

**Inform Albania sh.p.k**  
**Independent Auditor's report and**  
**Financial Statements as at and for the year ended December 31<sup>st</sup> , 2019**

## TABLE OF CONTENTS

	<b>PAGE</b>
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS:	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF FINANCIAL PERFORMANCE	4
STATEMENT OF CHANGES IN EQUITY	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7 - 22

## **INDEPENDENT AUDITOR'S REPORT**

**To the Shareholders/ Owners of Inform Albania sh.p.k**

### **Opinion**

We have audited the financial statements of **Inform Albania sh.p.k** (the Company), which comprise the statement of financial position as at December 31, 2019, the statement of performance, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2019, and its financial performance and its cash flows for the year then ended in accordance with revised National Accounting Standards in Albania.

### **Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company within the meaning of ethical requirements applicable in the audit of financial statements in Albania and have fulfilled our other responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Emphasis of matter**

We draw attention to Note 4 to the financial statements which describes management evaluation of the actual and potential impact of the COVID – 19 pandemic and related restriction measures to the Company. Our opinion is not modified in respect of this matter.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with revised National Accounting Standards 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 related 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 Responsibilities for the Audit of the 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the 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 financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We are required to 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.

April 8, 2020



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**Luan Kamberi**  
Legal Auditor

**Statement of Financial Position  
as at December 31<sup>st</sup>, 2019**

	Notes	December 31, 2019	December 31, 2018
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	5	5,547,580	12,942,427
Trade receivables	6	15,564,945	17,258,048
Receivables from related parties	7	16,174	89,893
Other receivables	8	3,540,691	4,018,757
Inventory	9	16,417,732	10,944,318
Deferred expenses	10	1,577,924	10,469,679
<b>Total current assets</b>		<b>42,665,046</b>	<b>55,723,122</b>
<b>Non-current assets</b>			
Property, plant and equipment	11	23,324,443	17,109,557
Intangible assets	12	9,190	22,142
<b>Total non-current assets</b>		<b>23,333,633</b>	<b>17,131,699</b>
<b>Total assets</b>		<b>65,998,679</b>	<b>72,854,821</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Borrowings	13	3,941,809	23,435
Trade payables	14	6,197,506	3,714,066
Payables to related parties	15	16,592,139	18,966,423
Accrued expenses	16	12,583	11,750
Tax liabilities	17	477,298	661,723
Deferred income	18	-	5,086,215
Other liabilities	19	19,019	19,001
<b>Total current liabilities</b>		<b>27,240,354</b>	<b>28,482,613</b>
<b>Non-current liabilities</b>			
Loans	20	2,059,193	-
<b>Total non-current liabilities</b>		<b>2,059,193</b>	<b>-</b>
<b>Total liabilities</b>		<b>29,299,547</b>	<b>28,482,613</b>
<b>EQUITY</b>			
Subscribed share capital		100	100
Legal reserves		10	10
Other reserves		34,372,098	34,153,675
Profit for the year		2,326,924	10,218,423
<b>Total equity</b>	21	<b>36,699,132</b>	<b>44,372,208</b>
<b>Total equity and liabilities</b>		<b>65,998,679</b>	<b>72,854,821</b>

The financial statement has to be read in conjunction with notes set out in pages 7 to 22, forming part of these financial statements.

**Statement of Financial Performance  
For the year ended December 31<sup>st</sup>, 2019**

	Notes	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
Revenues	22	107,343,352	73,045,818
Changes in inventories of finished goods and work in progress		(532,191)	532,191
Other income from operating activities	23	710,107	216,743
<b>Raw materials and consumables</b>		<b>(80,330,252)</b>	<b>(43,167,016)</b>
1) Raw materials and consumables	24	(72,897,883)	(37,335,580)
2) Other expenses	25	(7,432,369)	(5,831,436)
<b>Personnel expenses</b>	26	<b>(19,840,066)</b>	<b>(14,621,280)</b>
1) Salaries and other benefits		(17,583,022)	(13,019,161)
2) Social and health insurance		(2,257,044)	(1,602,119)
Depreciation and amortization expense	11/12	(4,151,855)	(3,420,011)
Other operating expenses	27	(58)	(2,012)
<b>Finance costs</b>	28	<b>(381,914)</b>	<b>(481,731)</b>
1) Interest expense and other similar		(168,124)	(94,277)
2) Other financial expenses		(213,790)	(387,454)
<b>Profit (Loss) before tax</b>		<b>2,817,123</b>	<b>12,102,702</b>
<b>Income tax expense</b>	29	<b>(490,199)</b>	<b>(1,884,279)</b>
1) Current year income tax expense		(490,199)	(1,884,279)
2) Deferred income tax expense		-	-
<b>Profit (Loss) for the year</b>		<b>2,326,924</b>	<b>10,218,423</b>
<b>Total of other comprehensive income for the year</b>		<b>2,326,924</b>	<b>10,218,423</b>

The financial statement has to be read in conjunction with notes set out in pages 7 to 22, forming part of these financial statements.

Statement of Changes in Equity  
For the year ended December 31<sup>st</sup>, 2019

	Subscribed capital	Legal reserves	Other reserves	Profit\Loss for the year	Total
<b>Balance at 31 December 2017</b>	<b>100</b>	<b>10</b>	<b>26,944,997</b>	<b>17,502,015</b>	<b>44,447,122</b>
Profit / Loss for the year	-	-	-	10,218,423	10,218,423
Movements through equity	-	-	17,502,015	(17,502,015)	-
Dividends paid	-	-	(10,293,337)	-	(10,293,337)
<b>Balance at 31 December 2018</b>	<b>100</b>	<b>10</b>	<b>34,153,675</b>	<b>10,218,423</b>	<b>44,372,208</b>
Profit / Loss for the year	-	-	-	2,326,924	2,326,924
Movements through equity	-	-	10,218,423	(10,218,423)	-
Dividends paid	-	-	(10,000,000)	-	(10,000,000)
<b>Balance at 31 December 2019</b>	<b>100</b>	<b>10</b>	<b>34,372,098</b>	<b>2,326,924</b>	<b>36,699,132</b>

The financial statement has to be read in conjunction with notes set out in pages 7 to 22, forming part of these financial statements.  
Financial statements of the Company for the year ended on December 31, 2019 are approved and signed on 20 February 2020 as follows:

Elvis Sula

Elvis Sula  
Administrator

Mazars Shpk

Mazars sh.p.k  
Compiler of Financial Statements

**INFORM**  
**ALBANIA Shpk**  
NIPT L11518003F - Tirana (Albania)

**Statement of Cash Flows**  
**For the year ended December 31<sup>st</sup>, 2019**

	Notes	For the year ended 31 December 2019	For the year ended 31 December 2018
<b>Cash Flows from operating activities</b>			
Profit (loss) for the year		2,326,924	10,218,423
<i>Adjustments for non-cash items:</i>			
Non-cash financial expense		(10,555)	342,201
Depreciation and amortization expense		4,151,855	3,420,011
Net book value of disposed assets		-	43,022
Decrease/(increase) in trade and other receivables		11,136,643	(2,897,667)
Decrease/(increase) in inventory		(5,473,414)	(232,932)
Increase/(decrease) in trade payables and other payables		(15,160,633)	9,834,054
Increase/(decrease) in liabilities for personnel		-	2,641
<b>Net cash-flows from /(used in) operating activities</b>		<b>(3,029,180)</b>	<b>20,729,753</b>
<b>Cash-flows from /(used in) investing activities</b>			
Payments for purchasing property, plant and equipment		(10,353,789)	(2,699,769)
<b>Net cash-flows from /(used in) investing activities</b>		<b>(10,353,789)</b>	<b>(2,699,769)</b>
<b>Cash-flows from /(used in) financing activities</b>			
Receipts from borrowings		5,977,567	-
Payment of borrowings		-	(1,712,498)
Dividends paid		-	(10,293,337)
<b>Net cash from /(used in) financing activities</b>		<b>5,977,567</b>	<b>(12,005,835)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>(7,405,402)</b>	<b>6,024,149</b>
Cash and cash equivalents at the beginning of the year		12,942,427	7,260,479
<i>Effects of exchange rate fluctuation on the balance of cash held in foreign currencies</i>		10,555	(342,201)
<b>Cash and cash equivalents at the end of the year</b>	5	<b>5,547,580</b>	<b>12,942,427</b>

The financial statement has to be read in conjunction with notes set out in pages 7 to 22, forming part of these financial statements.



*(All amounts are expressed in ALL)*

## **1. General Information**

"Inform Albania" Ltd (the Company) is incorporated as a Limited Liability Company, in accordance with Law Nr.9901, dated April 14<sup>th</sup> 2008 "Trades and Trading Entities".

The company is registered as a legal entity at the National Registration Center, dated March 18, 2011.

The capital of "Inform Albania" Ltd is 100 ALL, divided in 2 quotes.

Shareholders of the company are:

- Albdesign PSP Ltd is owner of 24.5% of equity of the company;
- Inform P.Lykos S.a Processing & Development of Printed Information System is owner of 75.5% of equity of the company.

The main activity of the company is selling of digital typography and managing of every kind of documents and typography. Trading of every similar products and machinery related to that activity. Typography and managing of documents with security elements. Representation of foreign companies in Albania with similar activities.

The address of the company's residence is: "Çerçiz Topulli" Street, Building nr 17, Kashar, Tirana.

As at December 31, 2019 the Company had 18 employees (2018: 17 employees).

## **2. Basis of preparation**

### **2.1. Statement of compliance**

The financial statements have been prepared in accordance with the improved National Accounting Standards (NAS) and Law no. 25/2018, dated 10 May 2018 "Accounting and Financial Statements".

With order No, 64 dated 22 July 2014 "For the declaration and mandatory implementation of Improved National Accounting Standards" the Ministry of Finance decided that Improved National Accounting Standards were mandatory for implementation since January 1<sup>st</sup>, 2015,

This order entered into force with official bulletin nr.119 dated 1 August 2014,

### **2.2. Basis of measurement**

The financial statements have been prepared on the historical cost basis.

### **2.3. Going concern**

The Financial Statements are prepared on the assumption of the business as a going concern, which takes into account that the company will continue its activity for a foreseeable future.

### **2.4. Functional and presentation currency**

These financial statements are presented in Albanian Lek (ALL), which is the Company's functional currency.

### **2.5. Use of estimates and judgments**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, contingent assets and liabilities, at the date of the statement of financial position, as well as the income and expenses incurred during the accounting period.

Estimates and underlying assumptions are reviewed on an ongoing basis and are based on previous experience and other factors including estimates for future events believed to be reasonable considering the present circumstances. In some cases, the management relies on the opinion of independent experts.

The management uses estimates and assumptions as far as the future is concerned.

(All amounts are expressed in ALL)

## 2. Basis of preparation (continues)

### 2.5 Use of estimates and judgments (continues)

Actual results may differ from these estimates. Estimates and assumptions that have significant risk of causing material adjustment to the carrying values of assets and liabilities are described below:

#### 2.5.1 Impairment of account receivable

Impairment of accounts receivable is based on estimated losses resulting from the inability of customers to pay their obligations. Management assesses receivables that are past due in the collection, which are not impaired to the extent of the recoverable amount in receipts in the preceding period. Management assess that there is no need to impair accounts receivables.

#### 2.5.2 Provisions

Provisions generally require a high level of judgment, especially in cases of litigation. The Company evaluates the possibility of creating a present obligation as a result of a past event, if the probability is estimated to be more than 50%, in such cases the company makes provision for the total value of the liability. Due to the high level of uncertainty, in some cases it may happen that the assessment cannot be in line with the outcome of the case. In the end of each period, management assess if a provision is needed.

## 3. Significant accounting policies

The following accounting policies have been applied consistently in all periods presented in the financial statements.

### 3.1. Foreign currency transactions

Transactions in foreign currencies are translated to the functional currency at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference resulting from translating a given number of units of a foreign currency into the functional currency at different exchange rates at the dates of exchange. Non-monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate at the dates of the transaction whereas those that are measured at fair value are retranslated to the functional currency at the exchange rate at the date the fair value was determined. Foreign currency differences arising on retranslation are recognized in income statement.

The respective foreign currencies as at December 31, 2019 and December 31, 2018 are detailed as below:

Exchange Rate	2019	2018
Euro/ALL	121.77	123.42
USD/ ALL	108.64	107.82

### 3.2. Financial instruments

Non-derivative financial instruments comprise other receivables, cash and cash equivalents, due to/due from obligations and other payables.

Non-derivative financial instruments are recognized initially at fair value plus any directly attributable transaction costs, except as described below. For instruments not held at fair value through profit or loss, transaction costs go directly in the income statement. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

A financial instrument is recognized if the Company becomes a party to the contractual provisions of the instrument. Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset have been transferred.

*(All amounts are expressed in ALL)*

### **3. Significant accounting policies (continues)**

#### **3.2. Financial instruments (continues)**

Financial assets are derecognized if the Company's contractual rights to the cash flows from the financial assets expire or if the Company transfers the financial asset to another party without retaining control or substantially all risks and rewards of the asset have been transferred. Normal purchases and sales of financial assets are accounted for at trade date, i.e., the date that the Company commits itself to purchase or sell the asset. Financial liabilities are derecognized if the Company's obligations specified in the contract expire or are discharged or cancelled.

##### *Cash and cash equivalents*

Cash and cash equivalents comprise cash balances, current bank accounts and short-term bank deposits. For the purposes of the cash flow statement, cash and cash equivalents comprise unrestricted deposits with maturity of three months or less from the origination date.

##### *Trade receivable*

Accounts receivable are initially recognized at fair value and subsequently measured at cost less any impairment losses. A provision for impairment of trade receivables is established when there is objective evidence that the Company will not be able to collect all amounts due according to the original terms of the receivables. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganization, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the original effective interest rate.

##### *Trade payable*

Trade payable are stated on initial recognition at their fair value and subsequently at their amortised cost, using the effective interest method.

##### *Loans taken or given*

Borrowings and loans are recognized initially at fair value, excluding transaction costs. After initial recognition, borrowings and loans are presented at amortized cost, by recognizing in profit or loss any difference between the cost and nominal value payable over the period of the borrowings using the effective interest basis.

##### *Fair value*

Estimated fair values of cash and cash equivalents, trade receivable, trade payable and borrowings are estimated to be similar to their net book value.

##### *Others*

Non-derivative instruments are measured with depreciated cost according to the effective interest method, deducting any impairment loss.

##### *Impairment of financial assets*

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount, and the present value of the estimated future cash flows discounted at the original effective interest rate.

Significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

Impairment losses are recognized in the statement of comprehensive income (in profit and loss).

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at their amortised cost, the reversal of the impairment is recognized in the income statement.

**3. Significant accounting policies (continues)**

**3.3. Inventory**

Inventories are recorded at cost. Costs are those expenses incurred to bring each product to the required location and condition. In the case of self produced materials, the cost includes the overall expenses pertaining to the production of materials calculated over the normal production capacity. Inventory cost is calculated based on the weighted average cost method. Inventory balance is recorded in the balance sheet at historical cost, at the lower of their cost and net realizable value.

**3.4. Property, plant and equipment**

*I. Recognition and measurement*

Items of property and equipment are measured at cost less accumulated depreciation and any impairment losses.

Cost includes expenditures that are directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labor, any other costs directly attributable to bringing the asset to a working condition for its intended use, and the costs of dismantling and removing the items and restoring the site on which they are located. Capital expenditures related to self-constructed assets are capitalized in "Construction in progress" and transferred to the appropriate asset category when construction has finished, when is applied the respective depreciation category.

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

Gains and losses on disposal of an item of property and equipment are determined by comparing the proceeds from disposal with the carrying amount of property and equipment and are recognized net within "other income" in income statement.

*II. Subsequent costs*

The cost of replacing part of an item of property and equipment is recognized in the carrying amount of the item if it is probable that the future economic benefits embodied within the part will flow to the Company and its cost can be measured reliably. The costs of the day-to-day servicing of property and equipment are recognized in income statement as incurred.

*III. Depreciation*

Depreciation is calculated based on the residual value depreciation method, over the useful life of the fixed asset, starting from the first day of the month following the month of acquisition. Fixed assets on lease are depreciated based on the shortest between the lease period and the useful life of the asset.

The estimated life expectancy for 2019 and 2018 is shown as below:

<b>Asset category</b>	<b>Depreciation method</b>	<b>Depreciation rate</b>
Furniture	Residual value	20 %
Computer and IT equipment	Residual value	25 %
Machinery and equipment's	Residual value	20 %
Vehicle	Residual value	20 %
Other	Residual value	20 %

*IV. De-recognition*

An item of property, plant and equipment is derecognised when it is disposed or when there are not expected any future economic benefits from its use or its disposal. Gains and losses from the disposal of fixed assets are calculated based on their residual amount and are taken into account calculating the operating profit of the fiscal year.

*(All amounts are expressed in ALL)*

### **3. Significant accounting policies (continues)**

#### **3.5. Revenue recognition**

Revenues are recognised at the extent that it is possible that future economic benefits will flow to the entity and the amounts can be reliably measured. Revenues are measured at the fair value of the consideration received or receivable amount taking into account any trade discounts and volume rebates allowed by the entity.

#### **3.6. Other income from operating activities**

Other incomes from operating activities present the revenues obtained not regularly during the normal course of the economic activity including: profit/loss from the sale of the tangible or intangible assets, profit/loss from the revaluation of property, plant and equipment and profit/loss arisen from exchange rate differences other than those differences arising from investment and financial activities.

#### **3.7. Leases**

Leases are classified as financial or operating since the very beginning. Finance leases are recognized as assets and liabilities at the lowest between the fair value of the asset and the present value of minimum lease payments at the acquisition date. Financial costs are recorded in the income statement under rent expenses at the applicable interest rates over the remaining balance of obligations.

#### **3.8. Finance income and expenses**

Finance income comprises interest income on funds invested in bank deposits and foreign currency gains. Interest income is recognized as it accrues, using the effective interest method.

Finance expenses comprise interest expense on borrowings, foreign currency losses, and impairment losses recognized on financial assets. All borrowing costs are recognized in the income statement using the effective interest method.

#### **3.9. Income tax expense**

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Income tax rate for the year 2019 is 15% (2018: 15%).

Deferred tax represents the difference of profit tax payable (or recoverable) in future periods, which is estimated for the identified temporary differences that arise due to application of different accounting principles from those as per tax authorities. Deferred tax is recognized according to the balance sheet liability method, applying the effective tax rate on the difference between assets and liabilities for financial reporting purposes and values of these assets and liabilities for tax purposes.

Deferred tax balances are measured at tax rates enacted or substantively enacted at the end of the reporting period, which is expected to apply to the period when temporary differences will be cancelled or tax losses carried forward will be used.

Deferred tax assets for deductible temporary differences are recorded to the extent that it is probable that taxable profit in the future can be used for these discounts.

*(All amounts are expressed in ALL)***3. Significant accounting policies (continues)****3.10. Pension funds**

The company pays mandatory contributions for social and health insurance, providing pension benefits to employees in accordance with the Albanian legislation. Fiscal authorities are responsible for providing the minimal legal threshold set for pensions in the relevant jurisdiction under a defined contribution pension plan.

**3.11. Related party transactions**

Related parties are defined as a party controlled by the other party or has significant influence on the business decisions or financial decisions of the other party. For purposes of presentation of financial statements, the management and directors of the company are considered as related parties.

**3.12. Provisions**

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Provisions are reviewed at each reporting date and if there are no indications for any cash outflow for the settlement of any obligation, provisions are reversed.

**3.13. Contingent assets and liabilities**

Contingent liabilities are not recognized in the financial statements. They are presented in the notes to the financial statements as long as the possibility for an outflow of resources embodying economic benefits is remote. A contingent asset is not presented in the financial statements but presented in the notes as long as there is access of the economic benefits. The amount of contingent losses is recognized as a provision if it is probable that future events will confirm that a liability has arisen at the date of financial position and may be a reasonable estimate of the amount of loss.

**4. Critical accounting estimates**

While the COVID-19 pandemic situation is still evolving in Albania and worldwide, its extent is highly uncertain at the time of issuing these financial statements. As a consequence, management is not able to reliably assess and provide a quantitative estimate of the potential impact of this outbreak on the company. As the restricting measures continue, trading volume, cash flow, impairment of assets, inventory, fair value and profitability may be impacted. Nevertheless, at the date of this financial statements, the company is operating, continues to meet its obligations on due time and therefore continues to apply the going concern basis in the preparation of financial statements.

**5. Cash and cash equivalent**

Cash on hand and at banks as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed in table as below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cash at banks	5,465,633	12,922,001
Current account	5,465,633	12,922,001
Cash on hand	81,947	20,426
	<u><b>5,547,580</b></u>	<u><b>12,942,427</b></u>

*(All amounts are expressed in ALL)***6. Trade receivables**Trade receivables as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are as following:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Trade receivables	15,564,945	17,258,048
	<u><b>15,564,945</b></u>	<u><b>17,258,048</b></u>

**7. Receivables from related parties**Receivables from related parties as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Receivables from Albdesign PSP	16,174	89,893
	<u><b>16,174</b></u>	<u><b>89,893</b></u>

**8. Other Receivables**Other receivables as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are broken down below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Corporate Income tax/Profit tax	1,822,400	1,325,434
VAT deductible	360,216	2,386,570
Custom duties	164,736	146,753
Other receivables	1,193,339	160,000
	<u><b>3,540,691</b></u>	<u><b>4,018,757</b></u>

**9. Inventory**Inventory as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are composed as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Cost of raw materials	16,344,580	10,144,009
Goods for resale	73,152	268,118
Finished goods	-	532,191
	<u><b>16,417,732</b></u>	<u><b>10,944,318</b></u>

*(All amounts are expressed in ALL)*

**10. Deferred Expenses**

Deferred expenses as at December 31<sup>st</sup>, 2019 December 31<sup>st</sup>, 2018 are as below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Deferred expenses	1,577,924	10,469,679
	<u>1,577,924</u>	<u>10,469,679</u>



*(All amounts are expressed in ALL)***11. Property, plant and equipment**

	<b>Machinery and Equipments</b>	<b>Vehicles</b>	<b>Office equipments</b>	<b>IT equipments</b>	<b>Other</b>	<b>Total</b>
<b>Cost</b>						
Balance as at 31 December 2017	47,030,472	953,836	73,041	3,350,524	3,261,756	54,669,629
Additions	-	-	-	2,346,873	352,896	2,699,769
Disposals	-	-	-	-	(125,000)	(125,000)
<b>Balance as at 31 December 2018</b>	<b>47,030,472</b>	<b>953,836</b>	<b>73,041</b>	<b>5,697,397</b>	<b>3,489,652</b>	<b>57,244,398</b>
Additions	9,991,154	-	-	74,435	288,200	10,353,789
Disposals	-	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>57,021,626</b>	<b>953,836</b>	<b>73,041</b>	<b>5,771,832</b>	<b>3,777,852</b>	<b>67,598,187</b>
<b>Accumulated depreciation</b>						
Balance as at 31 December 2017	31,961,144	546,867	39,227	2,412,513	1,850,008	36,809,759
Charge for the year	2,778,369	81,394	6,765	234,503	306,029	3,407,060
Disposals	-	-	-	-	(81,978)	(81,978)
<b>Balance as at 31 December 2018</b>	<b>34,739,513</b>	<b>628,261</b>	<b>45,992</b>	<b>2,647,016</b>	<b>2,074,059</b>	<b>40,134,841</b>
Charge for the year	2,977,813	65,115	5,411	778,102	312,462	4,138,903
Disposals	-	-	-	-	-	-
<b>Balance as at 31 December 2019</b>	<b>37,717,326</b>	<b>693,376</b>	<b>51,403</b>	<b>3,425,118</b>	<b>2,386,521</b>	<b>44,273,744</b>
<b>Net Book Value</b>						
<b>Balance as at 31 December 2017</b>	<b>15,069,328</b>	<b>406,969</b>	<b>33,814</b>	<b>938,011</b>	<b>1,411,748</b>	<b>17,859,870</b>
<b>Balance as at 31 December 2018</b>	<b>12,290,959</b>	<b>325,575</b>	<b>27,049</b>	<b>3,050,381</b>	<b>1,415,593</b>	<b>17,109,557</b>
<b>Balance as at 31 December 2019</b>	<b>19,304,300</b>	<b>260,460</b>	<b>21,638</b>	<b>2,346,714</b>	<b>1,391,331</b>	<b>23,324,443</b>

*(All amounts are expressed in ALL)***12. Intangible asset**

	<b>Intangible Asset</b>	<b>Total</b>
<b>Cost</b>		
Balance as at 31 December 2018	86,346	<b>86,346</b>
Additions	-	-
Disposals	-	-
<b>Balance as at 31 December 2019</b>	<b>86,346</b>	<b>86,346</b>
<b>Depreciation</b>		-
Balance as at 31 December 2018	64,204	<b>64,204</b>
Additions	12,952	<b>12,952</b>
Balance as at 31 December 2019	77,156	<b>77,156</b>
<b>Net book value as at 31 December 2018</b>	<b>22,142</b>	<b>22,142</b>
<b>Net book value as at 31 December 2019</b>	<b>9,190</b>	<b>9,190</b>

**13. Borrowings**

Current borrowings represent the amount of overdrafts from banks and financial leases as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 as below:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Overdraft Raiffeisen Bank	3,390,258	-
Raiffeisen Leasing Financial lease	551,551	-
Porsche Leasing Financial lease	-	23,435
	<b>3,941,809</b>	<b>23,435</b>

**14. Trade payables**

Trade payables as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as below:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
Local/national suppliers	3,088,560	1,756,088
Foreign suppliers	3,108,946	1,957,978
	<b>6,197,506</b>	<b>3,714,066</b>

*(All amounts are expressed in ALL)***15. Payables to related parties**Payables to related parties as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are presented in the table below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Trade payables	6,592,139	18,966,423
Divident Inform P Lykos	7,550,000	-
Divident Albdesign PSP	2,450,000	-
	<u><b>16,592,139</b></u>	<u><b>18,966,423</b></u>

**16. Accrued expenses**Accrued expenses as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as below:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Supplier for unreceived invoices	12,583	11,750
	<u><b>12,583</b></u>	<u><b>11,750</b></u>

**17. Tax liabilities**Tax liabilities for the year ended on December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are composed as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Social and health contributions	307,833	240,685
Personal Income Taxes	131,702	109,082
Withholding Tax	37,763	311,956
	<u><b>477,298</b></u>	<u><b>661,723</b></u>

**18. Deferred income**Deferred income for the year ended on December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Prepayment Vodafone	-	5,086,215
	<u><b>-</b></u>	<u><b>5,086,215</b></u>

**19. Other Liabilities**Other liabilities for the year ended on December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Due to staff	2,656	2,638
Other liabilities	16,363	16,363
	<u><b>19,019</b></u>	<u><b>19,001</b></u>

**20. Long term Loan**

Long term loans as at December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are as follows:

	<u>December 31, 2019</u>	<u>December 31, 2018</u>
Raiffeisen Leasing Financial lease	2,059,193	-
	<u><b>2,059,193</b></u>	<u><b>-</b></u>

**21. Share capital**

The capital of "Inform Albania" Ltd is 100 ALL, divided in 2 quotes.

The capital of the company has no changes during 2019.

**22. Revenues**

The revenues from the operating activity for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are detailed in the table below:

	<u>For the year ended 31 December 2019</u>	<u>For the year ended 31 December 2018</u>
Income from sale of finished goods	105,718,047	70,023,340
Income from sale of goods	1,176,529	560,882
Income from sale of services	448,776	2,461,596
	<u><b>107,343,352</b></u>	<u><b>73,045,818</b></u>

Reconciliation of revenues with the VAT declaration:

	<u>For the year ended 31 December 2019</u>
<b>Reconciliation of Incomes with VAT declaration</b>	
Total of the sales on VAT declaration	105,718,252
Reverse on prepayment during the year	5,057,813
Discount sales for advance payment	213,790
Exchange gains/loss from advance payments	19,889
Sale of the machinery, to be financed with leasing, net declared	(3,660,300)
Re-invoice of costs, register as expense deduction	(6,092)
<b>Sales on VAT declaration that are revenues on Income statement</b>	<u><b>107,343,352</b></u>
Sales of finished goods	105,718,047
Sale of goods	1,176,529
Services	448,776
<b>Revenues on Income statement, which are declared sales on VAT Declaration</b>	<u><b>107,343,352</b></u>
Exchange gains	862,006
<b>Total of revenues on Profit declaration</b>	<u><b>108,205,358</b></u>

*(All amounts are expressed in ALL)***23. Other incomes from operating activities**

Other incomes from operating activities include profit/loss from exchange rate differences arisen from trade activity for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
Foreign exchange gains	862,006	1,088,133
Foreign exchange losses	(151,899)	(871,390)
Revenue from the sale of non-current asset rebought with leasing	3,660,300	-
Net book value of sold non-current asset rebought with leasing	(3,660,300)	-
	<b>710,107</b>	<b>216,743</b>

**24. Raw materials and other consumables**

Raw materials and other consumables present the cost of goods, raw materials and consumable services related to the operating activities. Raw materials and other consumables for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are shown in the table below:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
Cost of raw materials	47,076,193	25,578,489
Cost of packaging materials	2,205,579	621,726
Spare parts	2,822,582	1,578,963
Other auxiliary materials	137,626	26,249
Cost of goods sold	804,499	411,557
Subcontractors	13,615,164	3,365,697
Maintenance and repairs for machines and factories	987,736	341,505
Rent	3,184,659	3,292,129
Insurance premiums	93,524	142,780
Electrical energy	1,370,998	760,523
IT Service	599,323	1,215,962
	<b>72,897,883</b>	<b>37,335,580</b>

*(All amounts are expressed in ALL)***25. Other expenses**

Other expenses for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are broken down below:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
Financial and legal consultancy	2,117,549	2,308,237
Different purchase, stationery, etc	1,597,981	475,860
Expenses for software license, configuration, setup	1,141,075	1,202,570
Maintenance and repairs	542,914	146,544
Other non-deductible expenses	377,421	296,564
Postal and telecommunications expenses	301,554	265,439
Services from third parties	265,648	270,526
Expenses for participation in tender	249,800	-
Bank commissions	219,691	165,703
Various/other taxes	203,598	199,000
Administrative and notary expenses	185,580	122,997
Travel and accommodation costs for technicians	161,454	205,716
Insurance	39,890	86,865
Travel expenses, per diems	28,214	26,195
Gifts	-	59,220
	<b>7,432,369</b>	<b>5,831,436</b>

**26. Personnel expenses**

Personnel expenses for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are broken down below:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
Expenses for salaries	17,583,022	13,019,161
Social and health contributions	2,257,044	1,602,119
	<b>19,840,066</b>	<b>14,621,280</b>

**27. Other operating expenses**

Other operating expenses represent the fines and penalties for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as below:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
Fines and penalties	58	2,012
	<b>58</b>	<b>2,012</b>

*(All amounts are expressed in ALL)***28. Other financial expenses/incomes**

Financial expenses include interest expenses and result from exchange rate differences arisen from financial activity of the company. The financial expenses for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as below:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
Interest expenses	(168,124)	(94,277)
Financial sales discount	(213,790)	(387,454)
	<b>(381,914)</b>	<b>(481,731)</b>

**29. Income tax**

The calculation of the income tax expenses for the year ended December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 is shown below:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
<b>Net profit for the year before income tax</b>	<b>2,817,123</b>	<b>12,102,702</b>
<b>Non-deductible expenses (as follows)</b>	<b>450,871</b>	<b>459,157</b>
Hospitality expenses, Gifts	-	59,220
Travel expenses and Per diems	3,500	3,000
Penalties and Fines	58	2,012
Net book value of disposed assets	-	43,022
Other non -deductible expenses	447,313	351,903
<b>Profit before tax (including non-deductible expenses)</b>	<b>3,267,994</b>	<b>12,561,859</b>
<b>Income Tax 15%</b>	490,199	1,884,279
	<b>2,326,924</b>	<b>10,218,423</b>

**30. Related parties transactions**

The balances with related parties on December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are expressed as follows:

	<b>December 31, 2019</b>	<b>December 31, 2018</b>
<b>Balance sheet</b>		
<i>Payable to related parties</i>		
Inform P.Lykos SA	12,317,453	3,562,187
Albdesign PSP	4,274,686	15,404,236
	<b>16,592,139</b>	<b>18,966,423</b>
<i>Receivable from related parties</i>		
Albdesign PSP	16,174	89,893
	<b>16,174</b>	<b>89,893</b>

*(All amounts are expressed in ALL)***30. Related parties transactions (continues)**

Details of transactions with related parties for the year ended on December 31<sup>st</sup>, 2019 and December 31<sup>st</sup>, 2018 are composed as follows:

	<b>For the year ended 31 December 2019</b>	<b>For the year ended 31 December 2018</b>
<b>Income statement</b>		
<i>Sales to related parties</i>		
Albdesign PSP	1,502,133	1,868,168
	<b>1,502,133</b>	<b>1,868,168</b>
<i>Purchase from related parties</i>		
Inform P.Lykos SA	21,127,126	11,334,761
S.C. INFORM LYKOS S.A.	1,121,760	1,200,960
Albdesign PSP	14,358,369	21,050,242
	<b>36,607,255</b>	<b>33,585,963</b>

**31. Commitments and contingencies**

During its ordinary activity, the company may be involved in various claims or legal actions by third parties. Based on the opinion of the directors of the company, the final conclusion regarding these matters will not have a negative effect on the financial position of the company or changes in its net assets.

On December 31, 2019 the company has no capital commitments contracted but not yet paid.

**32. Subsequent events**

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As the situation is still evolving in Albania and worldwide, its extent is highly uncertain at the time of issuing these financial statements. The management expect impairment of assets, inventory, fair value to be impacted by the situation. The impact will be recognized by the Company in 2020. Management will continue to monitor the potential impact and will take all steps possible to mitigate any effects. Management considers that this outbreak to be a non-adjusting event after the reporting date and has made a disclosure to the financial statements. Effect on the going concern basis on preparation of the financial statements are disclosed in the note 5 "critical accounting estimates" of this financial statements.