

**JUMBO EC.R SRL**

**INTERNATIONAL FINANCIAL REPORTING  
STANDARDS**

**FINANCIAL STATEMENTS**

**30 JUNE 2019**

**JUMBO EC. R S.R.L**

**FINANCIAL STATEMENTS**

**30 JUNE 2019**

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## JUMBO EC. R SRL

### ANNUAL DIRECTORS' REPORT

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

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The management of JUMBO EC. R S.R.L presents their Directors' Report and the Annual Financial Statements as at 30 June 2019 prepared under the International Financial Reporting Standards, adopted for use in the European Union ("IFRS").

#### DESCRIPTION OF ACTIVITIES

JUMBO EC. R SRL (*The Company*) is registered in the Trade Companies Register under № 7122, having the fiscal code RO 18921652 and headquarters' address in Romania, 51 Theodor Pallady Blvd. Bucharest District 3.

The Company has the following activity subject: manufacture and wholesale and retail trade of all kinds of goods, including kid's products, toys, baby's products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products; execution of all kind of construction activities; sales and purchases, renting and utilizing of real estate; creation and exploitation of all kinds of tourist and hotel objects (hotels, restaurants, coffee shops, entertainment centres); advertising. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Republic of Romania.

The Company has stores at the territory of the cities of Bucharest, Timisoara, Oradea, Arad, Ploiesti, Pitesti, Constanta, Suceava, Bacau and Braila.

The Company has predominantly retail sales to a large number of customers.

The major single supplier of the Company during the financial period analyzed was JUMBO S.A., Greece (*The Parent Company*).

The major suppliers of the Company during the financial period analyzed were the Parent Company for goods, electricity distributing companies, lessors of stores, transportation firms and others.

The Company had no research and development activities in 2018.

#### ANALYSIS OF THE ACTIVITIES' RESULTS

##### Sales Revenue

In June 2019 the Company generated sales revenue from sales of merchandise for the amount of RON 628,278 thousand (2018: RON 466,897 thousand) as disclosed in Note 15 to the financial statements. The increase in the sales revenue from sales of merchandise in 2019 is RON 160,381 thousand (74.31 %) in comparison to 2018. The increase in sale is due mainly of the existing 10 stores (Bucharest Pallady, Timisoara, Bucharest Berceni, Oradea, Arad, Ploiesti, Pitesti, Constanta, Suceava and Militari) as well as the opening of three new stores. Specifically, the Company has opened one new store in Voluntari Ilfov County, starting with September 2018, one new store in Bacau starting with November 2018 and another one in Braila starting with March 2019. As a result in June 2019 the Company operated 13 stores.



## ANNUAL DIRECTORS' REPORT

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*All amounts are in RON thousand unless otherwise stated***Operating Expenses**

There is no significant change in the structure of the operating expenses of the Company in comparison to the previous year. The Company's operating expenses, analysed on the basis of their nature and not on basis of the function they pertain to and without considering the cost of sold merchandise, were as follows:

All amounts, apart from the shown percentages, are in RON thousand				
Type of expense	Year 2019	%	Year 2018	%
Payroll expenses	53,121	42%	35,506	38%
Third parties' expenses and fees	14,769	12%	9,735	11%
Services received	10,573	8%	9,142	10%
Operating leases rent	10,818	9%	8,710	9%
Taxes and duties	6,265	5%	4,667	5%
Consumable items	1,246	1%	884	1%
Advertisement	6,851	5%	5,535	6%
Other various expenses	198	0%	427	0%
Depreciation of tangible assets	19,835	16%	15,611	17%
Small inventories	1,769	1%	2,645	3%
	<b>125,447</b>	<b>100%</b>	<b>92,866</b>	<b>100%</b>

**Financial Result**

The financial result of the Company in June 2019 is a net profit of RON 147,375 thousand (2018: RON 115,551 thousand), which represents 23.35 % of the revenue from the sales of merchandise for 2019 (2018: 24.75 %). The increase in the Company's profit is due mainly of the increasing of sales of 10 stores and also of the expansion investments (the opening of 3 new shops – Voluntari, open starting with September 2018, Bacau open starting with November 2018 and Braila open starting with March 2019).

At the moment no meeting of the Board of Directors of the single shareholder is scheduled to be held in 2019 at which to be taken a decision for distribution of the realised financial result in the form of dividends and/or transfer of the realised financial result into the Retained earnings is to be taken.

**Non-current Assets**

There is no significant change in the structure of the non-current assets of the Company in comparison to the end of the previous year. The non-current assets of the Company at the end of the reporting period were RON 530,227 thousand, consisting of property, plant and equipment. Additional information about the non-current assets is disclosed in Notes 5 and 6 to the financial statements.

## JUMBO EC. R SRL

### ANNUAL DIRECTORS' REPORT

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

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#### **Current Assets**

There is no significant change in the structure of the current assets of the Company in comparison to the end of the previous year. The current assets of the Company at the end of the reporting period were RON 412,649 thousand, consisting mainly of cash amounting to RON 313,108 thousand (75,90 %). The remaining current assets represent mainly inventories amounting to RON 91,568 thousand, as well as trade and other receivables amounting to RON 7,973 thousand. Additional information about the current assets is disclosed in Notes 7, 8 and 9 to the financial statements.

#### **Non-current Liabilities**

There is a significant change in the structure of the non-current liabilities of the Company in comparison to the end of the previous year. The non-current liabilities of the Company at the end of the reporting period were RON 56,170 thousand, consisting of Balance to be paid for the 3 shops acquisition (Constanta, Suceava and Braila) and the Performance and Defects Guarantees related to the last shop Constanta and to the extension works of Pallady Shop, and also the works from Voluntari, Braila, Bacau and rent guarantee from Suceava Gallery. Additional information about the non-current liabilities is disclosed in Note 14 to the financial statements.

#### **Current Liabilities**

There is a significant change in the structure of the current liabilities of the Company in comparison to the end of the previous year. The current liabilities of the Company at the end of the reporting period were RON 55,440 thousand, consisting mainly of other current liabilities for the amount of RON 35,600 thousand (64.21%). The remaining current liabilities represent current tax payables for the amount of RON 15,300 thousand and trade and other payables amount of RON 4,540 thousand. Additional information about the current liabilities is disclosed in Notes 13 to the financial statements.

#### **Share Capital**

The share capital of the Company as at June 2019 is amounting of RON 425,246 thousand. The par value of a share is not changed; it is disclosed in Note 11 to the financial statements. The share capital of the Company at the end of the reporting period was RON 425,425.951. The share capital consists of 32,711,227 shares with par value of RON 13 each. The single shareholder of the Company as at 30 June 2019 is JUMBO S.A., Greece, as disclosed in Note 11 to the financial statements.



# JUMBO EC. R SRL

## ANNUAL DIRECTORS' REPORT

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

### FINANCIAL RATIOS

#### Liquidity

		30 June 2019	30 June 2018
<b>Liquidity</b>			
Current ratio = Current assets / Current liabilities =	RON 412,649 thousand / RON 55,440 thousand (RON 412,649 thousand -		
Quick ratio = (Current assets - Inventory) / Current liabilities =	RON 91,568 thousand) / RON 55,440 thousand =	7,443	4,340
Absolute ratio = Cash and cash Equivalents / Current liabilities =	RON 313,108 thousand / RON 55,440 thousand =	5,791	3,359
Net working capital = Current assets - Current liabilities	= RON 412,649 thousand - 55,440 RON thousand =	5,6477	3,215
		357,209	225,560

#### Profitability

Gross profit margin = Gross profit / Sales revenue =	RON 292,429 thousand / RON 628,279 thousand =	46,54%	47,57%
Pre-tax return on assets = Profit before income tax / Total assets =	RON 174,991 thousand / RON 942,876 thousand =	18,56%	19,16%
Return on equity = Comprehensive income / Equity =	RON 147,375 thousand / RON 831,266 thousand =	17,73%	20,40%

#### Activity

Days in inventory = Average inventory * 365 / Cost of sales =	RON 78,915 thousand * 365 / RON 335,850 thousand =	85,76%	82,99%
Total asset turnover = Sales revenue / Average total assets =	RON 628,279 thousand / RON 830,195 thousand =	75,68%	74,80%

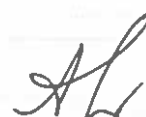
### MANAGEMENT

The management of the Company is carried out by Kyriakos Arampatzis, as Administrator and Ana Maria Kotsis, Procurator.

The remunerations received in the year by the key management personnel are those disclosed in Note 26 to the financial statements.

### FINANCIAL RISK MANAGEMENT

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Management monitors the overall risk and seeks to neutralise the potential negative effects on the financial position of the Company as disclosed in Note 3 to the financial statements.



**JUMBO EC. R SRL**

**ANNUAL DIRECTORS' REPORT**

**30 JUNE 2019**

***All amounts are in RON thousand unless otherwise stated***

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**EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no events which occurred after the end of the reporting period and which have impact on the financial statements, as disclosed in Note 28 to the financial statements.

**OBJECTIVES FOR THE FUTURE DEVELOPMENT**

One of the major objectives set by the management of the Company for the next period July 2019 – June 2020 are achieving an optimisation of the operating expenses and increasing the sales revenue both by opening of new stores and locally with a better controlling of commercial department.

With regards to the development of personnel, the Company has an objective to keep the hired staff. In 2019 the Company will continue to invest in trainings and qualification of the employees.

**MANAGEMENT'S RESPONSIBILITIES**

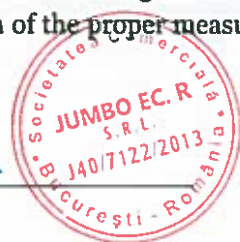
Under the Romanian legislation the management have to prepare financial statements annually, which financial statements should give a true and fair view of the financial position of the Company at the end of the year and of its financial performance and its cash flows for the year in accordance with IFRS.

The management confirms that it has applied in a consistent manner adequate accounting policies and that in the preparation of the financial statements as at 30 June 2019 they have applied the principle for prudence in the valuation of assets, liabilities income and expenses.

The management also confirm that they have adhered to the applicable financial reporting standards and the financial statements were prepared on a going concern basis.

The management are responsible for the correct recording in the accounting registers, for the adequate management of the assets and for the execution of the proper measures for the prevention and detection of potential fraud and other irregularities.

  
Kotsis Ana Maria, Procurator  
Bucharest  
4 September 2019



**JUMBO EC. R SRL**

**ANNUAL DIRECTORS' REPORT  
ANNUAL FINANCIAL STATEMENTS  
INDEPENDENT AUDITOR'S REPORT**

**30 JUNE 2019**



## Independent auditor's report on Financial Statements

To: Sole Shareholder of JUMBO EC R SRL

As requested in the engagement letter dated 18 January 2019, we have audited the accompanying financial statements ("Financial Statements") of Jumbo EC R SRL ("the Company") which comprise the statement of financial position as at 30 June 2019, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity for the year then ended, and notes to the Financial Statements, including a summary of significant accounting policies.

In our opinion, the accompanying Financial Statements presents fairly, in all material respects, the financial position of the Company as at 30 June 2019, and its financial performance and its cash flows for the year then ended in accordance with the International Financial Reporting Standards (IFRSs)

### Basis for opinion

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

### Emphasis of matter – Basis of accounting and restriction of use

We draw attention to Note 2 to the Financial Statements which describes the basis of accounting. The Financial Statements have been prepared to assist the Company in complying with the Jumbo Group financial reporting requirements. As a result, the Financial Statements may not be suitable for another purpose. Our report is intended solely for the use of the Company and its sole shareholder and should not be distributed to or used for any other purposes by parties other than the Company and its sole shareholder. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's sole shareholder as a body, for our audit work, for this report, or for the opinion we have formed. Our opinion is not modified in respect of this matter.

### **Emphasis of matter –transfer pricing**

As described in Note 26 to the Financial Statements, a significant proportion of the Company's purchases and accounts payables arise from relations with related parties. The going concern of the Company depends on the future continuation of these relations. In addition, tax legislation in Romania includes the "market value" principle, according to which transactions between related parties must be carried out at market values. Local taxpayers, members of groups, who engage in operations with related parties, must prepare a transfer pricing documentation file in order to sustain the compliance with the market value principle either annually by the deadline for submitting the corporate tax return (large taxpayers) or during a tax inspection. At the date of approval of these Financial Statements, the Company is in process of preparing the transfer pricing documentation file. The impact of a documentation that cannot support the company's transfer pricing policy or of different interpretations of tax authorities and possible tax adjustments that would be required in these circumstances cannot be estimated reliably. Our opinion is not modified in respect of this matter.

### **Other matters**

The Financial Statements for the year ended 30 June 2018 were audited by another audit who issued an unmodified opinion on 10 October 2018.

### **Responsibilities of management for the Financial Statements**

Management is responsible for the preparation and fair presentation of these Financial Statements in accordance with the IFRSs and for such internal control as management determines is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting 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 responsibility for the audit of Financial Statements**


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

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

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

We communicate with 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.

14 October 2019

A handwritten signature in black ink that reads "Grant Thornton". The signature is written in a cursive, flowing style.

**Grant Thornton Audit SRL**

**Bucharest, Romania**

**JUMBO EC. R S.R.L**

**FINANCIAL STATEMENTS**

**30 JUNE 2019**


**All amounts are in RON thousand unless otherwise stated**

**Statement of Financial Position**

	NOTE	AT 30 JUNE 2019	2018
<b>ASSETS</b>			
<b>Non-current assets</b>			
Property, plant and equipment	5	529,746	424,111
Intangible assets	6	481	312
		<b>530,227</b>	<b>424,423</b>
<b>Current assets</b>			
Inventory	7	91,568	66,262
Trade and other receivables	8	5,787	9,670
Other current assets		2,186	73
Cash and cash equivalents	9	313,108	217,082
		<b>412,649</b>	<b>293,087</b>
<b>TOTAL ASSETS</b>		<b>942,876</b>	<b>717,510</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Share capital	11	425,246	307,808
Translation reserve			
Other reserves	12	24,130	15,380
Retained earnings		381,890	243,265
<b>TOTAL EQUITY</b>		<b>831,266</b>	<b>566,453</b>
<b>Non-current liabilities</b>			
Other non-current liabilities	14	56,170	83,528
<b>Total non-current liabilities</b>		<b>56,170</b>	<b>83,528</b>
<b>Current liabilities</b>			
Trade and other payables	13	4,540	4,113
Current tax liabilities	13	15,300	10,240
Other current liabilities	13	35,600	53,176
<b>Total current liabilities</b>		<b>55,440</b>	<b>67,529</b>
<b>Total liabilities</b>		<b>111,610</b>	<b>151,057</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>942,876</b>	<b>717,510</b>

These financial statements were approved by the Management on 4 September 2019

  
 Cristea Rodica, Chief Accountant

  
 Kotsis Ana Maria, Procurator



JUMBO EC. R S.R.L

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30 JUNE 2019

All amounts are in RON thousand unless otherwise stated

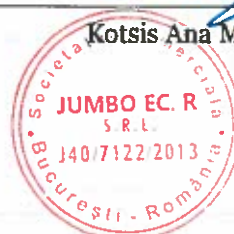
Statement of Comprehensive Income

	NOTE	YEAR ENDED 30 JUNE	
		2019	2018
Sales Revenue	15	628,279	466,897
Cost of sales	16	(335,850)	(245,783)
<b>Gross profit</b>		<b>292,429</b>	<b>221,114</b>
Distribution costs	17	(121,883)	(91,020)
Administrative expenses	18	(3,564)	(1,847)
Other income and gains	19	6,062	6,313
Other expenses and losses	20	(1,223)	(369)
<b>Operating profit</b>		<b>171,821</b>	<b>134,191</b>
Finance income	22	3,171	3,253
Finance costs			
Finance income – Net			
<b>Profit before income tax</b>		<b>174,992</b>	<b>137,444</b>
Income tax expense	23	(27,617)	(21,893)
<b>Profit for the year</b>		<b>147,375</b>	<b>115,551</b>
<b>Other comprehensive income that will not be reclassified to profit or loss</b>			
<b>Total other comprehensive income for the year, net of tax</b>			
<b>Total comprehensive income for the year</b>		<b>147,375</b>	<b>115,551</b>

These financial statements were approved by the Management on 4 September 2019.

  
Cristea Rodica, Chief Accountant

  
Kotsis Ana Maria, Procurator



**JUMBO EC. R S.R.L**

**FINANCIAL STATEMENTS**

**30 JUNE 2019**

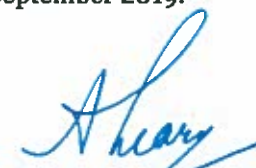
*All amounts are in RON thousand unless otherwise stated*

**Statement of Changes in Equity**

	NOTE	Share capital	Statutory reserves	Retained earnings	Total
<b>AT 1 JULY 2018</b>		<b>307,808</b>	<b>8,508</b>	<b>134,586</b>	<b>450,902</b>
<b>Comprehensive income</b>					
Profit for the year		-	-	115,551	115,551
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>115,551</b>	<b>115,551</b>
<b>Transactions with owners</b>					
Share capital increase through issuing of new shares		-	-	-	-
Statutory reserves		-	6,872	(6,872)	-
<b>Total transactions with owners</b>		-	<b>6,872</b>	<b>(6,872)</b>	-
<b>AT 1 JULY 2019</b>		<b>307,808</b>	<b>15,380</b>	<b>243,265</b>	<b>566,453</b>
<b>Comprehensive income</b>					
Profit for the year		-	-	147,375	147,375
Other comprehensive income for the year		-	-	-	-
<b>Total comprehensive income</b>		-	-	<b>147,375</b>	<b>147,375</b>
<b>Transactions with owners</b>					
Share capital increase through issuing of new shares	11	117,438	-	-	117,438
Statutory reserves		-	8,750	(8,750)	-
<b>Total transactions with owners</b>		<b>117,438</b>	<b>8,750</b>	<b>(8,750)</b>	<b>117,438</b>
<b>AT 30 JUNE 2019</b>		<b>425,246</b>	<b>24,130</b>	<b>381,890</b>	<b>831,266</b>

These financial statements were approved by the Management on 4 September 2019.

  
 Cristea Rodica, Chief Accountant

  
 Kotsis Ana Maria, Procurator



**JUMBO EC. R.S.R.L****FINANCIAL STATEMENTS****30 JUNE 2018***All amounts are in RON thousand unless otherwise stated***Statement of Cash-Flows**

	Note	Year ended 30 June 2019	Year ended 30 June 2018
<b>Cash flows from operating activities</b>			
Profit before tax		174,992	137,444
Adjustments for:			
Depreciation and amortization of property, plant and equipment and intangible assets	5,6	19,835	15,612
Write down noncurrent assets	5	292	-
Surpluses of merchandise	19	(4,145)	-
Interest and related income	22	(3,171)	(3,253)
<b>Operating profit before change in working capital</b>		<b>187,803</b>	<b>149,803</b>
Change in working capital			
Increase in inventories		(21,161)	(20,763)
Decrease / (increase) in trade and other receivables		4,674	(7,702)
Decrease / (increase) in other current and non-current assets		(2,113)	(26)
(Decrease) / increase in trade and other payables and other current and non-current liabilities		(41,470)	11,529
<b>Cash flows from operating activities</b>		<b>127,733</b>	<b>132,841</b>
Paid income taxes		(25,594)	(20,252)
<b>Net cash flows from operating activities</b>		<b>102,139</b>	<b>112,589</b>
<b>Cash flows from investing activities</b>			
Purchases of property, plant and equipment	5,6	(125,931)	(131,020)
Interest received		2,380	2,339
<b>Net cash flows from investing activities</b>		<b>(123,551)</b>	<b>(128,681)</b>
<b>Cash flows from financing activities</b>			
Proceeds from shareholder contribution	11	117,438	-
<b>Net cash flows from financing activities</b>		<b>117,438</b>	<b>-</b>
<b>Net increase in cash and cash equivalents</b>		<b>96,026</b>	<b>(16,092)</b>
<b>Cash and cash equivalents at beginning of the period</b>		<b>217,082</b>	<b>233,174</b>
<b>Cash and cash equivalents at end of the period</b>		<b>313,108</b>	<b>217,082</b>

These financial statements were approved by the Management on 4 September 2019.

  
Cristea Rodica, Chief Accountant

  
Kotsis Ana Maria, Procurator

**30 JUNE 2019**

***All amounts are in RON thousand unless otherwise stated***

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**1. GENERAL INFORMATION**

JUMBO EC. R SRL („*The Company*”) is a solely owned limited liability company registered in Romania, domiciled 51 Theodor Pallady Blvd. Bucharest district 3.

The main activities carried out by the Company are manufacture and wholesale and retail trade of all kinds of goods, including kid’s products, toys, baby’s products, office consumables, clothes, shoes, accessories for clothes and shoes, furnitures, tourist equipment and appliances, presents, all kinds of electrical appliances, technics and electronics, foods and agricultural produce, industrial and craftsmanship goods and export of all abovementioned goods and products, and representations of local and foreign companies, manufacturing the same goods and products. The Company is entitled to all other kinds of activities that are not forbidden under the legislation of Republic of Romania.

The parent Company which is also the ultimate parent of the Group which the Company is a part of is JUMBO S.A., Greece.

These financial statements were approved for publishing by the Management on 04 September 2019.

**2. SUMMARY OF 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 the years presented, unless otherwise stated.

**2.1. BASIS OF PREPARATION OF THE ANNUAL FINANCIAL STATEMENTS**

The financial statements have been prepared in accordance with International Financial Reporting Standards („*IFRS*”), published by the International Accounting Standards Board (“*IASB*”) and adopted for use in the European Union by the Commission of the European Union („*the European Commission*”). The financial statements have been prepared under the historical cost convention.

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. 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 Note 4.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***2.1.1. New standards, amendments and interpretations amendments to standards effective on or after 1 January 2016, but not relevant to the Company.**

A number of new standards and amendments to standards and interpretations are effective for annual periods beginning after 1 January 2016; and have not been applied in preparing these financial statements. None of these has a significant effect on the financial statements of the Company.

New Standard / Interpretation	IASB effective date for calendar year- end preparers
Accounting for Acquisitions of Interests in Joint Operations - Amendments to IFRS 11	1 January 2016
Clarification of Acceptable Methods of Depreciation and Amortisation - Amendments to IAS 16 and IAS 38	1 January 2016
Equity Method in Separate Financial Statements - Amendments to IAS 27	1 January 2016
Annual Improvements to IFRSs 2014	1 January 2016
Disclosure Initiative Amendments to IAS 1	1 January 2016
Investment Entities: Applying the Consolidation Exception Amendment to IFRS 10, IFRS 12 and IAS 28	1 January 2016

**Annual Improvements to IFRSs 2014-2016 cycle (issued on 8 December 2016 and effective for annual periods beginning on or after 1 January 2017 for amendments to IFRS 12, and on or after 1 January 2018 for amendments to IFRS 1 and IAS 28 not yet endorsed).** The improvements impact three standards. The amendments clarify the scope of the disclosure requirements in IFRS 12 by specifying that the disclosure requirements in IFRS 12, other than those relating to summarised financial information for subsidiaries, joint ventures and associates, apply to an entity's interests in other entities that are classified as held for sale or discontinued operations in accordance with IFRS 5. IFRS 1 was amended and some of the short-term exemptions from IFRSs in respect of disclosures about financial instruments, employee benefits and investment entities were removed, after those short-term exemptions have served their intended purpose. The Company performed an analysis, the updates had no major impact over the Company position and performance.

The amendments to IAS 28 clarify that an entity has an investment-by-investment choice for measuring investees at fair value in accordance with IAS 28 by a venture capital organisation, or a mutual fund, unit trust or similar entities including investment linked insurance funds. Additionally, an entity that is not an investment entity may have an associate or joint venture that is an investment entity. IAS 28 permits such an entity to retain the fair value measurements used by that investment entity associate or joint venture when applying the equity method. The amendments clarify that this choice is also available on an investment-by-investment basis. The Group is currently assessing the impact of the amendments on its financial statements and the timing of their adoption. The Company performed an analysis, the updates had no major impact over the Company position and performance.

Starting with 1 January 2018, IFRS9 and IFRS15 entered into force. The nature and effect of the changes as a result of adoption of these new accounting standards are described below.

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**IFRS 15 Revenue from Contracts with Customers**

IFRS 15 supersedes IAS 11 Construction Contracts, IAS 18 Revenue and related Interpretations and it applies, with limited exceptions, to all revenue arising from contracts with its customers. IFRS 15 establishes a five-step model to account for revenue arising from contracts with customers and requires that revenue be recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

IFRS 15 requires entities to exercise judgement, taking into consideration all of the relevant facts and circumstances when applying each step of the model to contracts with their customers. The standard also specifies the accounting for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. In addition, the standard requires extensive disclosures.

The Company performed an assessment of the standard provisions; and did not identify any changes in the revenue recognition process as opposed to the former standard, IAS18. The main consideration supporting this conclusion is the fact that, due to the industry the Company operates in (i.e. retail), there are no multiple performance obligations as part of the sales transactions. As such, no adjustments were required in order to align the financial position as at 1 July 2018 to the standard requirements.

**IFRS 9 Financial Instruments**

IFRS 9 Financial Instruments replaces IAS 39 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Company performed an assessment of the standard provisions; and did not identify any changes in the revenue recognition process as opposed to the former standard, IAS39. As such, no adjustments were required in order to align the financial position as at 1 July 2018 to the standard requirements.

Specifically, there are no changes in the classification of financial instruments, as the Company holds only debt instruments measured at amortized cost (for more information, please refer to Note 2.6). Also, the Company having a remote credit risk, no impairment allowance was recognized (for more details, please refer to Note 3.2.1).

**2.1.2. Standards and interpretations effective from 1 January 2017 or later, not yet adopted**

**IFRS 16 “Leases” (issued in January 2016, but applicable for periods starting with 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

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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.

The Company did not early adopt the standard. The Company conducted an analysis of the expected effect of IFRS 16 as at July 1, 2019. In summary, based on the current Management's assessment, the effect of adopting IFRS 16 is as follows: the Company estimates that it will recognize in the Statement of Financial Position rights-of-us assets and lease liabilities of approximately RON 23,884 thousand. In the statement of comprehensive income of FY 01/07/2019 - 30/06/2020, amortization is expected to increase by approximately RON 2,330 thousand and financial expenses are expected to increase by approximately RON 917 thousand. The decrease in lease expenses is expected to lead to improvement in Earnings before Depreciation, Amortization, Interest and Taxes of approximately RON 2,850 thousand. Estimated effect relates to the contracts effective as at 1 July 2019.

The actual effect of the IFRS 16 application will depend on the Company's discount rate on July 1, 2019, determination of leases that fall within the scope of the new standard at that date, and the Group's final assessment of the lease term, especially with regard to the exercise of any renewal and termination rights

**2.2. FOREIGN CURRENCY TRANSLATION**

**2.2.1. FUNCTIONAL AND PRESENTATION CURRENCY**

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The financial statements are presented in Romanian lei (RON ), which is the Company's functional and presentation currency, and are rounded to the nearest unit. The Romanian Leu is not fixed to the EUR, having fluctuations based on monetary policy of Romania.

**2.2.2. TRANSACTIONS AND BALANCES**

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

The closing exchange rates of the RON against the major foreign currencies relevant to the Company's operations for the reporting periods of the financial statements are as follows:

	AT 30 JUNE	
	2019	2018
1 EUR	4.7351	4.6631

**2.3. PROPERTY, PLANT AND EQUIPMENT**

Property, plant and equipment except for lands are shown at cost less subsequent depreciation and impairment. Land is shown at cost less impairment. Cost includes the purchase price, including customs duties and non-refundable taxes, if any, as well as expenditure that is directly attributable to

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the acquisition of the items. Cost does not include borrowing costs for there are no qualifying assets.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. All other repairs and maintenance are charged to the Statement of comprehensive income during the financial period in which they are incurred.

At the end of each reporting period management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, management estimates the recoverable amount, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in the comprehensive income for the year. An impairment loss recognised for an asset in prior years is reversed where appropriate if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell. Gains and losses on disposals are determined by comparing proceeds with the carrying amounts of the disposed assets. These are included in the Statement of comprehensive income in other income or other expenses line items.

Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<b>YEARS</b>
Buildings	32
Machines and equipment	5 – 10
Computers	3 – 4
Furniture and fittings	5-10
Leasehold improvements	minimum between the useful life and the remaining duration of the lease agreement

The assets' residual values and useful lives are reviewed by the management, and adjusted if appropriate, at the end of each reporting period.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount (Note 2.5).

**2.4. INTANGIBLE ASSETS****COMPUTER SOFTWARE**

Separately acquired computer software programmes are carried at cost less subsequent amortisation and impairment. Cost includes the purchase price and other expenditure that is directly attributable to the acquisition of the items and the preparation of the assets for their expected use. Cost does not include borrowing costs for there are no qualifying assets. These intangible assets have finite useful lives. Amortisation is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives, as follows:

	<b>YEARS</b>
Computer software	3 – 4

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Costs associated with maintaining computer software programmes are recognised as an expense as incurred.

**2.5. IMPAIRMENT OF NON-FINANCIAL ASSETS**

Assets that have an indefinite useful life are not subject to amortisation and are tested annually for impairment. Assets that are subject to depreciation or amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the following two: (1) an asset's fair value less costs to sell and (2) value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Non-financial assets that suffered impairment are reviewed for possible reversal of the impairment at each reporting date.

**2.6. FINANCIAL INSTRUMENTS – INITIAL RECOGNITION, SUBSEQUENT MEASUREMENT AND DE-RECOGNITION**

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

**a) Financial assets**

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Company's business model for managing them. The Company initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

For a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Company's business model for managing financial assets refers to how it manages its financial assets to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

**Subsequent measurement**

For purposes of subsequent measurement, financial assets are classified in four categories:

- Financial assets at amortised cost (debt instruments)
- Financial assets at fair value through OCI with recycling of cumulative gains and losses (debt instruments)
- Financial assets designated at fair value through OCI with no recycling of cumulative gains and losses upon derecognition (equity instruments)
- Financial assets at fair value through profit or loss

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*Financial assets at amortised cost (debt instruments)*

This category is the most relevant to the Company. The Company measures financial assets at amortised cost if both of the following conditions are met:

- The financial asset is held within a business model with the objective to hold financial assets 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 on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired.

The Company's financial assets at amortised cost include trade receivables and purchased loan portfolios.

*Financial assets at fair value through OCI (debt instruments)*

The Company measures debt instruments at fair value through OCI if both of the following conditions are met:

- The financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling, and
- The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the statement of profit or loss and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Company has no financial assets at fair value through OCI.

*Financial assets designated at fair value through OCI (equity instruments)*

Upon initial recognition, the Company can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they are not held for trading and meet the definition of equity under IAS 32 Financial Instruments: Presentation. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of profit or loss when the right of payment has been established, except when the Company benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

The Company has no financial assets designated at fair value through OCI.

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*Financial assets at fair value through profit or loss*

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value recognised in the statement of profit or loss.

The Company has no financial assets at fair value through profit or loss.

**Embedded derivatives**

A derivative embedded in a hybrid contract, with a financial liability or non-financial host, is separated from the host and accounted for as a separate derivative if: the economic characteristics and risks are not closely related to the host; a separate instrument with the same terms as the embedded derivative would meet the definition of a derivative; and the hybrid contract is not measured at fair value through profit or loss. Embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss category.

A derivative embedded within a hybrid contract containing a financial asset host is not accounted for separately. The financial asset host together with the embedded derivative is required to be classified in its entirety as a financial asset at fair value through profit or loss.

**Derecognition**

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or,
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either
  - o the Company has transferred substantially all the risks and rewards of the asset,
  - or;
  - o the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the

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asset, nor transferred control of the asset, the Company continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

The Company had recorded no gains/losses from derecognition of financial assets measured at amortized cost during the year ended 30 June 2019 (year ended 30 June 2018: no gains/losses recognized).

**Impairment of financial assets**

The Company recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Company expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

The Company has the following financial instruments in balance as at 30 June 2019 (for more details, please refer to Note 3.1):

- Cash and cash equivalent
- Accrued bank deposit interest
- Trade receivables

For Cash and cash equivalents and bank deposits accrued interest, the Company considers the credit risk to be remote (please refer for more details to Note 3.2). As such, no impairment allowance was recognized in the financial statements as at 30 June 2019 (30 June 2018: no impairment allowance).

Concerning trade receivables, the Company business model is to sell on cash, through its retail network. As such, the receivables balances are occasional, and as at 30 June 2018 and 2019 are immaterial. Therefore, the Company has classified its receivables in balance as part of the first category (12-month ECL); and assesses for allowance only in case objective evidence in this regard:

- Significant financial difficulty of the issuer or obligor;
- A breach of contract, such as a default or delinquency in interest or principal payments;
- The company, for economic or legal reasons relating to the borrower's financial difficulty,



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- granting to the borrower a concession that the lender would not otherwise consider;
- It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
  - The disappearance of an active market for that financial asset because of financial difficulties of non-payment by the customers.

There were no collection issues as at 30 June 2019, and, as such, no allowance was recognized.

**b) Financial liabilities**

**Initial recognition and measurement**

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include only trade and other payables.

**Subsequent measurement**

The measurement of financial liabilities depends on their classification, as described below:

*Financial liabilities at fair value through profit or loss*

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Gains or losses on liabilities held for trading are recognised in the statement of profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in IFRS 9 are satisfied. The Company has not designated any financial liability at fair value through profit or loss.

*Loans and borrowings*

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss. The Company has not designated any loans in borrowings in balance as at 30 June 2019.

*Payables*

This is the category most relevant category to the Company. After initial recognition, the payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit

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or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by considering any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss.

In this category, the Company classifies the trade and other payables.

**Derecognition**

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit or loss.

The Company had recorded no gains/losses from derecognition of financial liabilities measured at amortized cost during the year ended 30 June 2019 (year ended 30 June 2018: no gains/losses recognized).

**c) Offsetting of financial instruments**

Financial assets and financial liabilities are offset, and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

**2.7. INVENTORY**

Inventories are stated at the lower cost or net realizable value. The delivery cost of inventories includes the sum of all purchase costs, or other costs incurred in bringing the inventories to their present location and condition. Net realizable value is the estimate of the selling price in the ordinary course of business, less estimated costs necessary to make the sale. The method used to determine cost of inventories when they are expensed is weighted average cost.

**2.8. TRADE RECEIVABLES**

Trade receivables are amounts due from customers for merchandise sold or services performed in the ordinary course of business. If collection is expected in 12 months or less from the period end, they are classified as current assets. If not, they are presented as noncurrent assets. Trade receivables are recognised initially at fair value and subsequently measured at amortised cost (using the effective interest method), less provision for impairment.

If the criteria detailed in Note 2.6, section "Impairment of financial assets" are met, the company recognizes an impairment allowance, reducing the carrying amount of the asset and the loss is recognised in the Statement of comprehensive income. When a trade receivable is uncollectible, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against the Statement of comprehensive income.

**2.9. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short-term highly

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liquid investments with original maturities of 3 months or less.

**2.10. SHARE CAPITAL**

The Company reports its share capital on the nominal value of the shares as registered in the Trade Register.

**2.11. TRADE PAYABLES**

Trade payables are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Accounts payable are classified as current liabilities if payment is due within 12 months or less after the period end. If not, they are presented as non-current liabilities.

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

**2.12. BORROWINGS**

Borrowings are classified as current liabilities when the payment is to be executed within 12 months after the period end and unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period. If not, they are presented as non-current liabilities.

Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the Statement of comprehensive income over the period of the borrowings using the effective interest method.

**2.13. CURRENT AND DEFERRED INCOME TAX**

The income tax expense, included in the profit or loss for the period, comprises current and deferred tax expense. Current and deferred tax are recognised in the profit or loss, except to the extent that it relates to items recognised during the current year or previously in other comprehensive income or directly in equity. In this case the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge, as well as the current tax assets/liabilities for the current and previous periods are calculated on the basis of the amount that is expected to be paid/received to the taxation authorities when applying the tax rates (and tax laws) enacted or substantively enacted at the end of the reporting period. The current income tax for the current and previous periods are recognised as a liability (Current income tax liabilities) to the extent that it is not paid. If the already paid amount for current income tax is greater than the amount payable for the current and previous periods the excess is recognised as an asset (Current income tax receivables).

Deferred income tax is recognised, using the liability method, on all taxable or refundable temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the 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 nor loss. Deferred income tax assets and

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liabilities are determined using tax rates (and tax laws) that have been enacted or substantially enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset is realised or the deferred income tax liability is settled.

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

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 one taxable entity. The deferred tax assets/liabilities are presented netted in the Statement of financial position.

**Uncertain tax positions**

The Company's uncertain tax positions are reassessed by management at the end of each reporting period. Liabilities are recorded for income tax positions that are determined by management as more likely than not to result in additional taxes being levied if the positions were to be challenged by the tax authorities. The assessment is based on the interpretation of tax laws that have been enacted or substantively enacted by the end of the reporting period, and any known court or other rulings on such issues. Liabilities for penalties, interest and taxes other than on income are recognised based on management's best estimate of the expenditure required to settle the obligations at the end of the reporting period. Adjustments for uncertain income tax positions are recorded within the income tax charge.

**2.1.4 VALUE-ADDED TAX**

Output value added tax related to sales is payable to tax authorities on the earlier of (a) collection of receivables from customers or (b) delivery of goods or services to customers. Input VAT is generally recoverable against output VAT upon receipt of the VAT invoice. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the statement of financial position on a gross basis and disclosed separately as an asset and liability. Where provision has been made for the impairment of receivables, the impairment loss is recorded for the gross amount of the debtor, including VAT.

**2.15. PROVISIONS FOR LIABILITIES AND CHARGES**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events; it is probable that an outflow of resources will be required to settle the obligation; and the amount has been reliably estimated. Provisions are not recognised for future operating losses.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognised as interest expense in the Statement of comprehensive income.

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**2.16. REVENUE RECOGNITION**

Revenue comprises the fair value of the consideration received or receivable for the sale of goods and rendering of services in the ordinary course of the Company's activities. Revenue is shown net of value-added tax, returns, rebates and discounts.

**2.16.1 SALES OF GOODS**

Sales of goods are recognised when the Company has transferred to the client the significant risks and rewards inherent to the ownership of the goods, no managerial involvement and effective control over the goods has been retained, the amount of revenue and the costs incurred or to be incurred in relation to the transaction can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Company.

In accordance with the IFRS15 criteria, the revenue recognition process follows the following steps:

- The customer contract is implicit, deriving from the customer intention to acquire the goods
- The performance obligation is satisfied at a moment in time, when the transfer of the risks and rewards is completed (see above)
- The transaction price is represented by the retail price of the goods, without any VAT or similar taxes. There are no other variable considerations.
- Allocation of the price over the performance obligation, is implicit, as the sales prices match the goods sold (i.e. there is no case of a single price in relation to multiple performance obligations)
- Revenue is recognized at the moment the cash is collected from the customer.

The IFRS15 application did not require the Company make any significant judgments or estimations.

**2.16.2 INTEREST INCOME**

Interest income is recognised using the effective interest method. When a loan and receivable is impaired, the Company reduces the carrying amount to its recoverable amount, being the estimated future cash flow discounted at the original effective interest rate of the instrument; and continues unwinding the discount as interest income. Interest income on impaired loan and receivables are recognised using the original effective interest rate.

**2.17 LEASES**

The Company classifies the lease contracts as finance or operating lease based on the extent to which the risks and rewards of ownership are to the lessor or the lessee. A lease contract is classified as a finance lease if it transfers substantially all the risks and rewards of ownership to the lessee. In all other cases the lease contract is classified as an operating lease. The classification of the contracts is made at the inception of the lease.

**2.18 OPERATING LEASE WHERE THE COMPANY IS A LESSEE**

The company holds hired assets of property, plant and equipment under operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of comprehensive income on a straight-line basis over the period of the lease.

**30 JUNE 2019**

***All amounts are in RON thousand unless otherwise stated***

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**2.19 EMPLOYEE BENEFITS**

Wages, salaries, contributions to the Romanian state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Company. The Company has no legal or constructive obligation to make pension or similar benefit payments beyond.

**2.20 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 by the Company.

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 considers 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 Company 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 (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

**2.20 RELATED PARTIES**

For the purposes of these financial statements, the Company presents as related parties its parent company and its related parties thereof, the Company's key management personnel and their close family members and their related parties thereof.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***2.21 DIVIDEND DISTRIBUTION**

Dividend distribution to the Company's single shareholder is recognised as a liability in the Company's financial statements in the period in which the dividends are approved by the Board of Directors of the parent company.

**2.22 SUBSEQUENT EVENTS**

Post period-end events that provide additional information about the Company's position at the balance sheet date or those that indicate the going concern assumption are not appropriate (adjusting events) and are reflected in the accompanying financial statements. Post period events that are not adjusting events are disclosed in the notes, when material.

**3. FINANCIAL RISK MANAGEMENT****3.1 FINANCIAL ASSETS AND LIABILITIES**

	30 JUNE 2019	30 JUNE 2018
Financial assets:		
Debt instruments at amortized cost:		
Cash and cash equivalents (note 9):	313,108	217,082
Trade and other receivables (note 8):		
Accrued bank interest	1,705	914
Trade receivables	95	85
<b>Total financial assets at amortized cost:</b>	<b>314,908</b>	<b>218,081</b>
<b>Total financial assets:</b>	<b>314,908</b>	<b>218,081</b>
Financial liabilities:		
Debt instruments at amortized cost:		
Trade payables (note 13):		
Suppliers of goods:	25	914
Other trade payables:	4,440	3,198
Other current liabilities (note 13):		
Suppliers of fixed assets, related parties:	2,631	840
Suppliers of fixed assets – third-parties:	29,346	49,727
Non-current liabilities (note 14)	56,170	83,528
<b>Total financial liabilities at amortized cost:</b>	<b>92,612</b>	<b>138,207</b>
<b>Total financial liabilities:</b>	<b>92,612</b>	<b>138,207</b>

**3.2 FINANCIAL RISK FACTORS**

The Company's activities potentially expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial performance. Financial risk

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

management is carried out by the management in accordance with the selected and approved policy.

**3.2.1 MARKET RISK****(A) CURRENCY RISK**

The Company is exposed to foreign exchange risk only from purchases in EUR (no purchases made in other foreign currency). The currency risk is monitored and minimised only by the minimisation of the portion of those purchases.

The table below summarises the Group's exposure to foreign currency exchange rate risk at the balance sheet date:

	30 JUNE 2019	30 JUNE 2018
	Total	EUR
Non-current liabilities	1,864	1,864
<b>Total financial liabilities:</b>	<b>1,864</b>	<b>1,864</b>
	30 JUNE 2018	30 JUNE 2018
	Total	EUR
Non-current liabilities	1,549	1,549
<b>Total financial liabilities:</b>	<b>1,549</b>	<b>1,549</b>

The following table presents sensitivities of profit and loss and equity to reasonably possible changes in exchange rates applied at the balance sheet date relative to the Company's functional currency, with all other variables held constant:

	Effect on profit before tax	Effect on pre- tax equity
2019: increase in RON – EUR rate (5%)	(93)	(93)
2019: decrease in RON – EUR rate (5%)	93	93
2018: increase in RON – EUR rate (5%)	(77)	(77)
2018: decrease in RON – EUR rate (5%)	77	77

**(B) INTEREST RATE RISK**

The Company has significant interest-bearing assets in the form of short-term bank deposits but the Company's income and cash in-flows from operating and financing activity are to a high degree independent of changes in the market interest rates since the interest-bearing assets are contracted at fixed interest rates. The Company has no assets with floating rates as at 30 June 2019. The Company has no significant interest-bearing liabilities.



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***(C) OTHER PRICE RISK**

The Company is not exposed to other price risk regarding investments held by it since it has no available-for-sale assets or assets accounted for at fair value through profit and loss. The Company is not exposed to other price risk and with regards to financial assets related to price levels of commodities.

**3.2.2. CREDIT RISK**

Credit risk is the risk that a counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The Company is exposed to credit risk mainly from its treasury activity (mainly cash placed with banks), and, to a lesser degree from its operating activities (primarily due to industry specifics, as the Company sales are made on cash).

Credit risk is managed centralised by the Management of the Company. For banks and financial institutions, the Company uses the services only of Romanian banks with good reputation. As such, the Management considers there is no credit risk in relation to the cash or the accrued interest balances, and, hence, no impairment allowance has been recorded in this regard as at 30 June 2019 (30 June 2018: no allowance).

With regards to customers, the only sales on credit are made to other related parties, and, as the balances are usually immaterial, the Company Management considers the credit risk to be negligible.

	<b>30 JUNE 2019</b>	<b>30 JUNE 2018</b>
Cash and cash equivalents (note 9):	313,108	217,082
Trade and other receivables (note 8):		
Accrued bank interest	1,705	914
Trade receivables	95	85
<b>Total credit risk:</b>	<b>314,908</b>	<b>218,081</b>

The Company has no overdue receivables as at 30 June 2019 (30 June 2018: no overdue receivables).

The Company has not recognized any trade receivables impairment allowance as at 30 June 2019 (30 June 2018: no impairment allowance).

The reconciliation of the gross receivables balance evolution is detailed below:

	<b>Gross book value, total</b>	<b>Gross book value, stage 1</b>
Opening balance as at 1 July 2018	85	85
Trade receivables acquired during the year (sales made)	1,951	1,951
Trade receivables de-recognized (collections made)	1,941	1,941
<b>Closing balance as at 30 June 2019</b>	<b>95</b>	<b>95</b>

Stage 1: loss allowance is measured at an amount equal to 12 month expected credit losses

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***3.2.3 LIQUIDITY RISK**

Liquidity risk is the risk that the Company will be unable to meet its payment obligations when they fall due under normal and stress circumstances. The Company manages its liquidity needs by monitoring scheduled debt servicing payments for long-term financial liabilities as well as forecast cash inflows and outflows due in day-to-day business. The data used for analysing these cash flows is consistent with that used in the contractual maturity analysis below.

Net cash requirements are compared to available cash to determine headroom or any shortfalls. This analysis shows that available borrowing facilities are expected to be enough over the lookout period.

The tables below summarize the maturity profile of the Company's financial liabilities as of 30 June 2019 and 30 June 2018, respectively, based on contractual undiscounted repayment obligations. Repayments which are subject to notice are treated as if notice were to be given immediately. The below amounts reflect the contractual undiscounted cash flows, which may differ to the carrying values of the liabilities at the reporting date:

<b>AT 30 JUNE 2019</b>	<b>Less than 6 months</b>	<b>Between 6 months and 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Other current liabilities (Note 13):					
Suppliers of fixed assets, related parties	2,631	-	-	-	2,631
Suppliers of fixed assets, third-parties	29,346	-	-	-	29,346
Trade payables (Note 13):					
Suppliers of goods	25	-	-	-	25
Other trade payables	4,440	-	-	-	4,440
Non-current liabilities (Note 14):	-	-	56,170	-	56,170
<b>Total</b>	<b>36,442</b>	<b>-</b>	<b>56,170</b>	<b>-</b>	<b>92,612</b>
<b>AT 30 JUNE 2018</b>	<b>Less than 6 months</b>	<b>Between 6 months and 1 year</b>	<b>Between 1 and 5 years</b>	<b>Over 5 years</b>	<b>Total</b>
Other current liabilities (Note 13):					
Suppliers of fixed assets, related-parties	840	-	-	-	840
Suppliers of fixed assets, third-parties	49,727	-	-	-	49,727
Trade payables (Note 13):					
Suppliers of goods	914	-	-	-	914
Other trade payables	3,198	-	-	-	3,198
Non-current liabilities (Note 14):	-	-	83,528	-	83,528
<b>Total</b>	<b>54,679</b>	<b>-</b>	<b>83,528</b>	<b>-</b>	<b>138,207</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

There are no non-derivative financial liabilities for which the cash flows to occur earlier than the periods shown in the table above.

**3.3 CAPITAL RISK MANAGEMENT**

The Management's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to provide adequate returns for the shareholder and benefits for other stakeholders. Management is trying to achieve those objectives through adequate pricing of the goods and the services comparable to the risk level and through maintaining optimal capital structure aimed at minimisation of its cost.

The Company is not subject to externally imposed capital requirements. The Company manages the capital structure and makes relevant adjustments according to the changes of the economic conditions and the risk characteristics of the major assets. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to the shareholder, return capital to shareholder, issue new shares or sell assets to reduce debt.

In 2019 the Company's strategy, which was unchanged from 2018, was not to use borrowings.

The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (as shown in the Statement of financial position) less cash and cash equivalents. The total capital is calculated as equity (as shown in the Statement of financial position) plus the net debt.

**3.4 FAIR VALUE MEASUREMENT**

Set out below is a comparison, by class, of the carrying amounts and fair values of the Company's financial instruments. The carrying amounts are reasonable approximations of fair values:

<b>30 JUNE 2019</b>	<b>Carrying amount</b>	<b>Fair value</b>
<b>Financial assets:</b>		
<b>Debt instruments at amortized cost:</b>		
Cash and cash equivalents (note 9):	313,108	313,108
Trade and other receivables (note 8):		
Accrued bank interest	1,705	1,705
Trade receivables	95	95
<b>Total financial assets at amortized cost:</b>	<b>314,908</b>	<b>314,908</b>
<b>Total financial assets:</b>	<b>314,908</b>	<b>314,908</b>
<b>Financial liabilities:</b>		
<b>Debt instruments at amortized cost:</b>		
<b>Trade payables (note 13):</b>		
Suppliers of goods:	25	25
Other trade payables:	4,440	4,440
<b>Other current liabilities (note 13):</b>		
Suppliers of fixed assets, related parties:	2,631	2,631
Suppliers of fixed assets, third-parties:	29,346	29,346
Non-current liabilities (note 14)	56,170	56,170
<b>Total financial liabilities at amortized cost:</b>	<b>92,612</b>	<b>92,612</b>
<b>Total financial liabilities:</b>	<b>92,612</b>	<b>92,612</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

30 JUNE 2018	Carrying amount	Fair value
Financial assets:		
Debt instruments at amortized cost:		
Cash and cash equivalents (note 9):	217,082	217,082
Trade and other receivables (note 8):	3,354	3,354
Accrued bank interest	914	914
Trade receivables	85	85
<b>Total financial assets at amortized cost:</b>	<b>218,081</b>	<b>218,081</b>
<b>Total financial assets:</b>	<b>218,081</b>	<b>218,081</b>
Financial liabilities:		
Debt instruments at amortized cost:		
Trade payables (note 13):		
Suppliers of goods:	914	914
Other trade payables:	3,198	3,198
Other current liabilities (note 13):		
Suppliers of fixed assets, related parties:	840	840
Suppliers of fixed assets, third-parties:	49,727	49,727
Non-current liabilities (note 14)	83,528	83,528
<b>Total financial liabilities at amortized cost:</b>	<b>138,207</b>	<b>138,207</b>
<b>Total financial liabilities:</b>	<b>138,207</b>	<b>138,207</b>

Financial assets and financial liabilities measured at fair value in the statement of financial position are grouped into three Levels of a fair value hierarchy. The three Levels are defined based on the observability of significant inputs to the measurement, as follows:

- 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 or indirectly; and.
- Level 3: unobservable inputs for the asset or liability.

All financial instruments of the Company are carried at within Level 3 fair value category.

### 3.5. OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

The Company offsets financial assets and financial liabilities under a contract for offsetting accounts receivables concluded in 2013 with JUMBO SA, Greece (Parent Company) and under a contract for offsetting accounts receivables concluded in 2014 with JUMBO EC. B EOOD, Bulgaria (Other related party).

The following financial liabilities are subject to offsetting in the Statement of financial position due to the fact that they are encompassed by enforceable master netting arrangements or similar agreements:

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

<b>AT 30 JUNE 2019</b>	<b>Gross amount of recognised financial liabilities</b>	<b>Gross amount of recognised financial assets set off in the Statement of financial position</b>	<b>Net amount of financial liabilities presented in the Statement of financial position</b>
Payables to JUMBO SA, Greece	2,656	-	2,656
<b>Total</b>	<b>2,656</b>	<b>-</b>	<b>2,656</b>
<b>AT 30 JUNE 2018</b>	<b>Gross amount of recognised financial liabilities</b>	<b>Gross amount of recognised financial assets set off in the Statement of financial position</b>	<b>Net amount of financial liabilities presented in the Statement of financial position</b>
Payables to JUMBO SA, Greece	1,754	-	1,754
<b>Total</b>	<b>1,754</b>	<b>-</b>	<b>1,754</b>

**4. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS**

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

**4.1 CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS**

The Company makes estimates and assumptions concerning the future. Notwithstanding the fact that those estimates are made by the Management on the basis of its best knowledge of the events and activities in the period, the resulting accounting estimates will, by definition, seldom equal the related actual results. There were no key assumptions regarding the future and other sources of uncertainty concerning the estimates at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

**Income taxes (current and deferred tax)**

The Company is subject to income taxes in one jurisdiction (Romania). There are many transactions and calculations for which the ultimate tax determination is uncertain. The Company recognises liabilities for anticipated tax audit issues based on estimates of whether additional taxes will be due. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

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**4.2 CRITICAL JUDGEMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES**

**Fair value measurement**

Management uses valuation techniques to determine the fair value of financial instruments (where active market quotes are not available) and non-financial assets. This involves developing estimates and assumptions consistent with how market participants would price the instrument. Management bases its assumptions on observable data as far as possible, but this is not always available. In that case management uses the best information available. Estimated fair values may vary from the actual prices that would be achieved in an arm's length transaction at the reporting.

Investment properties are properties held to earn rentals and/or capital appreciation (including property under construction for such purposes). Investment properties are stated in statement of financial position at their cost less accumulated depreciation and allowance for impairment, if any.

**Going concern**

Management prepared these financial statements on a going concern basis. So far, the Company has recorded strong performance and as at 30 June 2019 enjoys a strong financial position. As such, the Management prepared the financial statements on a going concern basis.

**Segment reporting**

A segment of activity is component of the Company which engages in business activities which may generate income and incur expenses, whose results are examined periodically by Company's decision makers with the purpose of allocating resources to segments and evaluating their performance and for which separate financial information is available.

The business activity of the Company does not include segments of activities.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

## 5. PROPERTY, PLANT AND EQUIPMENT

	Land	Buildings	Furnitures, computers and machines	Assets under construc tion	Total
<b>AT 1 JULY 2018</b>					
Cost	76,427	302,959	52,247	33,585	465,218
Accumulated depreciation	-	(23,361)	(17,746)		(41,107)
<b>Net book amount</b>	<b>76,427</b>	<b>279,598</b>	<b>34,501</b>	<b>33,585</b>	<b>424,111</b>
<b>YEAR ENDED 30 JUNE 2019</b>					
Additions	29,853	9,300	10,087	76,321	125,561
Transfers	-	68,142	-	(68,142)	-
Disposals	4	-	18	(314)	(292)
Depreciation charge	-	(12,665)	(6,969)	-	(19,634)
<b>Closing net book amount</b>	<b>106,284</b>	<b>344,375</b>	<b>37,637</b>	<b>41,450</b>	<b>529,746</b>
<b>AT 1 JULY 2017</b>					
Cost	31,709	199,409	38,143	7,369	276,630
Accumulated depreciation	-	(13,500)	(12,208)	-	(25,708)
<b>Net book amount</b>	<b>31,709</b>	<b>185,909</b>	<b>25,935</b>	<b>7,369</b>	<b>250,922</b>
<b>YEAR ENDED 30 JUNE 2018</b>					
Additions	44,718	103,550	14,104	46,115	208,487
Transfers	-	-	-	-	-
Disposals	-	-	-	(19,899)	(19,899)
Depreciation charge	-	(9,861)	(5,538)	-	(15,399)
<b>Closing net book amount</b>	<b>76,427</b>	<b>279,598</b>	<b>34,501</b>	<b>33,585</b>	<b>424,111</b>
<b>AT 30 JUNE 2019</b>					
Cost	106,284	380,401	62,352	109,906	658,943
Accumulated depreciation	-	(36,026)	(24,715)	(68,456)	(129,197)
<b>Net book amount</b>	<b>106,284</b>	<b>344,375</b>	<b>37,637</b>	<b>41,450</b>	<b>529,746</b>

Depreciation and amortization expenses (Notes 5 and 6) are reported as follows: RON 19,721 thousand (2018: RON 15,540 thousand) in Distribution costs (Note 17) and RON 114 thousand (2017: RON 72 thousand) in Administrative expenses (Note 18).

Lease rental payments amounting to RON 10,818 thousand (2018: RON 8,710 thousand) relating to the lease of land and buildings are included in the Statement of comprehensive income (Notes 17 and 18).

The main additions and transfers in 2019 and 2018 related to the new stores opened.

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***6. INTANGIBLE ASSETS**

	<b>Software</b>
<b>AT 1 JULY 2018</b>	
Cost	1,231
Accumulated depreciation	(919)
<b>Net book amount</b>	<b>312</b>
<b>YEAR ENDED 30 JUNE 2019</b>	
Additions	370
Transfers	
Depreciation charge	(201)
<b>Closing net book amount</b>	<b>481</b>
<b>At 1 July 2017</b>	
Cost	964
Accumulated depreciation	(706)
<b>Net book amount</b>	<b>258</b>
<b>YEAR ENDED 30 JUNE 2018</b>	
Additions	267
Transfers	-
Depreciation charge	(213)
<b>Closing net book amount</b>	<b>312</b>
<b>AT 30 JUNE 2019</b>	
Cost	1,601
Accumulated depreciation	(1,120)
<b>Net book amount</b>	<b>481</b>



## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

## 7. INVENTORY

	30 JUNE 2019	30 JUNE 2018
Merchandise	91,183	65,668
Consumables	385	594
<b>Total</b>	<b>91,568</b>	<b>66,262</b>

The cost of merchandise recognised as expense and included in Cost of sales amounted to RON 335,850 thousand (2018: RON 245,783 thousand) (Note 16).

## 8. TRADE AND OTHER RECEIVABLES

	30 JUNE 2019	30 JUNE 2018
Trade receivables	95	85
Advances to suppliers	2,668	8,033
Other tax receivables	1,319	638
Receivable from bank deposits	1,705	914
<b>Total trade and other receivables</b>	<b>5,787</b>	<b>9,670</b>

Other tax receivables represent the amount of personnel medical leave.

Over the financial period the Company has concluded several bank deposits with a maturity of 1 – 6 months (period 27 August 2018 – 30 June 2019), deposits which generate an interest inflow amounting of RON 4,679 thousand, of which were cashed RON 3,765 thousand. The balance of accrued interest as at 30 June 2019 is RON 1,705 thousand, balance which will be collected at the end of december 2019.

## 9. CASH AND CASH EQUIVALENTS

	30 JUNE 2019	30 JUNE 2018
Cash in hand	1,346	1,048
Cash at bank	14,478	10,680
Short-term bank deposits	290,000	202,000
Cash in transit	7,284	3,354
<b>Total cash and cash equivalents</b>	<b>313,108</b>	<b>217,082</b>

## 10. DEFERRED INCOME TAX ASSETS AND LIABILITIES

Deferred income tax assets and liabilities are accounted for all temporary differences arising from differences between the accounting and tax carrying values of the assets and the liabilities, at the tax rate of 16% (2018: 16%), which is to be effective at the time they are realised.

As at 30 June 2019 there are no temporary differences between the accounting and tax balances (30 June 2018: no temporary differences). As such, the Company did not recognize any deferred taxes.

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated*

**11. SHARE CAPITAL**

	Number of shares (at RON 13/share)	Amount
AT 30 JUNE 2018	23,677,573	307,808
AT 30 JUNE 2019	32,711,227	425,246

On 7 February 2019, the Company sole shareholder decided to increase the capital through a cash contribution of RON 117,438 thousand. The cash was fully paid during the year. All issued shares are fully paid.

The Company's single shareholder at 30 June 2019 and 2018 was JUMBO S.A., Greece.

The Company is member of the Jumbo SA Group, the Company parent (Jumbo SA), preparing the consolidated financial statements. The Group is listed on the Athens stock exchange market. The Group main shareholders (holding a stake of more than 5%) are Tanocerian Maritime SA and Fidelity low-priced stock fund.

**12. OTHER RESERVES**

In other reserves, the Company recognized legal reserves in amount of 5% of accounting, pre-tax profits (per statutory accounts), in accordance with the local tax requirements.

**13. LIABILITIES**

**13.1 TRADE AND OTHER PAYABLES**

	30 JUNE 2019	30 JUNE 2018
Trade payables – Suppliers of goods with related parties (note 26)	25	914
Other trade payables	4,440	3,198
Advances from customers	75	1
<b>Total trade and other trade payables</b>	<b>4,540</b>	<b>4,113</b>

**JUMBO EC. R S.R.L**

**NOTES TO THE FINANCIAL STATEMENTS**

**30 JUNE 2019**

*All amounts are in RON thousand unless otherwise stated*

<b>13.2</b>	<b>Current tax liabilities</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	Income tax payable	6,484	4,461
	VAT	7,402	5,472
	Payroll taxes	293	209
	Other taxes	1,121	98
	<b>Total</b>	<b>15,300</b>	<b>10,240</b>
<b>13.3</b>	<b>Other current liabilities</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	Suppliers of fixed assets - related parties (Note 26)	2,631	840
	Suppliers of fixed assets – third-parties	29,346	49,727
	Salaries payable to personnel	2,008	1,472
	Social security liabilities	1,615	1,137
	<b>Total</b>	<b>35,600</b>	<b>53,176</b>
<b>14</b>	<b>LONG TERM OTHER PAYBLES</b>	<b>30 June 2019</b>	<b>30 June 2018</b>
	Guarantees received	426	1,621
	Suppliers of fixed assets, third-parties	55,744	81,907
	<b>Total:</b>	<b>56,170</b>	<b>83,528</b>
<b>15.</b>	<b>SALES REVENUE</b>	<b>Year ended 30 June 2019</b>	<b>Year ended 30 June 2018</b>
	Sales of merchandises, third-parties	625,251	465,291
	Sales of merchandises, related parties (Note 26)	3,028	1,606
	<b>Total revenue</b>	<b>628,279</b>	<b>466,897</b>
<b>16.</b>	<b>COST OF SALES</b>	<b>Year ended 30 June 2019</b>	<b>Year ended 30 June 2018</b>
	Inventory Merchandise at the beginning of period (Note 7)	65,668	44,961
	Purchases	360,752	266,410
	Discounts on purchases	(3,568)	(2,882)
	Surpluses of merchandise	4,181	2,962
	Inventory in the end of the period (Note 7)	(91,183)	(65,668)
	<b>Total cost of sales</b>	<b>335,850</b>	<b>245,783</b>

JUMBO EC. R S.R.L

NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

All amounts are in RON thousand unless otherwise stated

17	DISTRIBUTION COSTS	Year ended 30 June 2019	Year ended 30 June 2018
	Depreciation and amortisation charges (Notes 5 and 6)	19,721	15,540
	Small inventories	1,730	2,636
	Payroll expenses (Note 21)	50,585	34,443
	External services	9,905	8,579
	Third parties' expenses	14,769	9,721
	Operating leases- rent	10,811	8,703
	Taxes and duties	6,077	4,611
	Other expenses	188	368
	Advertisement	6,851	5,535
	Consumable items	1,246	884
	<b>Total distribution costs</b>	<b>121,883</b>	<b>91,020</b>
18	ADMINISTRATIVE EXPENSES	Year ended 30 June 2019	Year ended 30 June 2018
	Payroll expenses (Note 21)	2,538	1,063
	External services	668	579
	Operating leases- rent	7	7
	Depreciation and amortisation charges (Note 6)	114	72
	Small inventories	39	9
	Taxes and duties	188	57
	Other expenses	10	60
	<b>Total administrative expenses</b>	<b>3,564</b>	<b>1,847</b>
19.	OTHER INCOME AND GAINS	Year ended 30 June 2019	Year ended 30 June 2019
	Surpluses of merchandise	4,145	2,962
	Sales of other goods	-	348
	Surpluses of cash	46	108
	Other income	1,871	2,895
	<b>Total other income and gains</b>	<b>6,062</b>	<b>6,313</b>
20.	OTHER EXPENSES AND LOSSES	Year ended 30 June 2019	Year ended 30 June 2018
	Foreign exchange difference loss	1,223	369
	<b>Total:</b>	<b>1,223</b>	<b>369</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***21. PAYROLL EXPENSES**

	Year ended 30 June 2019	Year ended 30 June 2018
Wages and salaries	48,754	32,103
Social security and national health contributions	4,369	3,403
<b>Total payroll expenses</b>	<b>53,123</b>	<b>35,506</b>

The number of employees at year-end and the year averages are below:

	Year ended 30 June 2019	Year ended 30 June 2018
Headcount at the end of the year	1,197	952
Average number of employees during the year	1,001	839

**22. FINANCE INCOME**

	Year ended 30 June 2019	Year ended 30 June 2018
<b>Finance income</b>		
Interest income on cash at banks	3,171	3,253
<b>Finance income – net</b>	<b>3,171</b>	<b>3,253</b>

**23. TAXATION**

	Year ended 30 June 2019	Year ended 30 June 2018
Current tax	27,617	21,893
Deferred tax (Note 11)	-	-
<b>Income tax expense</b>	<b>27,617</b>	<b>21,893</b>

Reconciliation of tax expense and the accounting profit multiplied by Romania's domestic tax rate for 2019 and 2018:

	Year ended 30 June 2019	Year ended 30 June 2018
Profit before tax	174,992	137,444
<b>Theoretical current tax at 16% (2018: 16%)</b>	<b>27,999</b>	<b>21,991</b>
<i>Effect on the tax charge of:</i>		
<i>Legal reserves:</i>	<i>(1,400)</i>	<i>(1,100)</i>
<i>Non-taxable expenses</i>	<i>1,018</i>	<i>1,002</i>
<b>Current tax</b>	<b>27,617</b>	<b>21,893</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***24. DIVIDENDS PER SHARE**

In 2019 and 2018, there was no distribution of dividends to the single shareholder of the Company.

At the date of the approval of these financial statements it is not expected that a decision for distribution of dividends relating to the year ended 30 June 2019 will be made.

**25. CONTINGENT LIABILITIES****(a) Legal proceedings**

The Company is not part of any commercial litigation which could have a major exposure over the Company financial position or performance. The Company's Management does not expect that any potentially material liability could arise in the case of advertent outcome of court cases or legal claims against it, apart from what is disclosed in these financial statements.

**(b) Operating lease commitments where the company is a lessee**

The future aggregate minimum lease payments under non-cancellable operating leases were as follows:

	30 June 2019	30 June 2018
Not later than 1 year	11,611	10,772
Later than 1 year and not later than 5 years	51,883	72,554
Later than 5 years	30,940	31,421
<b>Total</b>	<b>94,434</b>	<b>114,747</b>

The Company leases lands and buildings under non-cancellable operating lease agreements with terms that expire 2025. The agreements include different renewable options. Operating lease payments recognised as expense in the Statement of comprehensive income are disclosed in Notes 17 and 18.

**26. RELATED-PARTY TRANSACTIONS**

The Company is controlled by JUMBO S.A., Greece which holds 100 % of the Company's shares (Note 11) which is also the ultimate parent company of the Group which the Company is a part of. The parent company has control over the entities disclosed below as Other related parties.

The following transactions were carried out with related parties:

**(A) SALES OF MERCHANDISE AND OTHER GOODS**

	Year ended 30 June 2019	Year ended 30 June 2018
<b>Parent company</b>		
JUMBO SA, Greece	3,017	1,599
<b>Other related parties</b>		
JUMBO Trading Limited, Cyprus	11	7
<b>Total related parties</b>	<b>3,028</b>	<b>1,606</b>

## NOTES TO THE FINANCIAL STATEMENTS

30 JUNE 2019

*All amounts are in RON thousand unless otherwise stated***(B) PURCHASES OF MERCHANDISE, SERVICES AND PROPERTY, PLANT AND EQUIPMENT**

	Year ended 30 June 2019	Year ended 30 June 2018
<b>Parent company</b>		
JUMBO SA, Greece – merchandise	359,354	258,366
JUMBO SA, Greece – Property, Plant and Equipment	2,226	3,429
<b>Total parent company</b>	<b>361,580</b>	<b>261,795</b>
<b>Other related parties:</b>		
JUMBO Trading Limited, Cyprus – merchandises	-	100
JUMBO EC. B EOOB , Bulgaria - merchandise	-	443
<b>Total other related parties</b>	-	<b>543</b>
<b>Total related parties</b>	<b>361,580</b>	<b>262,338</b>

Purchases of services from the parent company include insurances and other services. The transactions with the related parties were carried on terms equivalent to those that prevail in arm's length transactions.

**(C) Payables for purchases of merchandise, services and property, plant and equipment**

	30 June 2019	30 June 2018
<b>Parent company</b>		
JUMBO SA, Greece – trade payables, acquisition of merchandise	25	914
JUMBO SA, Greece – other current liabilities, acquisition of property, plant and equipment	2,631	840
<b>Total related parties</b>	<b>2,656</b>	<b>1,754</b>

**(D) KEY MANAGEMENT COMPENSATION**

Key management personnel, including the managers of the Company.

	YEAR ENDED 30 JUNE	
	2019	2018
Short-term employee benefits/ Salaries fees	494	411
<b>Total</b>	<b>494</b>	<b>411</b>

**27 EVENTS AFTER THE END OF THE REPORTING PERIOD**

There are no significant events after the end of the reporting period, having effects on the financial statements for the year ended on 30 JUNE 2019.