hungarian Forints (HUF)	**30.06.2019**	**31.12.2018**
HUF	11,321,585	7,668,640
EUR	0	669,315
PLN	1,203,695	1,731,343
Total closing balance	**12,525,280**	**10,069,298**

New bank loan drawdowns and loan repayments relate solely to progress (new openings or completions) of the residential projects realized by the Group and to increasing scale of Group operations. Loan repayments during IH of 2019 were mainly related to final settlements of projects completed in Budapest in December 2018, as well as to the Polish projects (Supernova in Kraków and Zielone Bemowo I), which were completed after 30 June 2019 (i.e. in July 2019). New bank loan drawdowns were related to other projects run by Cordia Group in Hungary.

13. Liabilities to related parties

The table below presents the breakdown of liabilities to the related parties:

In thousands of Hungarian Forints (HUF)	**30.06.2019**	**31.12.2018**
Trade payables	258,799	0
Loan	5,830,057	7,028,529
Accrued expenses payables	310,255	525,182
Total closing balance	**6,399,081**	**7,553,711**
Closing balance includes:		
Current liabilities	6,349,640	3,124,653
Non-current liabilities	49,441	4,429,058
Total closing balance	**6,399,081**	**7,553,711**

The table below presents the movement in loans and borrowings:

In thousands of Hungarian Forints (HUF)	**01.01.2019-30.06.2019**
Opening balance	**7,028,529**
New loan drawdown	16,095,083
Loan repayments	(17,559,195)
Other (non-cash changes)	265,640
Total closing balance	**5,830,057**

In thousands of Hungarian Forints (HUF)	**30.06.2019**	**31.12.2018**
HUF	0	1,354,907
EUR	5,797,508	6,183,412
PLN	601,573	12,286
RON	0	3,106
Total closing balance	**6,399,081**	**7,553,711**

Following earlier initiatives aimed at separation of Cordia Group from Futureal Group (affiliated due to involvement of the joint leading shareholder), the open balance of the loans granted as well as of the loans received from the companies belonging to Futureal Group has been reduced and structured in a way, that as of 30 June 2019 all the loan balances are from one single sister company.

The table below presents the conditions of the most significant related party loan agreements:

As of 30 June 2019

In thousands of Hungarian Forints (HUF)

Counterparty	Balance	Maturity	Interest rate	Currency
Sister company	5 797 508	on-demand	Free	EUR

As of 31 December 2018

In thousands of Hungarian Forints (HUF)

Counterparty	Balance	Maturity	Interest rate	Currency
Sister company	1 084 815	2022.12.31	EURIBOR 3M + 3,2%	EUR
Sister company	3 258 563	on demand	WIBOR 1M +3,0%	PLN

There were no other significant related party transactions and there was no significant change in the key management's compensation in the period ending as of 30 June 2019.

14. Trade and other payables

The reason for the significant increase of trade and other payables balance is the growth of Cordia Group's portfolio. Besides this, there is no other reason behind the change in the balance compared to previous year.

15. Shareholders' equity

15.(a) Share capital

The parent company's share capital is EUR 32,000,000 (9,897,492 thousands HUF) consisting of ordinary shares with nominal value of EUR 1 in the number of 32,000,000. All shares are fully paid. Ordinary shares provide the rights to the holders on a pro-rata basis.

	30.06.2019			
Company	Nominal value of shares (THUF)	Ownership percentage	Nominal value of shares (THUF)	Ownership percentage
QED Investments Ltd	9,897,492	100.00%	9,897,492	**100.00%**
Total	**9,897,492**	**100.00%**	**9,897,492**	**100.00%**

	31.12.2018			
Company	Nominal value of shares (THUF)	Ownership percentage	Nominal value of shares (THUF)	Ownership percentage
Sparks Ltd.	9,252,912	100.00%	**9,252,912**	**100.00%**
Total	**9,252,912**	**100.00%**	**9,252,912**	**100.00%**

15.(b) Share premium

In thousands of Hungarian Forints (HUF)	**01.01.2019-30.06.2019**
Opening balance	**592,166**
Proceeds from capital increase	8,098,355
Closing balance	**8,690,521**

The new direct shareholder of the Company, QED Investments Limited, following purchase of 100% of the Company from Sparks Ltd. (May 2019), decided about capital increase of the Company. Out of total EUR 27m, EUR 2m was declared as new share capital, while EUR 25m have been contributed to the Company as share premium. All contributions were declared in May 2019 and were fully paid until end of June 2019.

16. (a) Fair value estimation of financial assets and liabilities

There are two financial assets which are measured at fair value through profit or loss in the condensed interim consolidated financial information, these are not material in neither reporting period (the fair value of these listed investments is 126,251 and 30,130 THUF at 30.06.2019, 29,553 THUF in 2018 in respectively). All other financial assets and liabilities are measured at amortized cost. Furthermore, there are no non-financial assets or liabilities that are measured at fair value.
The fair value of the financial assets and liabilities measured at amortized cost approximates their carrying value, as they are loans and receivables either with variable interest rate (e.g. in case of borrowings) or short-term receivables and liabilities, where the time value of money is not material (e.g. in case of related party loans).

16. (b) Commitments and contingencies

Investment commitments:

The amounts in the table below present uncharged investment commitments of the Group in respect of construction services to be rendered by the general contractors:

In thousands of Hungarian Forints (HUF)	**Project name**	**30.06.2019**	**31.12.2018**
Cordia Development 1. Development Fund	Corvin Átrium	0	119,489
Cordia Development 2. Development Fund	Thermal Zugló 2	18,414	18,414
Cordia Development 2. Development Fund	Thermal Zugló 3	2,415,799	2,792,540
Cordia Global 1. Development Subfund	Kapás 21	735	0
Cordia Global 2. Development Subfund	Corvin Átrium 2	409,697	228,970
Cordia Global 3. Development Subfund	Young City	196,597	519,005
Cordia Global 3. Development Subfund	Young City 2	2,551,769	2,574,529
Cordia Global 4. Development Subfund	Rózsa55	456,074	682,971
Cordia Global 5. Development Subfund	Grand'Or	1,835,431	4,466,720
Cordia Global 7. Development Subfund	Marina Garden	1,716,676	3,175,671
Cordia Global 8. Development Subfund	Sasad Resort Hill	327,042	1,194,080
Cordia Global 8. Development Subfund	Sasad Resort Sun	1,088,824	1,726,773
Cordia Global 9. Development Subfund	Centropolitan	2,308,728	6,005,825
Cordia Global 10. Development Subfund	Sasad Hilltop	3,801,882	1,313,702
Cordia Global 11. Development Subfund	Grand Corvin	3,144,052	3,716,726
Cordia Global 12. Development Subfund	Marina Portside	918,040	7,819,627
Cordia Global 17.Development Subfund	Young City 3	4,276,694	225,504
Cordia Global 18. Development Subfund	Akadémia Garden	6,355,085	7,200,000
Cordia Supernova Sp. Z o.o.	Supernova	113,302	579,127
Projekt Krakow 1	Lotniczówka	1,205,135	0
Projekt Warszawa 1	Zielone Bemowo 1	109,898	617,740
Projekt Warszawa 1	Zielone Bemowo 2	3,267,601	0
Cordia Parcului Residential project SRL	Parcului201	4,658,162	0
Total subsidiaries		**41,175,637**	**44,977,413**
Cordia Global 6. Development Subfund	Marina Life	3,367,081	9,477,390
Cordia Global 6. Development Subfund	Marina Life 2	4,656,094	540,318
Total including JV		**49,198,812**	**54,995,121**

Unutilized construction loans:

The table below presents the list of the construction loan facilities, which the Company arranged for in conjunction with entering into loan agreements with the banks in order to secure financing of the construction and other outstanding costs of the ongoing projects. The amounts presented in the table below include the unutilized part of the construction loans available to the Company:

In thousands of Hungarian Forints (HUF)	Project name	30.06.2019	31.12.2018
Cordia Development 2. Development Fund	Thermal Zugló 2	0	3,512,712
Cordia Development 2. Development Fund	Thermal Zugló 3	1,205,143	49,886
Cordia Global 3. Development Subfund	Young City	414,125	3,639,967
Cordia Global 3. Development Subfund	Young City 2	1,949,457	166,137
Cordia Global 4. Development Subfund	Rózsa55	1,887,953	650,174
Cordia Global 5. Development Subfund	Grand'Or	2,269,436	2,733,692
Cordia Global 7. Development Subfund	Marina Garden	1,401,110	1,577,884
Cordia Global 8. Development Subfund	Sasad Resort Sun	4,162,893	3,642,408
Cordia Global 9. Development Subfund	Centropolitan	2,700,000	0
Cordia Global 10. Development Subfund	Sasad Hilltop	4,610,000	0
Cordia Global 11. Development Subfund	Grand Corvin	3,874,217	0
Cordia Global 12. Development Subfund	Marina Portside	7,500,000	0
Cordia Global 17. Development Subfund	Young City 3	5,580,000	0
Cordia Global 18. Development Subfund	Akadémia Garden	7,620,000	0
Projekt Warszawa 1	Zielone Bemowo 1	1,626,156	4,639,890
Projekt Warszawa 1	Zielone Bemowo 2	3,569,206	0
Cordia Supernova Sp. Z o.o.	Supernova	0	6,279,308
Total subsidiaries		**50,369,696**	**26,892,058**
Cordia Global 6. Development Subfund	Marina Life	5,115,360	0
Cordia Global 6. Development Subfund	Marina Life 2	5,115,360	0
Total including joint ventures		**60,600,416**	**26,892,058**

Contracted sales not yet recognized Contingent receivables:

The current volume and value of the preliminary sales agreements signed with the clients do not impact the Interim Condensed Consolidated Statement of Comprehensive Income immediately but only after final settlement of the contracts with the customers. The Contracted sales present the aggregated value of the preliminary sales agreements (excluding VAT) executed with the Company's clients in particular for units that have not been recognized in the Interim Condensed Consolidated Statement of Comprehensive Income.

The contingent receivable present the amounts to be received from the customers having bought apartments from Cordia and its subsidiary companies and which are based on the value of the sale and purchase agreements signed with the clients until 30 June 2019 after deduction of payments received at reporting date (such payments being presented in the Consolidated Statement of Financial Position as customer advances):

In thousands of Hungarian Forints (HUF)		**Contracted sales**	**Contingent receivables**	
	Project name	**30.06.2019**	**30.06.2019**	**31.12.2018**
Cordia Development 1. DF	Corvin Átrium	805,592	635,651	3,596,340
Cordia Development 2. DF	Thermal Zugló 2	0	0	906,721
Cordia Development 2. DF	Thermal Zugló 3	6,640,125	4,810,076	3,720,859
Cordia Global 1. DS	Kapás 21	1,009,257	275,400	2,082,483
Cordia Global 10. DS	Sasad Hilltop	3,737,336	2,745,452	1,521,405
Cordia Global 11. DS	Grand Corvin	7,177,004	5,102,452	5,155,482
Cordia Global 12. DS	Marina Portside	5,362,575	3,680,729	3,031,060
Cordia Global 17. DS	Young City 3	2,695,182	1,974,926	1,173,017
Cordia Global 2. DS	Corvin Átrium 2	10,487,561	3,595,606	4,202,352
Cordia Global 3. DS	Young City	4,417,219	2,972,806	3,073,001
Cordia Global 3. DS	Young City 2	6,714,871	4,842,945	4,392,593
Cordia Global 4. DS	Rózsa55	6,951,110	2,585,783	2,643,242
Cordia Global 5. DS	Grand'Or	3,626,709	2,196,591	2,555,958
Cordia Global 7. DS	Marina Garden	10,216,923	2,597,450	4,896,054
Cordia Global 8. DS	Sasad Resort Hill	4,184,980	3,020,969	3,039,785
Cordia Global 8. DS	Sasad Resort Sun	3,898,226	2,820,673	2,773,479
Cordia Global 9. DS	Centropolitan	2,456,063	2,099,146	1,382,800
Cordia Global 13. DS	Universo	0	1,498,917	0
Cordia Global 18. DS	Akadémia Garden	3,813,364	2,722,964	2,005,988
Cordia Global 19. DS	Grand Corvin 2	0	1,762,626	0
Cordia Parcului Residential SRL	Parcului201	1,073,088	852,942	0
Projekt Warszawa 1	Zielone Bemowo 1	4,089,770	1,657,548	1,271,685
Projekt Warszawa 1	Zielone Bemowo 2	46,564	46,564	0
Cordia Supernova Sp. Z o.o.	Supernova	4,723,729	1,130,063	1,536,889
Total excluding JV		**94,127,248**	**55,628,279**	**54,961,193**
Cordia Global 6. DS	Marina Life	6,515,459	4,753,140	3,400,102
Cordia Global 6. DS	Marina Life 2	1,289,755	1,029,798	0
Total including JV		**101,932,680**	**61,411,217**	**58,361,295**

In the above table we used the following abbreviations:
DF: Development Fund
DS: Development Subfund

17. Financial risk management

In this condensed interim consolidated financial information the Group presents the risks, where change compared to 31 December 2018 provide useful information. In case of other risks, not presented here, there were no significant change compared to 31 December 2018.

Liquidity risk

The cash flow forecast is prepared by the operating units of the Group. The forecasts are summarized by the Group's finance department. The finance department monitors the rolling forecasts on the Group's required liquidity position in order to provide the necessary cash balance for the daily operation. The Group aims to maintain flexibility in funding by keeping committed credit lines available not to overdraw the credit lines and to meet the credit covenants. These forecasts take into consideration the Group's financial plans, the contracts' covenants, the key performance indicators and the legal environment.

		As at 30 June 2019
In thousands of Hungarian Forints (HUF)	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	6,266,134	6,259,146
Trade and other payables	7,561,367	1,890,252
Liabilities to related parties	6,349,640	49,441
Net assets attributable to non-controlling investment unit holders	4,373,812	15,445,739
Total	**24,550,953**	**23,644,578**

		As at 31 December 2018
In thousands of Hungarian Forints (HUF)	**Less than 1 year**	**Between 1 and 5 years**
Loans and borrowings	5,239,689	4,829,609
Trade and other payables	4,471,907	1,870,338
Liabilities to related parties	3,124,653	4,429,058
Net assets attributable to non-controlling investment unit holders	0	16,286,632
Total	**12,836,249**	**27,415,637**

This section sets out an analysis of financing cash-flows for the period ended as of 30 June 2019

In thousands of Hungarian Forints (HUF)	**30.06.2019.**	**31.12.2018.**
Loans and borrowings (third-party)	12,525,280	10,069,298
Loans from related parties	5,830,057	7,028,529
Lease liabilities (IFRS 16)	2,283,024	0
Total	**20,638,361**	**17,097,827**

In thousands of Hungarian Forints (HUF)	**Loans and borrowings (third party)**	**Loans from related parties**	**Lease liabilities (IFRS 16)**	**Total**
As at 31.12.2018	**10,069,298**	**7,028,529**	**0**	**17,097,827**
Change in accounting policy due to IFRS 16 implementation 01.01.2019			2,426,990	**2,426,990**
Restated as at 01.01.2019	**10,069,298**	**7,028,529**	**2,426,990**	**19,524,817**
Cash flow - repayment	(1,919,735)	(17,559,195)	(199,927)	**(19,678,857)**
Cash flow - drawdown	4,426,420	16,095,083	0	**20,521,503**
Unwinding of discount	0	0	55,961	**55,961**
Foreign exchange adjustments	(50,703)	26,5640	0	**(24,139)**
As at 30.06.2019.	**12,525,280**	**5,830,057**	**2,283,024**	**20,638,361**

18. Subsequent events

Change of the leading shareholder:

QED Investments Ltd., the sole shareholder of Cordia International Zrt. sold in September 2019 its entire holding in the Company to Cordia Holding B.V. with registered seat in Amsterdam with no change in the ultimate controlling parties.

Related party financing:

As of 30 June 2019 Cordia Group had a related party loan balance in the amount of 17.9 million EUR. Until the date of this report, the Group has repaid related party loans in the amount of EUR 17.0 million and the outstanding related party loan balance as of 25 September 2019 amounts to EUR 0.88 million. The Company intends to fully repay related party loan before end of 2019.

Acquisition of new plots:

Cordia Group has purchased plots of land located in Cracow, in district Podgórze. The purchase agreement was signed in August. The plots are dedicated for development of the residential project comprising over 100 apartments.

Commencements of new projects:

Cordia Group involved in development of the residential project Horyzont Praga (comprising 168 apartments) in Warsaw obtained the valid building permit and commenced its realization. The construction works are performed by general contractor Kalter Sp. z o.o.

The Company has commenced also realization of the project Akadémia (306 apartments) in Budapest, Distrixt IX.

Completions of residential projects:

Cordia Group involved in development of the residential project Supernova in Cracow obtained the valid permit for occupancy of this project (comprising 185 apartments) and commenced in August delivery of the finished apartments to its customers.

Cordia Group involved in development of the residential project Zielone Bemowo I and Zielone Bemowo II in Warsaw obtained the valid permit for occupancy of the I stage of this project (comprising 118 apartments) and commenced in September delivery of the finished apartments to its customers.

19. Segment report

Segment information

The Board of Directors is the Group's chief operating decision-maker body. The Group's operating segments are defined as separate entities developing particular residential projects,
which for the reporting purposes were aggregated. The aggregation for reporting purpose is based on geographical locations.

The Board of Directors considers the business from a geographic perspective. Geographically, management considers the performance in Hungary, Poland and Romania. The segments derive their revenue primarily from the sales of residential properties to individual customers. According to the assessment of the Board of Directors, the operating segments identified have similar economic characteristics.

The Board of Directors monitors the budgeted and forecasted financial results of the operating segments for the purpose of making decisions about resource allocation and performance assessment.

The Group started operations in Spain in 2019, therefore Spain is disclosed as separate segment in this interim consolidated report.

Revenue

Management believe, that revenue is currently not the most descriptive factor, since the projects are mostly in the development phase. There are no significant sales transactions between the segments. The revenue from external parties reported to the strategic steering committee is measured in a manner consistent with that in the income statement.

For the period ended 30 June 2019

In thousands of Hungarian Forints (HUF)	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**
Hungary	7,728,906	2,084	7,726,822
Poland	108,019	3,817	104,202
Romania	373	0	373
Spain	0	0	0
Other	0	0	0
Total	**7,837,298**	**5,901**	**7,831,397**

For the period ended 30 June 2018

In thousands of Hungarian Forints (HUF)	**Total segment revenue**	**Inter-segment revenue**	**Revenue from external customers**
Hungary	940,620	0	940,620
Poland	3,408,726	0	3,408,726
Romania	4	0	4
Spain	n.a.	n.a.	n.a.
Other	0	0	0
Total	**4,349,350**	**0**	**4,349,350**

Gross profit

For the period ended 30 June 2019

In thousands of Hungarian Forints (HUF)	**2019**
Hungary	3,223,079
Poland	397,439
Romania	0
Spain	0
Other	0
Total	**3,620,518**

For the period ended 30 June 2018

In thousands of Hungarian Forints (HUF)	**2018**
Hungary	460,842
Poland	1,053,232
Romania	0
Spain	n.a.
Other	0
Total	**1,514,074**

Net profit

For the period ended 30 June 2019

In thousands of Hungarian Forints (HUF)	**2019**
Hungary	2,046,674
Poland	(624,050)
Romania	(107,639)
Spain	(124,669)
Other	(312,882)
Total	**872,877**

For the period ended 30 June 2018

In thousands of Hungarian Forints (HUF)	**2018**
Hungary	(377,185)
Poland	352,923
Romania	(96,448)
Spain	n.a.
Other	(89,119)
Total	**(209,829)**

Assets as of 30.06.2019

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Spain	Other
Assets					
Non-current assets					
Intangible assets	168,666	46,198	5,931	-	-
Property, plant and equipment	1,062,939	516,034	66,596	-	-
Long-term receivables from third parties	9,846	-	-	-	-
Investments accounted for using equity method	1,298,144	-	-	-	-
Deferred tax assets	49,986	76,236	-	-	-
Restricted Cash	-	-	-	-	-
Long-term VAT receivables	-	-	-	-	-
Other long-term assets	349,261	77,014	-	-	-
Total non-current assets	**2,938,842**	**715,482**	**72,527**	-	-
Current assets					
Inventory	53,913,286	22,118,016	3 379,819	1,396,803	-
Trade and other receivables	520,952	35,597	79,632	3,448	8
Short-term receivables from related parties	741,328	119,322	766	-	-
Other short-term assets	795,460	283,779	256,533	-	-
Income tax receivable	28,453	4,381	-	-	-
Short-term VAT receivables	2,496,331	1,850,646	185,648	316,120	-
Restricted cash	12,522,588	1,850,646	1,615	3,397	-
Other financial assets	125,521	-	-	-	31,130
Cash and cash equivalents	11,054,972	507,577	109,467	39,576	368,726
Total current assets	**82,198,621**	**26,339,373**	**4,013,480**	**1,759,344**	**399,864**
Total assets	**85,137,463**	**27,054,855**	**4,086,007**	**1,759,344**	**399,864**
Fair value difference on inventories*	13,985,136				
Adjusted total assets	**99,122,599**	**27,054,855**	**4,086,007**	**1,759,344**	**399,864**

* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local GAAP for these entities as of 30 June 2019. In line with IFRS, this fair valuation is eliminated from the consolidated financial information.

Liabilities as of 30.06.2019

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Spain	Other
Non-current liabilities					
Loans and borrowings	5,055,451	1,203,695	-	-	-
Long-term liabilities to related parties	-	17,105	-	32,336	-
Deferred tax liabilities	42,267	14,633	-	-	-
Customer advances	22,113,726	-	220,146	-	-
Lease liabilities	349,196	244,016	15,912	-	-
Amount withheld for guarantees	1,890,252	-	-	-	-
Other long-term liabilities	51,199	95,303	-	-	-
Total non-current liabilities	**29,502,091**	**1,574,752**	**236,058**	**32,336**	**-**
Current liabilities					
Trade and other payables	5,866,943	1,278,649	369,891	13,310	32,574
Short-term liabilities to related parties	5,858,715	129,178	-	85,253	276,494
Loans and borrowings	6,266,134	-	-	-	-
Customer advances	13,623,574	6,181,569	-	-	-
Other tax liabilities	31,621	177,233	3,856	283,540	-
Income tax liabilities	45,302	-	970	-	7,405
Other provision	50,233	-	-	-	-
Lease liabilities	158,384	1,504,006	11,510	-	-
Total current liabilities	**31,900,906**	**9,270,635**	**386,227**	**382,103**	**316,473**
Total liabilities	**61,402,997**	**10,845,387**	**622,285**	**414,439**	**316,473**

Assets as of 31.12.2018

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Assets				
Non-current assets				
Intangible assets	179,384	4,202	4,270	-
Property, plant and equipment	533,982	108,815	23,987	-
Long-term receivables from third parties	8,426	-	-	-
Long-term receivables from related parties	-	1,150,746	-	-
Investments accounted for using equity method	729,800	-	-	-
Deferred tax assets	49,986	74,953	-	-
Restricted cash	8,891,957	1,976,351	1,632	-
Long-term VAT receivables	242,616		.	-
Other long-term assets	577,376	-	-	-
Total non-current assets	**11,213,527**	**3,315,067**	**29,889**	**0**
Current assets				
Inventory	44,585,333	12,144,751	1,983,222	-
Trade and other receivables	152,514	38,360	647	-
Short-term receivables from related parties	4,354,457	5,348	56	-
Other short-term assets	245,865	21,337	33,985	12
Income tax receivable	25,785	4,255	-	-
Short-term VAT receivables	2,533,615	461,553	62,679	-
Restricted cash	161,291	-	78,990	-
Other financial assets	-	-	-	29,553
Cash and cash equivalents	10,807,184	549,590	14,161	918,615
Total current assets	**62,886,044**	**13,225,194**	**2,173,740**	**948,180**
Total assets	**74,079,571**	**16,540,261**	**2,203,629**	**948,180**
Fair value difference on inventories*	12,104,048			
Adjusted total assets	**86,183,619**	**16,540,261**	**2,203,629**	**948,180**

* CODM assesses the performance of the entities based on local GAAP statutory financial statements. In Hungary, the funds are revaluate inventories to fair value at the end of each period in the statutory financial statements. This figure represent the revaluation difference calculated based on local GAAP for these entities as of 30 June 2019. In line with IFRS, this fair valuation is eliminated from the consolidated financial information.

Liabilities as of 31.12.2018

In thousands of Hungarian Forints (THUF)	Hungary	Poland	Romania	Other
Non-current liabilities				
Loans and borrowings	3,098,266	1,731,343	-	-
Long-term liabilities to related parties	-	4,429,058	-	-
Deferred tax liabilities	33,712	10,838	-	-
Customer advances	7,635,951	-	-	-
Amount withheld for guarantees	1,733,237	-	-	-
Other long-term liabilities	40,869	96,232	-	-
Total non-current liabilities	**12,542,035**	**6,267,471**	**0**	**0**
Current liabilities				
Trade and other payables	3,590,736	796,650	49,423	233,935
Short-term liabilities to related parties	2,984,491	2,822	2,547	134,793
Loans and borrowings	5,239,689	-	-	-
Customer advances	24,560,257	3,639,145	15,546	-
Other tax liabilities	665,394	32,818	8,975	-
Income tax liabilities	20,438	6,827	1,063	16,941
Total current liabilities	**37,061,005**	**4,391,169**	**77,554**	**385,669**
Total liabilities	**49,603,040**	**10,658,640**	**77,554**	**385,669**

20. Changes in presentation of consolidated statement of financial position

The Group is rapidly expanding its activities and management would like to reflect these changes and provide the most useful information for the readers of the financial information. Based on the recent analysis performed, in 2019 the Group changed the presentation of the consolidated statement of financial position by adding new lines for items, that became material. This change did not have any impact on the profit, equity or the total assets, but it provides a more detailed breakdown of balances on the face of the statement of financial position. In previous period, these breakdowns were available in the relevant notes.

In line with IAS 8, Group considered this to be a change in accounting policy and applied it retrospectively. Since the change had no impact on the statement of comprehensive income, no additional balance is presented. Change had no impact on the statement of cash-flows.

The table below summarizes the impact of the change in presentation on the statements of financial position as of 31 December 2018:

In thousands of Hungarian Forints (THUF)	**31 December 2018 As stated**	**Reclassification**	**31 December 2018 Restated**
Non-current assets			
Other long-term financial assets	10,869,940	(10,869,940)	0
Restricted cash (new line)	n.a.	10,869,940	10,869,940
Long-term VAT receivable (new line)	n.a.	242,616	242,616
Other long-term assets	819,992	(242,616)	577,376
Current assets			
Other financial assets	269,834	(240,281)	29,553
Restricted cash (new line)	n.a.	240,281	240,281
Short-term VAT receivable (new line)	n.a.	3,057,847	3,057,847
Other tax receivables	3,057,847	(3,057,847)	0
Non-current liabilities			
Amounts withheld for guarantees (new line)	n.a.	1,733,237	1,733,237
Other long-term liabilities	1,870,338	(1,733,237)	137,101

The table below summarizes the impact of the change in presentation on the statements of financial position as of 1 January 2018:

In thousands of Hungarian Forints (THUF)	**01 January 2018 As stated**	**Reclassification**	**01 January 2018 Restated**
Non-current assets			
Other long-term financial assets	5,483,415	(5,483,415)	0
Restricted cash (new line)	n.a.	5,483,415	5,483,415
Long-term VAT receivable (new line)	n.a.	1,505,296	1,505,296
Other long-term assets	1,859,010	(1,505,296)	353,714
Current assets			
Other financial assets	2,750,234	(2,720,115)	30,119
Restricted cash (new line)	n.a.	2,720,115	2,720,115
Short-term VAT receivable (new line)	n.a.	819,580	819,580
Other tax receivables	819,580	(819,580)	0
Non-current liabilities			
Amounts withheld for guarantees (new line)	n.a.	648,677	648,677
Other long-term liabilities	651,154	(648,677)	2,477

The Management Board

Tibor Földi
Chief Executive Officer

Tomasz Łapiński
Chief Financial Officer

Pál Darida

Budapest, 25 September 2019

ANNEX 8

LIST OF CROSS-REFERENCES

The table below contains a cross-reference list to the requirements set out in Schedule 1 of the XBond Business Rules, which are applicable for this Information Document, for the purpose of assisting the review of this Information Document by BSE.

	SCHEDULE 1 OF THE XBOND BUSINESS RULES	RELEVANT SECTION OF THE INFORMATION DOCUMENT
1.	**Felelős személyek**	
	A kibocsátó vezető tisztségviselői közül felelős személyek megjelölése és tőlük nyilatkozat arról, hogy az Információs Dokumentumban szereplő információk az elvárható gondosság mellett, a lehető legjobb tudásuk szerint megfelelnek a tényeknek, és nem mellőzik azon körülmények bemutatását, amelyek befolyásolhatnák az információkból levonható fontos következtetéseket.	**Section 1 (*Persons responsible – declaration of responsibility*)**
2.	**Könyvvizsgálók**	
	Bejegyzett könyvvizsgálók megjelölése, a korábbi pénzügyi információk által lefedett időszakban, ha változott az előző üzleti periódushoz képest ennek jelzése és a változás indokának leírása (rotáció, összeférhetetlenség, stb.).	**Section 2 (*Auditors*)**
3.	**Kockázati tényezők és kockázatkezelés**	**Section 3 (*Risk factors and risk management*)**
	Kizárólag a kibocsátót közvetlenül érintő kockázati tényezők egyértelmű bemutatása, annak érdekében, hogy értékelni lehessen az érintett értékpapírokhoz kapcsolódó piaci kockázatokat; továbbá olyan kockázati tényezők bemutatása, amelyek közvetlenül befolyásolhatják a kibocsátó képességét, hogy teljesítse a befektetőkkel szemben az értékpapírokból eredő fennálló kötelezettségeit beleértve a következőket:	**Section 3.1-3.4**
	a. kötelezettségvállalások vagy váratlan események bemutatása, amelyek valószínűleg jelentős hatást gyakorolhatnak a kibocsátó üzleti kilátásaira legalább a folyó pénzügyi évben	
	b. minden olyan kormányzati, gazdasági, költségvetési, pénzügyi vagy politikai tényezőre vonatkozó információ, amely közvetve vagy közvetlenül jelentősen befolyásolja vagy befolyásolhatja a kibocsátó üzleti tevékenységét.	
	A kibocsátó kockázatkezelési mechanizmusainak a bemutatása.	**Section 3.5**
4.	**A társaság általános bemutatása**	**Section 5 (*Information about the Issuer*); Annex 2 (*List of trademarks*) and Annex 4 (*Details of the subsidiaries*)**
	a. Céginformációk a kibocsátóról	**Section 5.1**
	Céginformációk és fontos változások a kibocsátó múltjára visszatekintve, 1 évre visszamenőleg.	**Section 5.2**
	i. A kibocsátó cégneve.	
	ii. A kibocsátó cégbejegyzésének helye és cégjegyzékszáma.	
	iii. A kibocsátó bejegyzésének időpontja és tevékenységének időtartama, amennyiben nem határozatlan időre hozták létre.	
	iv. A kibocsátó székhelye, jogi formája, a működésére irányadó jog, a bejegyzés országa, létesítő okirat szerinti székhelyének (vagy a gazdasági tevékenység székhelyének, ha az eltér a létesítő okirat szerinti székhelytől) címe és telefonszáma.	

	v. tulajdonos, tényleges tulajdonos személye	
	b. Cégstruktúra, szervezeti felépítés	**Section 5.4-5.5 and Annex 4**
	i. A vállalatcsoport és jelentős leányvállalatok rövid bemutatása	**Section 5.4.2; 5.5 and Annex 4**
	ii. Szervezeti ábra	**Section 5.4.1**
	c. Lényeges szabadalmak, licencek, ipari, kereskedelmi vagy pénzügyi szerződések vagy gyártási eljárások rövid bemutatása	**Section 5.11 and Annex 3**
	d. Az alkalmazottak létszáma az információs dokumentumban szereplő pénzügyi időszak végén	**Section 5.13.7**
5.	**A társaság üzleti tevékenységének bemutatása**	**Section 5.2; 5.3; 5.6-5.10 and 5.12;**
	a. A társaság működése	**Section 5.6**
	b. A kibocsátó főbb tevékenységi köreinek/termékeinek és/vagy szolgáltatásainak ismertetése	**Section 5.2; 5.6 and 5.12**
	c. A kibocsátó legfontosabb piacainak bemutatása, ideértve a teljes forgalmat tevékenységi körönkénti és földrajzi bontásban, a kibocsátó versenyhelyzete	**Section 5.7; 5.8 and 5.9**
	d. Stratégiai partnerek és a velük történő együttműködés bemutatása	**Section 5.10**
	e. A kibocsátó üzleti stratégiájának rövid összefoglalása	**Section 5.3**
6.	**A társaság vezetésének elemzése a társaság elmúlt egy évének pénzügyi helyzetéről és a működés eredményéről**	**Section 7 (*Selected financial information*)**
	a. Üzleti tevékenységből származó eredményt jelentősen befolyásoló lényeges tényezők bemutatása	**Paragraph a)**
	b. Árbevétel	**Paragraph b)**
	c. Működési ráfordítások	**Paragraph c)**
	d. Üzleti tevékenység eredménye, EBITDA	**Paragraph d)**
	e. Pénzügyi eredmény	**Paragraph e)**
	f. Adózott eredmény	**Paragraph f)**
	g. Befektetett eszközök	**Paragraph g)**
	h. Forgóeszközök	**Paragraph h)**
	i. Források	**Paragraph i)**
	j. Cash Flow	**Paragraph j)**
	k. Információk a kibocsátó meglévő, folyamatban lévő és jövőbeli beruházásairól és befektetéseiről	**Paragraph k)**
	l. Tőkeforrások bemutatása mind rövid, mind hosszú távon (saját tőke, hitelek mértéke, lejárata, fajtája, EU-s és állami támogatások)	**Paragraph l)**
7.	**Tulajdonosok, tisztségviselők, munkavállalók**	**Section 5.13**
	a. az igazgatási, irányító és felügyelő szervek (ügyvezetés, IT, IG, FB, audit bizottság, esetleges egyéb bizottság, testület, ha releváns) tagjainak, valamint a kulcsfontosságú munkatársak neve és beosztása, rövid bemutatása, ellenük az elmúlt 3 évben lefolytatott bármilyen, szakmai tevékenységükkel kapcsolatos eljárás és azok eredménye; 5%-nál nagyobb tulajdoni részesedéssel vagy szavazati joggal rendelkező részvényesek megnevezése	**Section 5.13.1-5.13.4 and 5.13.5**
	b. rendelkeznek-e a kibocsátó 5%-nál nagyobb tulajdoni részesedéssel bíró részvényesei eltérő szavazati jogokkal; amennyiben nem, erről nyilatkozni kell	**Section 5.13.5**

8.	**Pénzügyi információk**	**Annex 6 (*Financial Statements*)**
	a. a legutolsó pénzügyi évre (illetve rövidebb időszakra, ha a kibocsátó rövidebb ideje működik) vonatkozó, auditált pénzügyi beszámoló (az üzleti jelentéssel és egyéb mellékletekkel együtt), továbbá könyvvizsgálói jelentés (IFRS alkalmazása nem kötelező); amennyiben a kibocsátó készít saját és konszolidált éves pénzügyi beszámolót is, a konszolidált éves beszámoló,	
	b. amennyiben a kibocsátó az utolsó ellenőrzött pénzügyi beszámolójának időpontja óta negyedévente vagy félévente pénzügyi információkat tett közzé, ezeket fel kell tüntetni az Információs Dokumentumban.	
9.	**A saját tőke 10%-át meghaladó értékre vonatkozó, folyamatban lévő bírósági, választottbírósági vagy egyéb hatósági (pl. adó) eljárások**	**Section 9 (*Litigation*)**
10.	**Lényeges szerződések**	**Section 10 (*Material Contracts*)**
	A kibocsátó szokásos üzletmenete során kötött szerződéseken kívül minden olyan fontosabb szerződés rövid összefoglalása, amelyek értelmében a kibocsátót olyan kötelezettség terheli, illetve olyan jogosultsággal rendelkezik, ami jelentőséggel bír a kibocsátó megítélése vagy az általa kibocsátott Értékpapír értékelése szempontjából.	
11.	**Információ a kibocsátásról**	**Section 11 (*Contemplated use of proceeds*) and Section 12 (*Coverage for the performance of the liabilities based on Bonds*)**
	A kibocsátás célja és a bejövő források felhasználása. A kötvényen alapuló kötelezettségek teljesítésének tervezett pénzügyi fedezetének bemutatása.	
12.	**Egyéb, kulcsfontosságúnak ítélt információk**	**Section 13 (*Other Material Information*)**
13.	**Értékpapírokhoz kapcsolódó információk:**	**Section 4 (*Terms and conditions of the Bonds*) and Annex 1 (*Provisions on meetings of the Bondholders*)**
	A kibocsátott Értékpapírok fő jellemzői, ennek körében legalább:	**Section 4**
	a) a kibocsátás teljes összege,	**(a) of Paragraph 2**
	b) a címletbeosztást,	**(a) of Paragraph 2**
	c) a kötvények darabszáma,	**(a) of Paragraph 2**
	d) a futamidő, a lejárat,	**(b) of Paragraph 2**
	e) az Értékpapír kamata vagy egyéb járulékai,	**Paragraph 5**
	f) a forgalomba hozatal módja és helye, a forgalomba hozatalra és az Értékpapírra alkalmazandó jog,	**(a) of Paragraph 19**
	g) az értékpapír-sorozat értékpapírkódja,	**First sentence of Paragraph 4**
	h) az értékpapírokhoz kapcsolódó jogok ismertetése (ideértve a jogok bármely korlátozását, és a gyakorlásukra vonatkozó eljárást, az Értékpapír szabad átruházhatóságára vonatkozó korlátozások leírása, kiemelve a többségi tulajdonosok és a társaságra vonatkozó értékesítési korlátozásokat.	**Paragraph 4 and Annex 1**

	i) nyilatkozat azon határozatokról, engedélyekről és jóváhagyásokról, amelyek alapján az értékpapírokat előállították és/vagy kibocsátották, illetve a jövőben előállítják és/vagy kibocsátják,	**(f) of Paragraph 1**
	j) minden olyan szabályozott vagy azzal egyenértékű piac megnevezése, amelyen - a kibocsátó ismeretei szerint - a regisztrálandó értékpapírokkal kereskednek.	**Paragraph 13**
14.	**Megtekinthető dokumentumok**	**Section 14 (*Documents incorporated by reference or on display*)**
	Nyilatkozat arról, hogy a következő dokumentumokba (vagy másolataikba) lehet adott esetben betekinteni:	
	a. a kibocsátó alapító okirata és alapszabálya;	
	b. a kibocsátóra vonatkozó korábbi pénzügyi információk, illetve vállalatcsoport esetén a kibocsátóra és leányvállalataira vonatkozó korábbi pénzügyi információk, az Információs Dokumentum közzétételét megelőző pénzügyi év tekintetében.	
	Jelezni kell, hogy a nyomtatott vagy elektronikus formátumú dokumentumok hol tekinthetők meg.	
15.	**Egyéb kötelező tartalmi elemek**	
	a. Annak feltűnő módon történő szerepeltetése, hogy az Információs Dokumentum nem tekinthető és nem minősül a Tpt. és a vonatkozó EU jogszabályok alapján tájékoztatónak, azt a Felügyelet nem vizsgálta meg és nem látta el jóváhagyásával, továbbá, hogy a Piacműködtető az Információs Dokumentum jóváhagyása során az abban foglalt, a kibocsátóra, illetve működésére vonatkozó információk megfelelő alátámasztottságát és pontosságát, illetve teljességét nem vizsgálta, ezzel kapcsolatban kizárólag a kibocsátót, illetve az Információs Dokumentumban felelősségvállalóként kifejezetten feltüntetettszemélyt terheli minden jogi felelősség és ezért ebből a szempontból az értékpapírba történő befektetés nagyobb kockázatot képvisel azokhoz az esetekhez képest, ahol rendelkezésre áll az illetékes felügyeleti hatóság által jóváhagyott tájékoztató.	**Warning section of the first page and page 4 of the Information Document**
	b. Amennyiben az Információs Dokumentummal kapcsolatosan kizárólag a kibocsátó vállal felelősséget, annak az Információs Dokumentum elején feltűnő módon történő szerepeltetése, hogy az értékpapír a befektetők szempontjából ezen körülmény miatt kiemelten kockázatos	**Warning section of the first page**
	c. Pontosan, egyértelműen azonosítható módon meg kell jelölni annak a jogi személynek a nevét, a regisztrációban betöltött szerepét, valamint székhelyét, amely az Információs Dokumentum vagy annak valamely része tartalmáért felel. Az Információs Dokumentumban foglalt minden információra, illetve az információ hiányára is ki kell terjednie valamely személy felelősségvállalásának.	**Warning section of the first page and page 4 of this Information Document**
	d. Az Információs Dokumentumot valamennyi felelős személy köteles külön aláírt felelősségvállaló nyilatkozattal ellátni. A nyilatkozatnak tartalmaznia kell azt, hogy az Információs Dokumentuma valóságnak megfelelő adatokat és állításokat tartalmazza, illetve nem hallgat el olyan tényeket és információkat, amelyek az értékpapír, valamint a kibocsátó és - amennyiben alkalmazandó - az értékpapírban foglalt kötelezettségért kezességet (garanciát) vállaló személy helyzetének megítélése szempontjából jelentőséggel bírnak.	**Section 1 (*Persons responsible – declaration of responsibility*)**
	e. Az Információs Dokumentumban fel kell tüntetni azt is, hogy a felelős személyt az Információs Dokumentum közzétételétől számított öt évig terheli a fenti felelősség, valamint, hogy e felelősség érvényesen nem zárható ki és nem korlátozható.	**Section 1 (*Persons responsible – declaration of responsibility*)**
	Az Információs Dokumentumnak összefoglalót nem kell tartalmaznia.	**N.A**
	Az Információs Dokumentum kizárólag auditált jövőre vonatkozó pénzügyi előrejelzést tartalmazhat.	**Page 5 of this Information Document**

16.	**Az Alap Információs Dokumentumra vonatkozó eltérő előírások**	**Not applicable.**
	Amennyiben az Értékpapír forgalomba hozatala ismétlődő kibocsátások keretében történik, Információs Dokumentum helyett Alap Információs Dokumentumot is készíthet.	**Not applicable.**
	Az Alap Információs Dokumentum az ismétlődő kibocsátások egészére együttesen vonatkozó összes információt egyetlen dokumentumban tartalmazza.	**Not applicable.**
	Az Alap Információs Dokumentumnak a jelen mellékletben meghatározott információkat kell tartalmaznia, kivéve a fenti 13. pontban meghatározott, az Értékpapírokhoz kapcsolódó információkat. Ez utóbbi információkat mint a forgalomba hozatal végleges feltételeit a kibocsátónak a forgalomba hozatal kezdő napját megelőzően közzé kell tennie a Szabályzatban meghatározott módon. A végleges feltételek közzététele nem igényli a Piacműködtető jóváhagyását, erre a végleges feltételekben feltűnő módon utalni kell.	**Not applicable.**

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