

COMP-PAPER CONVERTING S.A.

FINANCIAL SCHEDULES

31 DECEMBER 2019

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Grant Thornton Audit S.R.L.
4D, Gara Herastrau str
Green Court Bucharest –
building C
5th floor
Bucharest, Romania
20334
T +40 21 32 02 328
F +40 21 32 02 327

Independent Auditor's Report

To: Management of COMP-PAPER CONVERTING S.A.

Qualified Opinion

We have audited the accompanying special purpose financial information (further referred to as "the Financial Schedules") of COMP-PAPER CONVERTING S.A. as at 31 December 2019 and for the year then ended, prepared in accordance with the Note 4.1 of the Financial Schedules.

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the Financial Schedules of COMP-PAPER CONVERTING S.A. as at 31 December 2019 and for the year then ended, have been prepared, in all material respects, in accordance the Note 4.1.

Basis for Qualified Opinion

As at 31 December 2019, the Company has recorded a deferred tax asset of RON 268,159. We were not provided with sufficient and appropriate documentation regarding the future taxable profits that will be available to the Company and against which this temporary difference can be utilized. We were therefore unable to satisfy ourselves on the appropriate carrying value of the deferred tax asset.

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 Schedules" section of our report. We are independent of the Company within the meaning of ethical requirements relevant for the audit of the Financial Schedules and have fulfilled our other ethical responsibilities under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Emphasis of matters

We draw attention to Note 4.2 in the Financial Schedules which indicates that the Company transferred the entire activity to one of the group companies and sold during the year the remaining non-current assets. As it is mentioned in Note 4.2, together with other matters disclosed in the same note and in note 13.7 to these Financial Schedules, these conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

Restriction of use and Distribution

Our auditor's report on these Financial Schedules has been prepared for the management of the Company and its auditors for internal use and consolidation purposes of the AUSTRIACARD AG group and should not be distributed to or used by any other parties.

Responsibilities of management and those charged with governance for the Financial Schedules

Management is responsible for the preparation and fair presentation of these Financial Schedules in accordance with Note 4.1, and for such internal control as management determines is necessary to enable the preparation of Financial Schedules that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Schedules, 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.

The Financial Schedules has been prepared solely to enable AUSTRIACARD AG Group to prepare consolidated financial statements and is not intended to follow the all the presentation and disclosures required in accordance with International Financial Reporting Standards.

Auditor's responsibilities for the audit of the Financial Schedules

The objectives of our audit are to obtain reasonable assurance about whether the Financial Schedules 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 Schedules.

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

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

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

The logo for Grant Thornton, featuring the company name in a blue, cursive script.

Alex Emmanouilidis
Engagement Partner

Grant Thornton Audit SRL
Bucharest, Romania
8 May 2020

COMP-PAPER CONVERTING S.A.
STATEMENT OF FINANCIAL POSITION
31 DECEMBER 2019
(In RON unless otherwise stated)

	Notes	31 December 2019	31 December 2018
Non-current assets			
Deferred tax asset		268,159	180,307
Other investments	6	-	1,085,572
Total non-current assets		268,159	1,265,879
Current assets			
Trade and other receivables	7	110,083	122,813
Current income tax assets		51,764	51,764
Cash and cash equivalents		551,091	3,121
Total current assets		712,938	177,698
Total assets		981,097	1,443,577
Shareholders' equity			
Share capital	8	6,688,302	6,688,302
Reserves		-	-
Period result		(461,220)	(112,961)
Retained earnings		(5,283,696)	(5,170,735)
Total shareholders' equity		943,386	1,404,606
Current liabilities			
Trade and other payables	9	18,620	19,880
Dividends		19,091	19,091
Total current liabilities		37,711	38,971
Total liabilities and shareholders' equity		981,097	1,443,577

These financial schedules have been approved for issue by the Company Directors on 8th of May 2020.

General Director



Finance Director



COMP-PAPER CONVERTING S.A.
INCOME STATEMENT
31 DECEMBER 2019
(In RON unless otherwise stated)

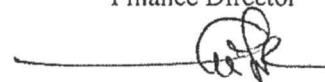
	Notes	2019	2018
Revenues			
Sales		-	-
Other income		-	-
Total revenues		-	-
Operating Expenses			
Materials and merchandise expenses		-	-
Personnel expenses		(3,912)	(3,167)
Depreciation and amortization		-	(47,479)
Other operating expenses	10	(544,662)	(73,214)
Total Operating Expenses		(548,574)	(123,860)
Profit/ (loss) from Operations		(548,574)	(123,860)
Finance income		-	-
Finance expenses		(498)	(415)
Financial result – net profit/(loss)		(498)	(415)
Profit/(loss) before tax		(549,072)	(124,275)
Income tax credit/(expense)	11	87,852	11,314
Net profit/(loss) for the year		(461,220)	(112,961)

These financial schedules have been approved for issue by the Board of Directors on 8th of May 2020.

General Director



Finance Director



COMP-PAPER CONVERTING S.A.
STATEMENT OF CASH FLOWS
31 DECEMBER 2019
(In RON unless otherwise stated)

	2019	2018
Profit before tax	(549,072)	(124,275)
Depreciation	-	47,479
Provisions:		
-Inventories		
Earning from investment activities	-	-
Revaluation of land and building	-	7,827
Other adjustments	445,572	-
Cash flows from operations	(103,500)	(68,969)
Changes in working capital		
Inventories		
Accounts receivable and prepayments	12,729	77,517
Accounts payable and accrued expenses	(1,260)	(5,781)
Net cash from/(used in) operating activities	(92,031)	2,767
Cash flows from investing activities		
Interest received		
Proceeds from sale of investments	640,000	-
Net cash from/(used in) investing activities	640,000	-
Cash flows from financing activities	-	-
Net increase/(decrease) in cash and cash equivalents	547,969	2,767
Cash and cash equivalents at the beginning of the period	3,121	354
Cash and cash equivalents at the end of the period	551,091	3,121

These financial schedules have been approved for issue by the Board of Directors on 8th of May 2020.

COMP-PAPER CONVERTING S.A.
STATEMENT OF CHANGES IN EQUITY
31 DECEMBER 2019
(In RON unless otherwise stated)

	Share capital	Reserves	Retained earnings	Total
Balance at 31 December 2017	6,688,302	-	(5,170,735)	1,517,567
Dividends	-	-	-	-
Net loss for the year			(112,961)	(112,961)
Revaluation assets held for sale	-	-	-	-
Adjustments in retained profit		-	-	-
	-	-	-	-
Balance at 31 December 2018	6,688,302	-	(5,283,696)	1,404,606
Dividends	-	-	-	-
Net loss for the year			(461,220)	(461,220)
Revaluation assets held for sale	-	-	-	-
		-	-	-
Balance at 31 December 2019	6,688,302	-	(5,744,917)	943,385

1. GENERAL INFORMATION

Description of the business

Comp-Paper Converting S.A.'s principal activities include production of business forms, listing paper and cash rolls. The Company's manufacturing facilities are based in Constanta.

Comp-Paper Converting S.A. ("the Company" or "Comp-Paper") was incorporated as a joint stock Company in Romania in 1993. As at 31 December 2019 and 31 December 2018 the Company employed 1 employee. The address of the registered office of the Company is 6, Celulozei Street, Constanta.

2. REPORTING ENTITY

These Financial Schedules are presented by Comp-Paper. The Company has not taken part in any mergers, acquisitions or similar transactions in the period 1 January 2019 to 31 December 2019.

3. AIM AND POLICIES OF RISK MANAGEMENT

3.1 Factors of financial risk

The Company is exposed to financial risks like market risks (changes to foreign exchange rates, interest rates and market-prices), credit risk and liquidity risk.

The general program of risk management of the Company focuses on the non-predictability of financial markets and seeks to minimize the contingent negative effect on the financial performance of the Company.

Risk management is performed by the central financial service of the Company, which operates by specific rules approved by the Board of Directors. The BOD offers guidelines for the general risk management and also general guidelines for the management of specific risks like foreign exchange rate risk, interest rate risk and credit risk.

The procedure applied is the following:

- Evaluation of risks related to the activities and operations of the Company,
- Methodology planning and selection of the appropriate actions or/and financial products for the reduction of risks and
- Execution/application, according to the approved by the management, procedure of risk management.

The financial means of the Company include mainly bank deposits, bank overdraft rights, trade receivables and creditors, dividends receivable, dividends payable and liabilities from loans and leases.

3.2 Market risk

Market risk is defined as the risk according to which fair value or the future cash flows of the financial means of the Company is expected to present deviations due to changes on market prices.

This risk regarding the Company focuses on three basic types of risks: foreign exchange rate risks, interest rate risks and sales volume risks.

3.3 Foreign exchange risk

There is no important risk according to which the fair value or the future cash flows of financial means of the Group or the Company are expected to present remarkable fluctuations due to changes of foreign exchange rates. The main part of trade transactions of the Group companies (Greece, Romania) is denominated to the currency of the main economic environment in which every Company operates (operation currency), while there are no important foreign exchange rate risks for cash, cash equivalents and cash deposits.

3.4 Interest rate risk

The loan liabilities of the Company are related to fluctuant rates which depending on the market conditions can remain fluctuant or convert into stable.

The Company does not use derivatives. Like previous year, other financial assets and other financial liabilities are not seriously affected by interest rate prices.

3.5 Sensitivity analysis of interest rate risk

Comp-Paper doesn't have any relevant borrowings and therefore the interest rate risk is not given. The Company is not exposed significantly to other kinds of price risks.

3.6 Credit risk

The exposure of the Company concerning the credit risk refers to the financial assets, which are analyzed below:

	2019	2018
Cash and cash equivalents	551,091	3,121
Customers and Other Commercial Receivables (*)	-	27,475
	2019	2018
Less than 3 months	-	-
Between 3 and 6 months	-	-
Between 6 months and 1 year	-	-
More than 1 year	-	27,475

(*)Receivables due by Inform Lykos SA

There is no financial asset of the Company insured by mortgage or other type of credit insurance. For other assets like all other financial assets, the Company is not exposed to serious credit risk.

3.7 Liquidity risk

The Company manages its liquidity needs by careful observation of debts, long-term financial liabilities and also payments made daily. Liquidity needs are observed in various time zones, on a daily and weekly basis and also on a rolling period of 30 days. Long-term liquidity needs for the next 6 months and the next year are determined monthly.

3.8 Policies and procedures of capital management

The aims of the Company, concerning capital management are the following:

- To ensure the ability of the Company to continue its operations (going-concern)
- To ensure a satisfactory performance to the shareholders and
- To maintain an ideal capital allocation in order to reduce the cost of capital.

The Company in order to maintain or adjust its capital structure can change the dividend to the shareholders, return capital to the shareholders, issue new shares or sell assets to reduce its debt. According to similar practices of its business sector, the Company observes its capital based on the leverage ratio. This ratio is estimated by dividing net borrowings to the total capital. Net borrowings are estimated as «Total Borrowings» (including «short-term and long-term borrowings» as presented in the Balance Sheet) less «Cash and cash equivalents». Total capital is estimated as «Total Equity» as presented at the Balance Sheet plus Net Borrowings.

	2019	2018
Total Borrowings	-	-
Less: Cash and cash equivalents	551,091	3,121
Net Borrowings	-	-
Equity	943,385	1,404,606
Total Capital	943,385	1,404,606
Leverage ratio	0%	0%

4. BASIS OF PRESENTATION OF THE FINANCIAL SCHEDULES

4.1 Basis of preparation

These financial schedules have been prepared in accordance with accounting policy of Inform P. Lykos S.A. (Greece) group which are based on International Financial Reporting Standards ("IFRS"). The Financial Schedules has been prepared solely to enable Inform Lykos Group, part of Austriacard AG Group, to prepare consolidated financial statements and is not intended to follow the all the presentation and disclosures required in accordance with International Financial Reporting Standards.

The financial schedules have been prepared under the historical cost convention except as disclosed in the accounting policies below. The preparation of financial schedules in conformity

with group accounting policy requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial schedules and the reported amounts of revenues and expenses during the reporting period. Estimates have principally been made in respect to fair values of the impairment provision for property, plant and equipment, deferred profits taxes and the provision for impairment of receivables and of inventories. Although these estimates are based on management's best knowledge of current events and actions, actual results may differ from these estimates.

4.2 Going concern

The accompanying financial schedules have been prepared based on the going concern principle, which assumes that the Company will continue to operate in the foreseeable future even if the main activity was transferred to Inform Lykos in Bucharest and the Company sold during the year the non-current assets of the Company.

The management believes that the carrying values of the Company's assets and liabilities are not materially different from their net realizable values.

In order to assess the reasonability of this assumption, the management reviews the forecasts of the future cash inflows.

A major Coronavirus outbreak occurred in the first quarter 2020, adversely affecting the daily routine of the Company and of the whole business environment in Romania, as a consequence, the Company's performance. The Company's performance depends on the duration of this outbreak, the effective measures taken by the personnel and the authorities in curbing the outbreak. The economic consequences and uncertainties resulting from the Coronavirus itself or from actions taken by governments and the private sector to respond to the outbreak may have an impact on the Company's activity and or on various financial indicators, and ultimately on the Company's going concern.

The Company's management will continue to closely monitor the developments and consequences of the epidemic, and their potential impact on the financial indicators, estimates and assumptions used in the reporting process.

5. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Financial assets and financial liabilities are recognised on the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument.

The principal accounting policies adopted in the preparation of these consolidated financial schedules are set out below:

5.1 Cash and cash equivalents

Cash and cash equivalents are carried in the balance sheet at cost. For the purposes of the statement of cash flows, cash and cash equivalents comprise cash on hand, cash held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. In the balance sheet, bank overdrafts are included within borrowings in current liabilities.

5.2 Trade receivables

Trade receivables are carried at original invoice amount less provision made for impairment of these receivables. 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 sale. The amount of the provision is the difference between the carrying amount and the recoverable amount, being the present value of expected cash flows, discounted at the market interest rate available on origination for similar borrowers.

5.3 Leases

Leases of property, plant and equipment where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value of the leased property or the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding. The corresponding rental obligations, net of finance charges, are included in other long-term payables. The interest element of the finance costs is charged to the statement of income over the lease period. The property, plant and equipment acquired under finance leases are depreciated over the shorter of the useful life of the asset or the lease term.

Leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the statement of income on a straight-line basis over the period of the lease.

5.4 Inventories

Inventories are recorded at the lower of cost and net realisable value. Cost is determined using the weighted average basis method. Net realisable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses. When necessary, provision is made for obsolete and slow moving inventories.

5.5 Property, plant and equipment

Property, plant and equipment are stated at readjusted value restated to the equivalent purchasing power of the Romanian Leu at 31 December 2003 for assets acquired prior to 1 January 2004, less accumulated depreciation and provision for impairment, where required.

Costs of minor repairs and maintenance are expensed when incurred. Cost of replacing major parts or components of property, plant and equipment items are capitalised and the replaced part is retired.

At each reporting date the management assess whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the recoverable amount, which is determined as the higher is reduced to the recoverable amount and the impairment loss is recognised in the income statement. An impairment loss recognised for an

asset in prior years is reversed if there has been a change in the estimates used to determine the asset's value in use or fair value less costs to sell.

Gains and losses on disposals determined by comparing proceeds with carrying amount are recognised in profit or loss.

Investment property

Investment property owned by the Company includes land and building possessed mainly for increase of the value of its equity. This asset is expected to generate cash flows for the Company mainly apart from the other assets owned by the Company.

After initial recognition in 2014 when an asset held for sale was classified as investment property, the Company evaluates the investment property by the method of fair value, under the condition that there is rebuttable evidence that the Company is in position to determine the fair value of investment property reliably on a constant basis.

Profit or loss caused by a change of fair value of investment property is included at the income statement of the period it appears.

Depreciation

Land is not depreciated. Depreciation on other items of property, plant and equipment is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

	<u>Useful lives in years</u>
Buildings	25 to 50
Plant and machinery	12 to 20
Equipment and motor vehicles	5 to 10
Computer and related equipment	5 to 6

The residual value of an asset is the estimated amount that the Company would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already of the age and in the condition expected at the end of its useful life. The residual value of an asset is nil if the Company expects to use the asset until the end of its physical life. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

Intangible assets

All of the Company's intangible assets have definite useful lives and primarily include capitalised computer software, patents, trademarks and licences.

Acquired computer software licenses, patents and trademarks are capitalised on the basis of the costs incurred to acquire and bring them to use.

Development costs that are directly associated with identifiable and unique software controlled by the Company are recorded as intangible assets if inflow of incremental economic benefits exceeding costs is probable. All other costs associated with computer software, eg its maintenance, are expensed when incurred.

Intangible assets are amortised using the straight-line method over their useful lives.

If impaired, the carrying amount of intangible assets is written down to the higher of value in use and fair value less costs to sell.

5.6 Borrowings

Borrowings are recognised initially at the fair value of the proceeds received (which is determined using the prevailing market rate of interest for a similar instrument, if significantly different from the transaction price), net of transaction costs incurred. In subsequent periods, borrowings are stated at amortised cost using the effective yield method; any difference between fair value of the proceeds (net of transaction costs) and the redemption amount is recognised as interest expense over the period of the borrowings.

5.7 Trade and other payables

Liabilities for trade and other payables are carried at cost, which is the fair value of the consideration to be paid in the future for goods and services received, whether or not billed to the Company.

5.8 Income tax and deferred tax

Current income taxes include short-term liabilities or receivables from the fiscal authorities that relate to taxes payable on the taxable income of the period and any additional income taxes from previous periods.

Current taxes are measured according to the tax rates and tax legislation in effect during the financial years to which they relate, based on the taxable profit for the year. All changes to the short-term tax assets or liabilities are recognized as part of tax expense in the income statement.

Deferred income tax is estimated using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax assets and liabilities are valued based on the tax rates that are expected to be in effect during the period in which the asset or liability will be settled, taking into consideration the tax rates (and tax legislation) that have been put into effect or are essentially in effect up until the balance sheet date.

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

5.9 Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and a reliable estimate of the amount can be made. Where the Company expects a provision to be reimbursed, for example under an insurance contract, the reimbursement is recognised as a separate asset but only when the reimbursement is virtually certain.

5.10 Shareholders' equity

Share capital

Ordinary shares are classified as equity. Incremental external costs directly attributable to the issue of new shares, other than in connection with a business combination, are shown as a

deduction in equity from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as a share premium.

Dividends

Dividends are recognised as a liability and deducted from equity at the balance sheet date only if they are declared before or on the balance sheet date. Dividends are disclosed when they are proposed before the balance sheet date or proposed or declared after the balance sheet date but before the financial schedules are authorised for issue.

5.11 Revenue recognition

Revenue comprises the invoiced value for the sale of goods and services net of value-added tax, rebates and discounts. Revenue from the sale of goods is recognised when significant risks and rewards of ownership of the goods are transferred to the buyer. Revenue from rendering of services is based on the stage of completion determined by reference to services performed to date as a percentage of total services to be performed. Interest income is recognised on an effective yield basis.

5.12 Employee benefits

Pension costs and other post-retirement benefits

The Company, in the normal course of business, makes payments to the Romanian State on behalf of its employees. All employees of the Company are members of the Romanian State pension plan. All such contributions to the mandatory government pension scheme are expensed when incurred. The Company does not operate any other pension scheme or post-retirement benefit plan and, consequently, has no obligation in respect of pensions. In addition, the Company is not obliged to provide further benefits to current and former employees.

Social costs

The Company incurs employee costs related to the provision of benefits such as health services. These amounts principally represent an implicit cost of employing production workers and, accordingly, have been charged to cost of sales.

5.13 Earnings/(loss) per share

Earnings/(loss) per share is determined by dividing the net income attributable to ordinary shareholders by the weighted average number of ordinary shares in issue during the reporting period.

5.14 Derivative financial instruments and hedging

The Company does not make use of any other derivative financial instruments nor does it enter into any hedging activities.

5.15 Comparatives

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

5.16 Foreign currency transactions

Foreign currency transactions during the period have been translated at the exchange rates prevailing at the dates of transactions. Foreign exchange gains and losses arising on the settlement and translation of foreign currency items have been recognised in the income statement.

6. OTHER INVESTMENTS

Investment property represents land, building and machinery owned by the Company. The change of figures regarding investment property during 2016- 2019 is reflected below:

2016	fair value	1,218,924
2017	fair value	1,140,878
2018	fair value	1,085,572
2019	fair value	-

The Company has sold the investment property during the current year for RON 640,000, recording a net loss of RON 398,501 recognized in the current result.

7. TRADE RECEIVABLES AND OTHER RECEIVABLES

	2019	2018
Intercompany receivables	-	27,475
Other receivables	110,083	95,338
Allowance for impairment of other receivables	-	-
	110,083	122,813

In "Other receivables" is included the VAT to be recovered.

Intercompany trade receivables are from Inform Lykos SA, Romania.

8. SHARE CAPITAL

Share capital is presented at nominal value. As of 31 December 2019 share capital amounts to RON 6.688.302 and is fully paid in.

The structure of the shareholders of the Company at 31 December 2019 and 31 December 2018 is as follows:

	2019	2018
Inform Lykos (Romania) Limited, Cyprus/	97.44%	97.44%
Terrane Limited, Cyprus		
Other	2.56%	2.56%

During the year 2019, Inform Lykos (Romania) Limited, Cyprus became Terrane Limited, Cyprus.

The ultimate parent company is Austria Card AG, a limited liability company incorporated and domiciled in Austria. No dividends were declared as at 31 December 2019.

9. TRADE AND OTHER PAYABLES

	2019	2018
Trade payables	7,430	8,635
Accrued liabilities and other creditors	11,190	11,245
	18,620	19,880

10. OTHER OPERATING EXPENSES

	2019	2018
Telecommunication	733	628
Other third party services	75,166	48,381
Taxes	14,272	8,438
Rent	7,108	6,982
Utilities	-	-
Other	2,492	958
Revaluation loss Land and buildings	-	7,827
Losses on sale of equipment	398,501	-
Other expenses	46,390	-
	544,662	73,214

Other third party services mainly represent the audit, legal and security services.

11. INCOME TAX EXPENSE

Profit/(loss) before taxation for financial reporting purposes is reconciled to tax expense as follows:

	2019	2018
Profit/(loss) before tax	(549,072)	(124,275)
Theoretical tax charge of 16%	(87,852)	(19,884)
Permanent differences	-	(53,560)
Tax effect of permanent differences	-	(8,570)
Temporary difference between IFRS and statutory generating deferred tax	(549,072)	(70,715)
Deferred income tax expense	(87,852)	(11,314)
Statutory result	(495,283)	(94,599)
Other non-deductible expenses	50,125	45,348
Tax effect of items, which are not deductible or assessable for taxation purposes:	(71,225)	(7,880)
Fiscal losses to be recovered	(1,675,997)	(1,180,710)
Corporate income tax		
Total Income tax	(87,852)	(11,314)

	2019	Recognition, reversals	2018
Tax effects of deductible temporary differences			
Property, plant and equipment	-	(8,606)	(8,606)
Deferred tax asset for the cumulated fiscal loss	268,159	(79,246)	188,914
Total net deferred tax asset (liability)	268,159	(87,852)	180,307

12. BALANCES AND TRANSACTIONS WITH RELATED PARTIES

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions as defined by IAS 24 "Related Party Disclosure". In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form.

Related parties may enter into transactions, which unrelated parties might not, and transactions between related parties may not be effected on the same terms, conditions and amounts as transactions between unrelated parties.

The nature of the related party relationships for those related parties with whom the Company entered into significant transactions or had significant balances outstanding at the end of the year are detailed below. Transactions were entered into with related parties during the ordinary course of business on normal commercial terms

Balances and transactions with related parties of the Company as at and for the years ended 31 December 2018 and 2019 consist of the following:

i) Balances and transactions with related parties

	2019	2018
Balance sheet caption		
<i>Accounts receivables</i>		
Inform P Lykos (Greece)	-	-
Inform Lykos S.A. (Romania)	-	27,475
Income statement caption		
<i>Sales</i>		
Inform P Lykos (Greece)	-	-
Inform Lykos S.A. (Romania)	-	-

ii) Key management and Administration Council members' compensation

Compensation paid to key management and directors for their services in full or part time executive management positions is made up of a contractual salary and a performance bonus depending on operating results.

Additional fees, compensation and allowances may be paid to directors for their services in that capacity, and also for attending board meetings.

13. CONTINGENCIES, COMMITMENTS AND OPERATING RISKS

13.1 Taxation

The Romanian taxation system is undergoing a process of consolidation and harmonisation with the European Union legislation. However, there are still different interpretations of the fiscal legislation. In various circumstances, the tax authorities may have different approaches to certain issues, and assess additional tax liabilities, together with late payment interest and penalties (respectively 0.06% per day and 0.5% per month of delay). In Romania, tax periods remain open for 5 years. The Company's management considers that the tax liabilities included in these financial schedules are fairly stated.

13.2 Transfer pricing

The Romanian fiscal legislation has included regulations regarding transfer pricing between related parties since 2000. The current legislative framework defines the "arm's length" principle for transactions between related parties, as well as the methods for determining the transfer prices. Thus, it is expected that the tax authorities may initiate in depth inspections of the transfer prices, in order to ensure that the taxable profit and/or the customs value of imported goods are not misstated by the effects of transfer prices between related parties. The Company cannot assess the outcome of any such inspection.

13.3 Insurance policies

The Company holds adequate insurance policies in relation to its assets, operations, product liability, and in respect of public liability and other insurable risks.

13.4 Environmental matters

Environmental regulations are developing in Romania and the Company has not recorded any liability at 31 December 2019 for any anticipated costs, including legal and consulting fees, site studies, the design and implementation of remediation plans, related to environmental matters. Management do not consider the costs associated with environmental issues to be significant.

13.5 Legal proceedings

In the opinion of management, there are no current legal proceedings or other claims outstanding which could have a material effect on the result of operations or financial position of the Company and which have not been accrued or disclosed in these consolidated financial schedules.

13.6 Operating environment of the Company

The Romanian economy continues to display some characteristics of an emerging market. These characteristics include, but are not limited to, the existence of a currency that is not freely convertible outside Romania, restrictive currency controls, and relatively high inflation. The tax, currency and customs legislation within Romania is subject to varying interpretations, and changes, which can occur frequently.

Whilst there have been improvements in the economic trends, the future economic direction of Romania is largely dependent upon the effectiveness of economic, financial and monetary measures undertaken by the government, together with tax, legal, regulatory and political developments.

13.7 Subsequent events

A major Coronavirus outbreak occurred in the first quarter 2020, adversely affecting the daily routine of the Company and of the whole business environment in Romania, as a consequence, the Company's performance. The Company's performance depends on the duration of this outbreak, the effective measures taken by the personnel and the authorities in curbing the outbreak. The economic consequences and uncertainties resulting from the Coronavirus itself or from actions taken by governments and the private sector to respond to the outbreak may have an impact on the Company's activity and or on various financial indicators, and ultimately on the Company's going concern.

Based on the analysis, the management concluded that it indicates conditions that appeared after the reporting period, and, consequently, the financial statements as of December 31, 2019 were not adjusted.

The Company's management will continue to closely monitor the developments and consequences of the epidemic, and their potential impact on the financial indicators, estimates and assumptions used in the reporting process.