

Registration Number C 86730

ENDO VENTURES LTD

Annual Report and Consolidated Financial Statements

For the year ended 31 December 2019

ENDO VENTURES LTD

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ENDO VENTURES LTD

Directors, Officers and Others Information

Directors:	Mr Christopher Frendo Mr Nicholas Frendo
Secretary:	Mr Christopher Frendo
Registered office:	10, Timber Wharf Marsa MRS 1443 Malta
Country of incorporation:	Malta
Company registration number:	C 86730
Auditors:	Nexia BT The Penthouse, Suite 2 Capital Business Centre, Entrance C Triq taz-Zwejt, San Gwann SGN 3000 Malta
Bankers:	Bank of Valletta plc Triq San Bartolomew Qormi QRM 2186 Malta
Legal advisors:	GVZH Advocates 192, Old Bakery Street Valletta VLT 1455 Malta
Directors:	Mr Christopher Frendo Mr Nicholas Frendo
Registered office:	10, Timber Wharf Marsa MRS 1443 Malta

ENDO VENTURES LTD

Directors' Report

Principal activities

Endo Ventures Ltd (the 'Company') was incorporated on 11 June 2018 under the terms of the Companies Act (Cap. 386 of the laws of Malta). The Company was formed principally to serve as the ultimate holding company of the Endo Group.

The Endo Group is composed of Endo Ventures Ltd as the parent company and its direct and indirect subsidiaries, including Endo Finance plc (C 89481), International Fender Providers Ltd (C 69877), IFP International Fender Providers Limited (a company registered under the laws of Cyprus with company registration number HE 348221), P & C Limited (C 13033), Endo Tankers Ltd (C 88663), Intership Management Ltd (C 74524), Endo One Maritime Ltd (C 88665), Endo Two Maritime Ltd (C 88666), Endo Three Maritime Ltd (C 88674) and any other subsidiary and associated company or entity, in which the Company has a controlling interest, which entities are involved, amongst other activities, in the business of acquiring, financing, managing and chartering commercial vessels.

Performance review

The Endo Group generated a total revenue of €5,544,637 during 2019 (2018: Revenue of €846,958), taking into account also that operations of some of its subsidiary companies did not commence from the beginning of the year in 2019, and only started after the bond issue by Endo Finance p.l.c.

Comparison with prior year also needs to be taken into the context that 2018 financial year consisted only of 7 months.

The group's profit before taxation for the year was €2,583,619 (2018: Profit of €6,788,410, which however included a gain from bargain purchase of €6,740,275). The Company's profit before taxation for the year was €70,434 (2018: Loss of €2,964).

The Endo Group's total equity as at year-end amounted to €10,450,904 (2018: €8,196,882), reflecting an increase in retained earnings and revaluation reserve over 2018. The Company's total equity as at year-end amounted to €1,887,000 (2018: €1,816,566).

In 2019, the Endo Group raised €1,450,820 net cash from operating activities and €14,111,548 net cash from financing activities, mainly through the issue of €13.5 million 4.5% unsecured bonds 2029 issued to the public in 2019 by Endo Finance p.l.c. A net cash outflow of €12,828,105 was registered from Endo Group's net investing activities, mainly relating to the acquisition of an MR vessel (MT Endo Breeze) by Endo Two Maritime Ltd.

The group's and company's activities are expected to remain consistent for the foreseeable future.

Dividend and reserves

The directors do not recommend the payment of a dividend and propose to transfer the profit for the year to reserves.

Events after the reporting period

Events after the reporting period are disclosed in Note 25 to these financial statements.

Directors

In accordance with the company's articles of association, the present directors, who served throughout the year, remain in office.

ENDO VENTURES LTD

Directors' Report

Statement of Directors' Responsibilities

The directors are required by the Companies Act (Chap. 386) to prepare consolidated financial statements in accordance with International Financial Reporting Standards as adopted by the EU which give a true and fair view of the state of affairs of the company at the end of each financial period and of the profit or loss of the company for the period then ended. In preparing the financial statements, the directors should:

- adopt the going concern basis unless it is inappropriate to presume that the company will continue in business;
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- account for income and charges relating to the accounting period on the accruals basis; and
- value separately the components of asset and liability items;
- report comparative figures corresponding to those of the preceding accounting period.

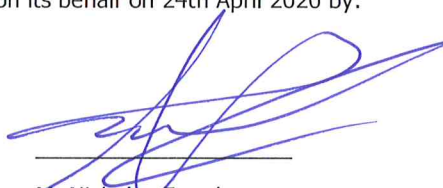
The directors are responsible for ensuring that proper accounting records are kept which disclose with reasonable accuracy at any time the financial position of the company and which enable the directors to ensure that the financial statements comply with the Companies Act (Chap. 386). This responsibility includes designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error. The directors are also responsible for safeguarding the assets of the company, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The auditors, Nexia BT have intimated their willingness to remain in office and a resolution will be put before the members at the next annual general meeting.

Approved by the board of directors and signed on its behalf on 24th April 2020 by:



Mr Christopher Frendo
Director

Mr Nicholas Frendo
Director

ENDO VENTURES LTD

Independent Auditors' Report to the members of Endo Ventures Ltd

Opinion

We have audited the accompanying consolidated financial statements of Endo Ventures Ltd ("the Company") and its subsidiaries ("the Group"), which comprise the statements of financial position as at 31 December 2019, and the statements of profit or loss and other comprehensive income, statements of changes in equity and statements of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and the Company as of 31 December 2019 and of their financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the EU and have been properly prepared in accordance with the requirements of the Companies Act, Cap 386 of the Laws of Malta.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the entity in accordance with International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in accordance with the Accountancy Profession Act in Malta, and we have fulfilled our 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 audit opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' report. Our opinion on the financial statements does not cover the other information.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

With respect to the Directors' report, we also considered whether it includes the disclosures required by Art. 177 of the Companies Act (Chap. 386).

Based on the work we have performed, in our opinion, the information given in the Directors' report for the financial period for which the financial statements are prepared is consistent with the financial statements, and the Directors' report has been prepared in accordance with the Companies Act (Chap. 386).

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

ENDO VENTURES LTD

Independent Auditors' Report to the members of Endo Ventures Ltd

Responsibilities of the directors

The directors are responsible for the preparation of the financial statements that give a true and fair view in accordance to International Financial Reporting Standards as adopted by the EU and for such internal controls as the directors determine are necessary to enable the preparation of financial statements that are free from material misstatements, whether due to fraud or error.

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

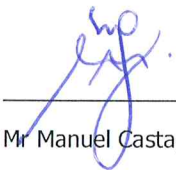
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of 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 entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the entity 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.

ENDO VENTURES LTD

Independent Auditors' Report to the members of Endo Ventures Ltd

- Obtain sufficient appropriate evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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



Mr Manuel Castagna

For and on behalf of

Nexia BT

Certified Public Accountants

The Penthouse, Suite 2
Capital Business Centre, Entrance C
Triq taz-Zwejt
San Gwann SGN 3000
Malta

Date: 24th April 2020

ENDO VENTURES LTD

Statements of Profit or Loss and Other Comprehensive Income

For the year ended 31 December 2019

	Note	Group 2019 (12 months) €	2018 (7 months) €	Company 2019 (12 months) €	2018 (7 months) €
Revenue	4	5,544,637	846,958	99,115	-
Direct costs		(2,926,903)	(592,184)	-	-
Gross profit		2,617,733	254,774	99,115	-
Administrative expenses		(1,717,937)	(148,812)	(17,551)	(2,964)
Other operating income	5	108,697	6,741,357	-	-
Operating profit / (loss)		1,008,493	6,847,319	81,564	(2,964)
Movement in revaluation of investment property		2,236,957	-	-	-
Finance costs	6	(661,831)	(58,909)	(11,130)	-
Profit / (loss) before taxation	7	2,583,619	6,788,410	70,434	(2,964)
Income tax	8	(330,172)	(404,889)	-	-
Profit / (loss) for the year / period		2,253,447	6,383,521	70,434	(2,964)
Other comprehensive income		-	-	-	-
Total comprehensive income / (expense) for the year / period		2,253,447	6,383,521	70,434	(2,964)
Profit for the year attributable to:					
Owners of the parent		2,253,447	6,383,521		
Total comprehensive income		2,253,447	6,383,521		

The notes on pages 14 to 36 form an integral part of these financial statements.

ENDO VENTURES LTD

Statements of Financial Position

At 31 December 2019

	Note	Group		Company	
		2019	2018	2019	2018
		€	€	€	€
ASSETS					
<i>Non-current assets</i>					
Investment property	9	4,800,000	1,800,000	-	-
Property, plant and equipment	10	18,375,265	8,246,523	-	-
Intangible assets	11	3,193	-	-	-
Investment in subsidiaries	12	-	-	2,070,024	2,070,024
Loans and receivables	12	3,657,446	2,950,812	-	-
		<u>26,835,904</u>	<u>12,997,335</u>	<u>2,070,024</u>	<u>2,070,024</u>
<i>Current assets</i>					
Trade and other receivables	13	1,480,938	967,211	91,774	1,200
Current tax recoverable	14	32,381	4,070	-	-
Cash and cash equivalents	15	3,102,607	478,043	102	-
		<u>4,615,926</u>	<u>1,449,324</u>	<u>91,876</u>	<u>1,200</u>
Total assets		<u>31,451,830</u>	<u>14,446,659</u>	<u>2,161,900</u>	<u>2,071,224</u>

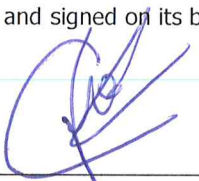
ENDO VENTURES LTD

Statements of Financial Position

At 31 December 2019

(continued)	Note	Group		Company	
		2019 €	2018 €	2019 €	2018 €
EQUITY AND LIABILITIES					
<i>Capital and reserves</i>					
Called up issued share capital	16	1,819,530	1,819,530	1,819,530	1,819,530
Translation reserve		(5,593)	(6,169)	-	-
Retained earnings		6,640,011	6,383,521	67,470	(2,964)
Revaluation reserve		1,996,957	-	-	-
Total equity		10,450,904	8,196,882	1,887,000	1,816,566
<i>Non-current liabilities</i>					
Debt securities in issue	17	13,199,858	-	-	-
Long-term borrowings	18	1,993,218	1,497,338	250,000	-
Trade and other payables	19	-	360,000	-	-
Deferred tax	20	901,769	664,994	-	-
		16,094,845	2,522,332	250,000	-
<i>Current liabilities</i>					
Debt securities in issue	17	30,014	-	-	-
Short-term borrowings	18	2,279,219	2,273,827	-	-
Trade and other payables	19	2,596,848	1,453,618	24,900	254,658
		4,906,081	3,727,445	24,900	254,658
Total liabilities		21,000,926	6,249,777	274,900	254,658
Total equity and liabilities		31,451,830	14,446,659	2,161,900	2,071,224

These financial statements were approved by the board of directors, authorised for issue on 24th April 2020 and signed on its behalf by:



Mr Christopher Frendo
Director



Mr Nicholas Frendo
Director

The notes on pages 14 to 36 form an integral part of these financial statements.

ENDO VENTURES LTD

Statements of Changes in Equity For the year ended 31 December 2019

Group

	Called up issued share capital €	Translation reserve €	Retained earnings €	Revaluation reserve €	Total €
Profit for the period	-	-	6,383,521	-	6,383,521
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income	-	-	6,383,521	-	6,383,521
Issue of share capital	1,819,530	-	-	-	1,819,530
Other movement	-	(6,169)	-	-	(6,169)
At 31 December 2018	1,819,530	(6,169)	6,383,521	-	8,196,882
Profit for the year	-	-	2,253,447	-	2,253,447
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income	-	-	2,253,447	-	2,253,447
Revaluation of investment property, net of deferred tax	-	-	(1,996,957)	1,996,957	-
Other movement	-	576	-	-	576
At 31 December 2019	1,819,530	(5,593)	6,640,011	1,996,957	10,450,904

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Statements of Changes in Equity For the year ended 31 December 2019

Company

	Called up issued share capital €	Shareholders' capital contribution €	Retained earnings €	Revaluation reserve €	Total €
Loss for the period	-	-	(2,964)	-	(2,964)
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income	-	-	(2,964)	-	(2,964)
Issue of share capital	1,819,530	-	-	-	1,819,530
At 31 December 2018	1,819,530	-	(2,964)	-	1,816,566
Profit for the year	-	-	70,434	-	70,434
Other comprehensive income	-	-	-	-	-
Total Comprehensive Income	-	-	70,434	-	70,434
At 31 December 2019	1,819,530	-	67,470	-	1,887,000

ENDO VENTURES LTD

Statements of Cash Flows

For the year ended 31 December 2019

	Note	Group 2019 €	2018 €	Company 2019 €	2018 €
<i>Cash flows from operating activities</i>					
Profit / (loss) before taxation		2,583,619	6,788,410	70,434	(2,964)
Adjustments for:					
Depreciation		1,226,138	106,998		
Amortisation		355	-	-	-
Bond issue costs amortisation for the year		30,014	-	-	-
Capitalisation of bond issue costs		(300,142)	-	-	-
Interest expense		661,831	58,909	11,130	-
Interest income		(99,859)	-	-	-
Gain from bargain purchase		-	(6,740,275)	-	-
Movement in revaluation of investment property		(2,236,957)	-	-	-
Operating profit / (loss) before working capital movements		1,864,999	214,042	81,564	(2,964)
Movement in trade and other receivables		(513,727)	423,004	(90,574)	(1,200)
Movement in trade and other payables		783,229	(121,552)	(229,758)	4,164
Cash flows from/ (used in) operations		2,134,501	515,494	(238,768)	-
Interest paid		(661,831)	(58,909)	(11,130)	-
Interest received		99,859	-	-	-
Taxation paid		(121,708)	(74,011)	-	-
Taxation refunded		-	16,498	-	-
Net cash generated from / (used in) operating activities		1,450,820	399,072	(249,898)	-
<i>Cash flows from investing activities</i>					
Acquisition of property, plant and equipment		(11,354,880)	(6,076)	-	-
Acquisition of intangible assets		(3,548)	-	-	-
Movement in loans to related parties		(1,469,677)	495,581	-	-
Consideration to acquire investments		-	(19,571)	-	-
Net cash used in investing activities		(12,828,105)	469,934	-	-
<i>Cash flows from financing activities</i>					
Movement in bank loans		800,534	(19,582)	-	-
Movement in loans from related parties		(188,986)	(556,661)	250,000	-
Movement in beneficial owner's loan		-	30,273	-	-
Increase in debt securities in issue		13,500,000	-	-	-
Net cash generated from / (used in) financing activities		14,111,548	(545,970)	250,000	-
Net movement in cash and cash Equivalents		2,734,264	323,036	102	-

ENDO VENTURES LTD

Statements of Cash Flows

For the year ended 31 December 2019

(continued)

	Note	Group		Company	
		2019	2018	2019	2018
		€	€	€	€
Net movement in cash and cash equivalents		2,734,264	323,036	102	-
Cash and cash equivalents on acquisition		-	(2,000,569)	-	-
Cash and cash equivalents at the beginning of the year / period		(1,683,702)	-	-	-
Effects of exchange rate changes on cash and cash equivalents		576	(6,169)	-	-
Cash and cash equivalents at the end of the year / period	15	<u>1,051,138</u>	<u>(1,683,702)</u>	<u>102</u>	<u>-</u>

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

1. General information

Endo Ventures Ltd is a limited liability company incorporated in Malta. The company is the ultimate holding company of the Endo Group.

2. Significant accounting policies

Accounting convention and basis of preparation

These consolidated financial statements are presented using the Euro, being the currency that reflects the economic substance of the underlying events and circumstances relevant to the company and the group. They are prepared under the historical cost convention as modified by the fair valuation convention where required by International Financial Reporting Standards, in accordance with the provisions of the Companies Act, 1995 enacted in Malta, and the requirements of International Financial Reporting Standards as adopted by the EU. The accounting policies set out below have been applied consistently to all periods presented in these financial statements.

The preparation of financial statements in conformity with International Financial Reporting Standards 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 (see Note 3 - Critical accounting estimates and judgements).

New and revised standards that are effective for the current period

Implementation of IFRS 16

In the current year, the group and the company applied IFRS 16, 'Leases' that is effective for periods that begin on or after 1 January 2019. IFRS 16, 'Leases' introduces a comprehensive model for the identification of lease arrangements and accounting treatments for both lessors and lessees. Under the new standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised, with the exception of short-term and low-value leases. IFRS 16 will supersede the current lease guidance of IAS 17 and the related interpretations.

The adoption of IFRS 16 has not had an impact on the financial position and financial performance of the group and the company.

New and revised standards that are issued but not yet effective

Amendments to IAS 1 and IAS 8 Definition of material

The amendments are intended to make the definition of material in IAS 1 easier to understand and are not intended to alter the underlying concept of materiality in IFRS Standards. The concept of 'obscuring' material information with immaterial information has been included as part of the new definition. The threshold for materiality influencing users has been changed from 'could influence' to 'could reasonably be expected to influence'. The definition of material in IAS 8 has been replaced by a reference to the definition of material in IAS 1. The amendments are applied prospectively for annual periods beginning on or after 1 January 2020, with earlier application permitted.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

New and revised standards that are issued but not yet effective (continued)

Amendments to IFRS 3 Definition of a business

The amendments clarify that while businesses usually have outputs, outputs are not required for an integrated set of activities and assets to qualify as a business. To be considered a business an acquired set of activities and assets must include, at a minimum, an input and a substantive process that together significantly contribute to the ability to create outputs. Additional guidance is provided that helps to determine whether a substantive process has been acquired. The amendments introduce an optional concentration test that permits a simplified assessment of whether an acquired set of activities and assets is not a business. Under the optional concentration test, the acquired set of activities and assets is not a business if substantially all of the fair value of the gross assets acquired is concentrated in a single identifiable asset or group of similar assets. The amendments are applied prospectively to all business combinations and asset acquisitions for which the acquisition date is on or after the first annual reporting period beginning on or after 1 January 2020, with early application permitted.

Amendments to References to the Conceptual Framework in IFRS Standards

The IASB has also issued Amendments to References to the Conceptual Framework in IFRS Standards. The document contains amendments to IFRS 2, IFRS 3, IFRS 6, IFRS 14, IAS 1, IAS 8, IAS 34, IAS 37, IAS 38, IFRIC 12, IFRIC 19, IFRIC 20, IFRIC 22, and SIC-32.

The directors do not expect that the adoption of the amended Standards will have a material impact on the financial statements of the company.

Basis of consolidation

These financial statements include the results of the parent company; Endo Ventures Ltd, of its subsidiaries; Endo Finance p.l.c., Endo Tankers Ltd, P & C Limited, and International Fender Providers Ltd, and sub-subsidiaries; Endo One Maritime Ltd, Endo Two Maritime Ltd, Endo Three Maritime Ltd, Intership Management Limited, Endo Headwind Maritime Ltd, Endo Tailwind Maritime Ltd, and IFP International Fender Providers Ltd.

Subsidiaries

Control is presumed to exist where more than one half of the subsidiary's voting power is controlled by the parent company, or the parent company is able to govern the financial and operating policies of the subsidiary, or control the removal or appointment of a majority of the subsidiary's board of directors. Intra group balances and transactions are eliminated on consolidation.

The results of subsidiary companies acquired or sold during the period are included in the consolidated statement of comprehensive income from or to the effective date of acquisition or disposal. The acquisition of subsidiaries is accounted for by applying the purchase method. The cost of the acquisition is measured at the aggregate of the fair values at the date of exchange of assets less liabilities incurred, and equity instruments issued by the group in exchange for control plus any costs directly attributable to the business combination.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Subsidiaries (continued)

Any excess of the cost of the business combination over the group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities recognised at the date of acquisition is recognised as goodwill. Goodwill is initially recognised at cost and is subsequently measured at cost less any impairment losses. Any excess of the group's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the cost of the business combination, after reassessment, is recognised immediately in the statement of comprehensive income.

The interest of minority shareholders in the acquiree is initially measured at the minority's proportion of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities recognised. After initial recognition, minority interest in the net assets consists of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination.

Investment property

Investment property is property held to earn rentals or for capital appreciation or both. Investment property is recognised as an asset when it is probable that the future economic benefits that are associated with the investment property will flow to the enterprise and the cost can be measured reliably. Investment property is initially recognised at cost, including transaction costs.

Subsequent to initial recognition, investment property is stated at fair value unless the investment property is classified or included in a disposal group that is classified as held for sale, in which case, the investment property is measured at the lower of its carrying amount and fair value less costs to sell. Gains or losses arising from changes in fair value of investment property are recognised in profit and loss in the period in which the changes arise. The fair value movement on investment property, net of tax, is reclassified in the statement of changes in equity from retained earnings to the revaluation reserve.

Investment property is derecognised on disposal or when it is permanently withdrawn from use and no future economic benefits are expected from its disposal. Gains or losses on derecognition represent the difference between the net disposal of proceeds, if any, and the carrying amount, and are recognised in the statement of comprehensive income in the period of derecognition.

Property, plant and equipment

Property, plant and equipment are initially recorded at cost. Except for land and buildings, they are subsequently stated at cost less accumulated depreciation and impairment losses.

Subsequent to initial recognition, land and buildings is stated at fair value unless the land and buildings is classified or included in a disposal group that is classified as held for sale, in which case, the land and buildings is measured at the lower of its carrying amount and fair value less costs to sell. Gains or losses arising from changes in fair value of land and buildings are recognised in other comprehensive income in the period in which the changes arise.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Property, plant and equipment (continued)

Property, plant and equipment are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the statement of comprehensive income in the period of derecognition.

Depreciation is provided at rates intended to write down the cost of the assets or revalued amounts over their expected useful lives. The annual rates used, which are consistent with those applied in the previous period, are as follows:

Improvements	1-20% Straight line
Vessels	10% Straight line
Drydocking	20% Straight line
Fenders	10% Straight line
Hardware	25% Straight line
Other machinery	20% Straight line
Electrical installations	10% Straight line
Furniture and fittings	10% Straight line
Air conditioner	17% Straight line
Lift	17% Straight line
Plant and machinery	20% Straight line
Hoses	13% Straight line
Motor vehicles	20% Straight line

Intangible assets

Intangible assets are initially recorded at cost. They are subsequently stated at cost less accumulated amortisation and impairment losses.

Intangible assets are derecognised on disposal or when no future economic benefits are expected from their use or disposal. Gains or losses arising from derecognition represent the difference between the net disposal proceeds, if any, and the carrying amount, and are included in the Statement of Profit or Loss and Other Comprehensive Income in the period of derecognition.

Amortisation is provided at rates intended to write down the cost of the assets over their expected useful lives. The annual rates used are as follows:

Website	10% Straight line
---------	-------------------

Financial instruments

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially recognised at their fair value plus directly attributable transaction costs for all financial assets or financial liabilities not classified at fair value through profit or loss.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when the company has a legally enforceable right to set off the recognised amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Financial instruments (continued)

Financial liabilities are derecognised when they are extinguished. This occurs when the obligation specified in the contract is discharged, cancelled or expires.

An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

(i) Investments

A subsidiary is an entity that is controlled by the company. Control is the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

Investments in subsidiaries are stated at cost less any impairment loss which may have arisen. Income from investment is recognized only to the extent of distributions received by the company from post-acquisition profits. Distributions received in excess of such profits are regarded as recovery of investment and are recognized as a reduction of the cost of investment.

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market other than those that are held for trading or are designated upon initial recognition as at fair value through profit or loss or as available-for-sale financial assets or those for which the company may not recover substantially all of its initial investment other than because of credit deterioration.

After initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is not material.

(ii) Financial assets at amortised cost

Financial assets at amortised cost are financial assets that meet the following conditions and are not designated at FVTPL:

- They are held within a business model whose objective is to hold the financial assets and collect contractual cashflows; and
- The contractual loans of the financial assets give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding.

After initial recognition, these are measured at amortised cost using the effective interest method. Discounting is omitted where the effect of discounting is not material.

(iii) Trade payables

Trade payables are classified with current liabilities and are stated at their nominal value.

(iv) Debt securities in issue

Debt securities in issue are stated at amortised cost. The amortisation is calculated using the effective yield method and is recognised in profit or loss over the period of the debt security.

(v) Other borrowings

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

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Financial instruments (continued)

(vi) Shares issued by the company

Ordinary shares issued by the company are classified as equity instruments.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to set off the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

Impairment testing for intangible assets and property, plant and equipment

For impairment assessment purposes, assets are grouped at the lowest levels for which there are largely independent cash inflows (cash-generating units). As a result, some assets are tested individually for impairment and some are tested at cash-generating unit level. These assets are tested 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 asset's (or cash generating unit's) carrying amount exceeds its recoverable amount, which is higher of fair value less costs of disposal and value-in-use. These assets are subsequently reassessed for indications that an impairment loss previously recognised may no longer exist.

An impairment loss is reversed if there has been a change in the estimate used to determine the recoverable amount.

Impairment of financial assets

Impairment calculations for financial assets use forward-looking information to recognise expected credit losses - the 'expected credit loss (ECL) model'. Instruments within the scope of this impairment model include loans and other debt-type financial assets measured at amortised cost and FVOCI, trade receivables, contract assets recognised and measured under IFRS 15 and loan commitments and some financial guarantee contracts that are not measured at fair value through profit or loss. In applying this forward-looking approach, a distinction is made between: financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk (stage 1), financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low (stage 2) and financial assets that have objective evidence of impairment at the reporting date (stage 3).

'12-month expected credit losses' are recognised for the first category and whole 'lifetime expected credit losses' are recognised for the second and third category. Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Revenue recognition

Revenue is recognised to the extent that it is probable that future economic benefits will flow to the group and the company and these can be measured reliably. The following specific recognition criteria must also be met before revenue is recognised:

Services

Revenue represent the invoiced value of services rendered, net of taxes. Revenue from services rendered is recognised in proportion to the stage of completion of the transaction. Revenue is recognised either at a point in time or over time, when the entity satisfies performance obligations by providing the promised services to its customers.

Interest income

Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts the estimated future cash receipts through the expected life of the financial asset to the asset's net carrying amount.

Rental income

Rental income is accounted for on an accrual basis.

Dividends receivable

Dividends receivable are accounted for when they are declared.

Taxation

Current tax is charged or credited to profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

The charge for current tax is based on the taxable result for the period. The taxable result for the period differs from the result as reported in profit or loss because it excludes items which are non-assessable or disallowed and it further excludes items that are taxable or deductible in other periods. It is calculated using tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax is calculated at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted by the statement of financial position date.

Deferred tax assets and liabilities are offset when the company has a legally enforceable right to settle its current tax assets and liabilities on a net basis.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

2. Significant accounting policies (continued)

Employee benefits

The group and the company contribute towards the state pension in accordance with local legislation. The only obligation of the company is to make the required contributions. Costs are expensed in the period in which they are incurred.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and deposits repayable on demand less bank balances overdrawn. Bank balances overdrawn that are repayable on demand and form part of the group's and the company's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

3. Judgements in applying accounting policies and key sources of estimation uncertainty

In the process of applying the group's and the company's accounting policies, management has made no judgements which can significantly affect the amounts recognised in the financial statements.

At the statement of financial position date, there were no key assumptions concerning the future, or any other key sources of estimation uncertainty, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial period.

4. Revenue

	Group		Company	
	2019	2018	2019	2018
	(12 months)	(7 months)	(12 months)	(7 months)
	€	€	€	€
Dividends receivable	-	-	99,115	-
Rent receivable	168,562	83,903	-	-
Management fees receivable	23,060	15,374	-	-
Ship management fees	635,100	145,800	-	-
Fendering revenue	1,634,915	550,228	-	-
Hire of fendering equipment	20,436	-	-	-
Bareboat charter	313,960	51,653	-	-
Time charter	2,748,604	-	-	-
	<u>5,544,637</u>	<u>846,958</u>	<u>99,115</u>	<u>-</u>

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

5. Other operating income

	Group		Company	
	2019 (12 months) €	2018 (7 months) €	2019 (12 months) €	2018 (7 months) €
Rent recharged to third party	8,838	1,082	-	-
Gain from bargain purchase	-	6,740,275	-	-
Interest receivable from other related parties	99,854	-	-	-
Bank interest receivable	5	-	-	-
	<u>108,697</u>	<u>6,741,357</u>	<u>-</u>	<u>-</u>

Gain from bargain purchase

On 10 October 2018, Endo Ventures Ltd acquired P & C Limited and its subsidiary; Intership Management Limited, and International Fender Providers Ltd and its subsidiary; IFP International Fender Providers Ltd. On acquisition, the subsidiaries and sub-subsidiaries had the following identifiable assets and liabilities:

	€
Assets	
Investment property	1,800,000
Property, plant and equipment	6,568,196
Long-term related party loans	3,406,112
Current tax	7,076
Trade receivables	640,561
Other receivables	749,656
Cash at bank and in hand	6,845
	<u>13,178,446</u>
Liabilities	
Bank balances overdrawn and overdraft	2,007,414
Bank loans	865,175
Deferred tax	314,177
Long-term related party loans	1,290,215
Trade payables	1,280,119
Other payables	661,500
	<u>(6,418,600)</u>
	<u>6,759,846</u>
Consideration	(19,571)
	<u>6,740,275</u>

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

6. Finance costs

	Group		Company	
	2019 (12 months) €	2018 (7 months) €	2019 (12 months) €	2018 (7 months) €
Interest on debt securities in issue	455,625	-	-	-
Interest on bank overdraft	118,709	58,909	-	-
Interest on bank loans	84,695	-	-	-
Interest on related party loan	-	-	11,130	-
Other interest	2,802	-	-	-
	<u>661,831</u>	<u>58,909</u>	<u>11,130</u>	<u>-</u>

7. Profit / (loss) before taxation

	Group		Company	
	2019 (12 months) €	2018 (7 months) €	2019 (12 months) €	2018 (7 months) €
Profit / (loss) before taxation is stated after charging:				
Auditors' remuneration	26,722	2,913	6,336	1,000
Staff costs	217,076	42,774	-	-
Directors' remuneration	24,000	-	-	-
Depreciation	1,226,138	106,998	-	-
Amortisation	355	-	-	-
Net difference on exchange	85,801	(32,660)	-	-
	<u></u>	<u></u>	<u></u>	<u></u>

Staff costs

	Group		Company	
	2019 (12 months) €	2018 (7 months) €	2019 (12 months) €	2018 (7 months) €
Wages and salaries (including directors' remuneration)	370,586	72,535	-	-
Social security costs	18,991	7,054	-	-
Wages recharged	(148,501)	(36,815)	-	-
	<u>241,076</u>	<u>42,774</u>	<u>-</u>	<u>-</u>

The average number of employees (based pro-rata on a 40-hour week) during the period were:

- Operations	6	3	-	-
- Administration	1	1	-	-
	<u>7</u>	<u>4</u>	<u>-</u>	<u>-</u>

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

8. Income tax

	Group		Company	
	2019 (12 months) €	2018 (7 months) €	2019 (12 months) €	2018 (7 months) €
<i>Malta Income Tax:</i>				
Current taxation	93,397	45,140	-	-
Deferred taxation	236,775	359,749	-	-
	<u>330,172</u>	<u>404,889</u>	<u>-</u>	<u>-</u>

The accounting profit / (loss) and the tax charge for the year / period are reconciled as follows:

	Group		Company	
	2019 (12 months) €	2018 (7 months) €	2019 (12 months) €	2018 (7 months) €
Profit / (loss) before taxation	2,583,619	6,788,410	70,434	(2,964)
Tax thereon at 35%	904,267	2,375,944	24,652	(1,037)
<i>Tax effect of permanent differences:</i>				
Disallowed expenses	(574,095)	(1,971,055)	10,038	1,037
Exempt income	-	-	(34,690)	-
Tax charge for the year / period	<u>330,172</u>	<u>404,889</u>	<u>-</u>	<u>-</u>

9. Investment property

Group

	Freehold land and buildings €
<i>Fair value</i>	
On acquisition	1,800,000
At 31 December 2018	<u>1,800,000</u>
Additions	763,043
Movement in fair value	<u>2,236,957</u>
At 31 December 2019	<u>4,800,000</u>
<i>Carrying amount</i>	
At 31 December 2019	<u>4,800,000</u>
At 31 December 2018	<u>1,800,000</u>

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

9. Investment property (continued)

The fair value of the investment property of the group as at 31 December 2019 is based on the valuations carried out by independent architects. The architects are qualified and have recent experience in the valuation of properties of similar locations and categories.

Details of the investment property and the information about the fair value hierarchy as at the end of the year is as follows:

Type of property	Level 2 €	Date of valuation
Commercial property	1,800,000	7 August 2019
Commercial property	260,000	9 October 2019
Residential	2,740,000	9 October 2019
	<u>4,800,000</u>	

There were no transfers between the hierarchy levels during the year.

For investment property categorised under Level 2 of the fair value hierarchy, the following approaches and inputs were used:

Type of Property	Valuation Technique	Inputs
Commercial property amounting to € 2,060,000	Market approach	The value of the property was based on the selling price of similar commercial property.
Residential property amounting to € 2,740,000	Market approach	The value of the property is based on the selling price of similar residential property.

During the year, the group used the same valuation technique used in the previous period.

10. Property, plant and equipment

The fair value of the land and buildings of the group as at 31 December 2019 is based on the valuation carried out by an independent architect. The architect is qualified and has experience in the valuation of properties of similar locations and categories.

Details of the land and buildings and the information about the fair value hierarchy as at the end of the year is as follows:

Type of property	Level 2 €	Date of valuation
Commercial property	<u>5,400,000</u>	7 August 2019

There were no transfers between the hierarchy levels during the year. For land and buildings categorised under Level 2 of the fair value hierarchy, the following approaches and inputs were used:

Type of Property	Valuation Technique	Inputs
Commercial property	Market approach	The value of the property was based on the selling price of similar commercial property.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

10. Property, plant and equipment (continued)

Group

	Land and buildings €	Improve-ments €	Vessels €	Drydocking €	Fenders €	Hardware €	Other machinery €	Electrical installations €	Furniture and fittings €	Air Conditioner €	Lift €	Plant and machinery €	Hoses €	Motor Vehicles €	Total €
<i>Cost/ Fair value</i>															
On acquisition	5,400,000	174,603	532,215	112,931	1,055,101	-	66,884	69,943	128,856	97,218	29,334	89,124	524,768	60,525	8,341,502
Additions	-	150	1,779,249	-	-	-	5,382	-	-	-	-	-	-	-	1,784,781
Disposals	-	-	-	-	(11,392)	-	-	-	-	-	-	-	(40,718)	-	(52,110)
At 31 December 2018	5,400,000	174,753	2,311,464	112,931	1,043,709	-	72,266	69,943	128,856	97,218	29,334	89,124	484,050	60,525	10,074,173
Additions	-	-	11,359,553	-	536	1,028	2,750	-	-	-	-	-	-	-	11,363,867
Disposals	-	-	-	-	-	-	(8,987)	-	-	-	-	-	-	-	(8,987)
At 31 December 2019	5,400,000	174,753	13,671,017	112,931	1,044,245	1,028	66,029	69,943	128,856	97,218	29,334	89,124	484,050	60,525	21,429,053
<i>Depreciation</i>															
On acquisition	-	4,517	199,144	32,570	685,771	-	46,195	68,657	124,802	97,218	29,334	52,908	376,893	47,519	1,765,528
Charge for the period	-	1,910	47,216	5,074	17,562	-	2,154	1,286	4,054	-	-	3,041	23,712	989	106,998
On disposals	-	-	-	-	(4,158)	-	-	-	-	-	-	-	(40,718)	-	(44,876)
At 31 December 2018	-	6,427	246,360	37,644	699,175	-	48,349	69,943	128,856	97,218	29,334	55,949	359,887	48,508	1,827,650
Charge for the year	-	2,627	1,017,770	22,586	70,757	514	6,150	-	-	-	-	13,533	87,797	4,404	1,226,138
At 31 December 2019	5,400,000	9,054	1,264,130	60,230	769,932	514	54,499	69,943	128,856	97,218	29,334	69,482	447,684	52,912	3,053,788
<i>Carrying amount</i>															
At 31 December 2019	5,400,000	165,699	12,406,887	52,701	274,313	514	11,530	-	-	-	-	19,642	36,366	7,613	18,375,265
At 31 December 2018	5,400,000	168,326	2,065,104	75,278	344,534	-	23,917	-	-	-	-	33,175	124,163	12,017	8,246,523

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

11. Intangible assets

Group

	Website €
<i>Cost</i>	
Additions	3,548
At 31 December 2019	<u>3,548</u>
<i>Depreciation</i>	
Charge for the year	355
At 31 December 2019	<u>355</u>
<i>Carrying amount</i>	
At 31 December 2019	<u>3,193</u>

12. Financial assets

Group

	Loans to related parties €
<i>Cost</i>	
Movement	2,950,812
At 31 December 2018	<u>2,950,812</u>
Movement	706,634
At 31 December 2019	<u>3,657,446</u>

Loans to related parties

Loans to related parties are unsecured, bear interest at 6.5% per annum and have no fixed date of repayment.

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

12. Financial assets (continued)

Company	Investment in subsidiaries €
<i>Cost</i>	-
Movement	2,070,024
At 31 December 2018	2,070,024
Movement	-
At 31 December 2019	2,070,024

Investment in subsidiaries

At year-end, the company held 20% or more (directly or indirectly) of the share capital of the following companies:

Company	Registered address	Shares held Class	Shares held Percentage
Endo Finance p.l.c.	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
Endo Tankers Ltd	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
P & C Limited	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
International Fender Providers Ltd	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
Endo One Maritime Ltd	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
Endo Two Maritime Ltd	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
Endo Three Maritime Ltd	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
Intership Management Limited	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
Endo Headwind Maritime Ltd	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
Endo Tailwind Maritime Ltd	10, Timber Wharf Marsa MRS 1443, Malta	Ordinary	100%
IFP International Fender Providers Ltd	Greg Tower, Floor 2, Florinis 7 1065 Nicosia, Cyprus	Ordinary	100%

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

13. Trade and other receivables

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Trade receivables	621,343	567,924	-	-
Provision for doubtful debts	(2,288)	(2,288)	-	-
Amounts owed from related parties <i>Note</i>	621,169	93,344	91,774	-
Advance payments to suppliers	6,015	17,413	-	-
Other receivables	51,313	87,295	-	1,200
	<u>1,297,552</u>	<u>763,688</u>	<u>91,774</u>	<u>1,200</u>
Financial assets	1,297,552	763,688	91,774	1,200
Prepayments	96,470	83,363	-	-
Accrued income	86,916	120,160	-	-
	<u>1,480,938</u>	<u>967,211</u>	<u>91,774</u>	<u>1,200</u>

Amounts owed from related parties

Amounts owed from related parties are unsecured, interest-free, and have no fixed date of repayment.

14. Current tax recoverable

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Balance at beginning of year/ upon acquisition	4,070	(8,303)	-	-
Provision for the year / period	(93,397)	(45,140)	-	-
Settlement tax paid	110,125	23,262	-	-
Provisional tax paid	11,583	50,749	-	-
Tax refunded	-	(16,498)	-	-
	<u>32,381</u>	<u>4,070</u>	<u>-</u>	<u>-</u>

15. Cash and cash equivalents

Cash and cash equivalents included in the cash flow statement comprise the following:

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Cash at bank and in hand	1,709,493	478,043	102	-
Bond trustee account	1,393,114	-	-	-
Bank overdraft	(2,050,703)	(2,158,878)	-	-
Bank balance overdrawn	(766)	(2,867)	-	-
	<u>1,051,138</u>	<u>(1,683,702)</u>	<u>102</u>	<u>-</u>

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

16. Called up issued share capital

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
<i>Authorised</i>				
2,130,000 ordinary shares of €1 each	2,130,000	2,130,000	2,130,000	2,130,000
<i>Called up issued and fully paid up</i>				
1,819,530 ordinary shares of €1 each	1,819,530	1,819,530	1,819,530	1,819,530

Each ordinary share gives the right to one vote, participates equally in profits distributed by the company and carries equal rights upon the distribution of assets by the company in the event of a winding up.

17. Debt securities in issue

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Additions	13,500,000	-	-	-
Capitalization of bond issue costs	(300,142)	-	-	-
Bond issue costs amortisation for the year	30,014	-	-	-
Amortised cost at end of period	13,229,872	-	-	-
Falling due within one year	30,014	-	-	-
Falling due between two and five years	120,057	-	-	-
Falling due between over five years	13,079,801	-	-	-
	13,229,872	-	-	-

As at year-end, the Endo Finance p.l.c. had a balance of €13,229,872 from the bond issue of €13,500,000 4.5% bonds of €50,000 nominal value each, redeemable at par in 2029. The amount is made up of the bond issue of €13,500,000 net of the bond issue costs which are being amortised over the lifetime of the bonds. Interest on the bonds is due and payable annually in arrears on 22 March of each year at the above-mentioned rate.

The bonds are guaranteed by three companies forming part of the same group: International Fender Providers Ltd (C 69877), IFP International Fender Providers Ltd (HE 348221) and P & C Limited (C 13033).

ENDO VENTURES LTD

Notes to the Financial Statements

For the year ended 31 December 2019

18. Borrowings

		Group		Company	
		2019	2018	2019	2018
		€	€	€	€
<i>Falling due within one year:</i>					
Bank balance overdrawn		766	2,867	-	-
Bank overdraft	Note	2,050,703	2,158,878	-	-
Bank loans	Note	227,750	112,082	-	-
Short-term borrowings		2,279,219	2,273,827	-	-
<i>Falling due in between two and five years:</i>					
Bank loans	Note	801,294	373,383	-	-
Amounts owed to related parties	Note	544,568	733,554	250,000	-
Beneficial owners' loan	Note	30,273	30,273	-	-
		1,376,135	1,137,210	250,000	-
<i>Falling due after five years:</i>					
Bank loans	Note	617,083	360,128	-	-
		617,083	360,128	-	-
Long-term borrowings		1,993,218	1,497,338	250,000	-
		4,272,437	3,771,165	250,000	-

Bank overdraft

At year-end, one of the subsidiaries had a bank overdraft facility equivalent to € 2,172,402. This facility is secured by a general hypothec over the subsidiary's assets, by a special hypothec over property in Sliema and by guarantees given by a related company. It bears interest at 5.512% per annum.

Bank loans

Two of the subsidiaries have five bank loans. The loans are secured by a general hypothec over the subsidiaries' assets, by a special hypothec over property owned in Mosta, Marsa and Sliema, by pledges taken over various insurance policies, by guarantees of the parent company, and by personal guarantees of the shareholders. They bear interest between 4.85% and 5.35% per annum and are repayable by total monthly instalments of € 25,669 inclusive of interest.

Amounts owed to related parties

The group's amounts owed to related parties are unsecured, interest-free and have no fixed date of repayment. The company's amounts owed to related parties are unsecured, bear interest at 6.5% per annum and has no fixed date of repayment.

Beneficial owners' loan

Beneficial owners' loan is unsecured, interest-free and has no fixed date of repayment.

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Notes to the Financial Statements

For the year ended 31 December 2019

19. Trade and other payables

		Group		Company	
		2019	2018	2019	2018
		€	€	€	€
Trade payables		447,499	994,694	-	-
Amounts owed to related parties	<i>Note</i>	810,866	349,930	18,880	253,658
Other payables		360,100	360,000	-	-
Indirect taxes		8,176	3,973	-	-
Accruals and deferred income		970,207	105,021	6,020	1,000
		<u>2,596,848</u>	<u>1,813,618</u>	<u>24,900</u>	<u>254,658</u>
Current		2,596,848	1,453,618	24,900	254,658
Non-current		<u>-</u>	<u>360,000</u>	<u>-</u>	<u>-</u>

Amounts owed to related parties

Amounts owed to related parties are unsecured, interest-free and have no fixed date of repayment.

20. Deferred tax

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Unabsorbed tax losses and capital allowances	(4,015)	-	-	-
Excess of capital allowances over depreciation	(31,981)	(26,463)	-	-
Provision for doubtful debts	(801)	(801)	-	-
Unrealised difference on exchange	50,566	44,258	-	-
Revaluation of property	888,000	648,000	-	-
	<u>901,769</u>	<u>664,994</u>	<u>-</u>	<u>-</u>

21. Related parties

No individual holds a controlling interest in the equity of the ultimate parent company.

Outstanding balances with related parties at year-end are disclosed in notes 12, 13, 18 and 19 to these financial statements.

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Notes to the Financial Statements

For the year ended 31 December 2019

21. Related parties (continued)

The group entered into transactions with related parties as follows:

	2019 (12 months) €	2018 (7 months) €
<i>Transactions with other related parties:</i>		
Revenue	1,043,629	18,131
Interest receivable	101,846	-
Acquisition of property	763,043	-
Vessel acquisition	-	1,779,249
Acquisition of subsidiaries	-	2,070,024
Directors' fees recharged from	92,680	44,673
Salaries recharged from	171,406	-
Expenses recharged from	39,498	-

The company entered into transactions with related parties as follows:

	2019 (12 months) €	2018 (7 months) €
<i>Transactions with subsidiaries:</i>		
Dividends receivable	99,115	-
Interest payable	11,130	-

22. Contingent liabilities

As at year-end, the group had guarantees in favour of related parties amounting to € 3,990,555 (2018: € 3,990,555).

23. Risk management objectives and policies

The group and the company are exposed to credit risk, liquidity risk and market risk through their use of financial instruments which result from its operating and investing activities. The group's and the company's risk management is coordinated by the directors and focuses on actively securing short term to medium term cash flows by minimising the exposure to financial risks.

The most significant financial risks to which the group and the company is exposed to are described below.

Credit risk

The group's and the company's credit risk is limited to the carrying amount of financial assets recognised at the date of the Statement of Financial Position, which are disclosed in Notes 12, 13 and 15.

The group continuously monitors defaults of customers and other counterparties, and incorporates this information into its credit risk controls. The group's policy is to deal only with creditworthy counterparties.

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Notes to the Financial Statements

For the year ended 31 December 2019

22. Risk management objectives and policies (continued)

Credit risk (continued)

None of the group's and the company's financial assets is secured by collateral or other credit enhancements.

The credit risk for liquid funds is considered to be negligible, since the counterparties are reputable institutions with high quality external credit ratings.

Liquidity risk

The group's and the company's exposure to liquidity risk arises from their obligations to meet financial liabilities, which comprise debt securities, trade and other payables and other financial liabilities. Prudent liquidity risk management includes maintaining sufficient cash and committed credit facilities to ensure the availability of an adequate amount of funding to meet the company's obligations when they become due.

At 31 December 2019 and 31 December 2018, the contractual maturities on the financial liabilities of the group and the company were as summarized below. Contractual maturities reflect gross cash flows, which may differ from the carrying values of financial liabilities at the date of the Statement of Financial Position.

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
<i>Bank borrowings</i>				
Less than 6 months	77,208	77,208	-	-
From 6 to 12 months	77,208	77,208	-	-
From 1 to 5 periods	396,392	483,991	-	-
More than 5 periods	353,449	492,133	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Non-bank borrowings</i>				
Less than 6 months	607,500	-	-	-
From 6 to 12 months	-	-	-	-
From 1 to 5 periods	243,000	-	-	-
More than 5 periods	16,063,151	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

Foreign currency risk

Most of the group's and the company's transactions are carried out in Euro and US Dollar. Exposure to currency exchange rates arise from the company's transactions in foreign currencies.

The risk arising from foreign currency transactions is managed by regular monitoring of the relevant exchange rates.

Interest rate risk

The group's and the company's exposure to interest rate risk is limited since their borrowings are at fixed interest rates.

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Notes to the Financial Statements

For the year ended 31 December 2019

23. Capital management policies and procedures

The group's and the company's capital management objectives are to ensure their ability to continue as a going concern and to provide an adequate return to shareholders by pricing commensurately with the level of risk, and maintaining an optimal capital structure to reduce the cost of capital. The group monitors the level of debt, which includes debt securities, trade and other payables and other financial liabilities less cash and cash equivalents, against total capital on an ongoing basis.

24. Fair values

Fair value of instruments not carried at fair value

At 31 December 2019 and 31 December 2018, the carrying amounts of cash and cash equivalents, trade and other receivables and trade and other payables reflected in the financial statements are reasonable estimates of fair value in view of the nature of these instruments or the relatively short period of time between the origination of the instruments and their expected realisation.

Fair value estimation in relation to financial instruments carried at fair value

The fair value of non-current financial instruments for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the company for similar financial instruments.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

The following table sets out the carrying amounts of these financial instruments:

	Group		Company	
	2019	2018	2019	2018
	€	€	€	€
Trade and other receivables	1,480,938	967,211	91,774	1,200
Cash at bank and in hand	1,709,493	478,043	102	-
Bond trustee account	1,393,114	-	-	-
Financial Assets	4,583,545	1,445,254	91,876	1,200
Bank overdraft and balance overdrawn	2,051,469	2,161,745	-	-
Trade and other payables	2,596,848	1,813,618	24,900	254,658
Financial Liabilities	4,648,317	3,975,363	24,900	254,658

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Notes to the Financial Statements

For the year ended 31 December 2019

25. Events after the reporting period

Subsequent to year-end, the World Health Organisation declared the spread of Coronavirus Disease (COVID-19), a worldwide pandemic. COVID-19 is having significant effects on global markets, supply chains, businesses, and communities. The directors are monitoring the situation and taking action to safeguard the interests of the group and company. To date, the group and company are operating as normal. The full impact of COVID-19 is unknown and cannot be reasonably estimated as these events are still developing.